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South Devon College

Annual Report and Financial Statements

For the year ended

31 July 2025

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CONTENTS **Page number(s)**

Key Management Personnel, Board of Governors and Professional Advisers	1
Strategic Report	2 to 23
Statement of Corporate Governance and Internal Control	24 to 31
Statement of Regularity, Propriety and Compliance	32
Statement of Responsibilities of the Members of the Corporation	33 to 34
Independent Auditors' Report on the Financial Statements	35 to 38
Reporting Accountants Assurance Report on Regularity	39 to 40
Statement of Comprehensive Income and Expenditure	41
College Statement of Changes in Reserves	42
Balance Sheet as at 31 July	43
Statement of Cash Flows	44
Notes to the Financial Statements	45 to 66

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Key management personnel

Key management personnel are defined as Senior Post Holders (Principal, Vice Principals and Head of Governance all appointed directly by the Board) and members of the Senior Leadership Team (Assistant Principals and Senior Director of Finance). This group was represented by the following in 2024-25:

- Laurence Frewin, Principal, CEO and Accounting Officer;
- Matthew Harbour, Vice Principal Quality and Curriculum and Deputy CEO;
- Kelly Sooben, Vice Principal People and Resources;
- Matt Burrows, Assistant Principal;
- Steve Caunter, Assistant Principal;
- Maria Woodger, Assistant Principal;
- Denise Acton, Senior Director of Finance;
- Chantelle Simon, Assistant Principal Professional Services; (from 01/09/2024)
- Caroline Giles-Medhurst, Head of Governance.

Board of Governors

A full list of Governors is given on page 25 of these financial statements.

Caroline Giles-Medhurst acted as Clerk to the Corporation

Professional advisers

Financial statements auditors and reporting accountants:
PKF Francis Clark
Unit 18, 23 Melville Building East
Royal William Yard
Stonehouse
Plymouth, PL1 3GW

Transactional Bankers: Santander UK Bridle Road Bootle
Merseyside, L30 4GB

Internal auditors:
RSM Risk Assurance Service LLP Hartwell House
55 - 61 Victoria Street Bristol, BS1 6AD

Solicitors:
Foot Anstey
Salt Quay House 4 North East Quay Sutton Harbour
Plymouth, PL4 0BN

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OBJECTIVES AND STRATEGIES

The Governing Body presents their annual report together with the financial statements and auditor's report for the year ended 31 July 2025.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of South Devon College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The College mission statement is: *'Inspiring our community through learning'*

Public Benefit

South Devon College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 25. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to approximately 2,417 16-19 students, including 302 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The College adjusts its courses to meet the needs of local employers and provides training to 1,349 apprentices. The College is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

STAKEHOLDER RELATIONSHIPS

South Devon College has many stakeholders. These include, but are not limited to:

- Students
- Parents/carers;
- Staff;
- The local and regional community;
- Local authorities, district councils and their strategic partners (Torbay Council, Devon County Council, Teignbridge DC, South Hams DC);
- Local employers, the self-employed including representative and umbrella organisations and the College's own supply chain including, inter alia Torbay NHS Trust, Pennon, Princess Yachts, Specsavers, Fragrance Group, Build Torbay, Build Plymouth, Build Greater Exeter, South West Business Council, Torbay Business Forum, Chambers of Commerce, Federation of Small Business, CBI, Torbay Hi Tech Cluster, ER Bid Company, English Riviera Geopark, Local Manufacturing Groups, Marine SW, British Marine, Tech SW et al;
- Regional and local education providers include primary and secondary schools, colleges including the Devon Colleges Group and regional universities, particularly our awarding partner, University of Plymouth.
- The Great South West
- Plymouth & South Devon Freeport
- Economic Development partners (Torbay Council, Devon County Council);
- South West Social Mobility Commission
- Education sector funding bodies (Department for Education, Office for Students, Student Finance England);
- National and local all-party politicians;
- National organisations such as Association of Colleges; EAUC: The Alliance for Sustainability Leadership in Education

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- Trade Unions (recognised unions Unison and UCU); and
- Professional, Statutory and Regulatory bodies.
- Lloyds Bank plc
- Santander UK Bank plc

The College recognises the importance of these relationships and maintains regular communication, engagement and partnership working through a variety of meetings, activities and other engagements.

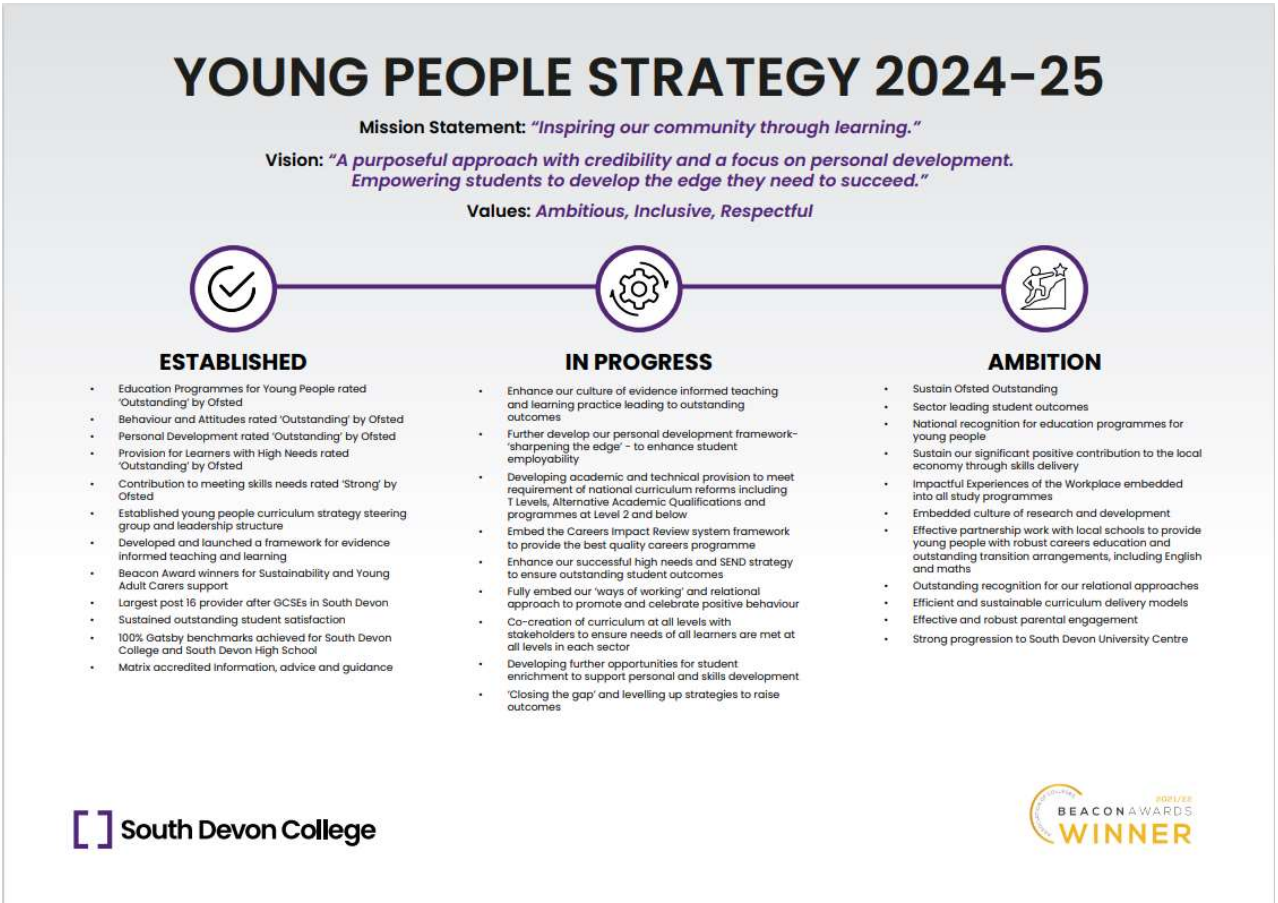
Intent and Implementation of our strategic plan

South Devon College is a value driven and mission led education organisation and training provider with a strong culture of learning at its heart. The College is an anchor institution at the centre of its community in South Devon and Torbay and is accountable for providing transformational education, skills and training for individuals and employers. The College is passionate about outstanding teaching and learning and the ability to transform lives and fully support strategies that increase social and economic prospects.

The College's values are Ambition, Inclusion and Respect and underpin and drive the behaviours needed to deliver the College's mission "Inspiring our community through learning".

The College has a Strategic Leadership Framework, which clearly and simply treats students as individuals and places them at the heart, with supporting strategies and processes radiating out to the four key elements of success: Quality, Leadership, People and Resources which are used to judge the College performance and progress.

The intent of our curriculum is to support every student to achieve their potential through the development of knowledge, skills and behaviours that lead to strong student outcomes including positive progression and raised aspirations.



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HIGHER EDUCATION STRATEGY 2024-25

Mission Statement: *"Inspiring our community through learning."*

Vision: *"A purposeful approach with credibility and a focus on personal development. Empowering students to develop the edge they need to succeed."*

Values: *Ambitious, Inclusive, Respectful*

ESTABLISHED

- Established strong profile for College based Higher Education
- Gained Foundation Degree Awarding Powers
- Achieved Gold for Teaching Excellence Framework
- Achieved accredited education institution status with Nursing and Midwifery Council for Nursing Associate provision
- Contribution to meeting skills needs rated 'strong' by Ofsted
- Higher apprenticeship provision rated 'good' by Ofsted
- Developed and launched a framework for evidence informed teaching and learning
- Achieved accredited education institution status with Health and Care Professions for Assistant Practitioner and Audiology provision
- Gained approval for 7 Higher Technical Qualifications
- Approved first micro-credentials
- Established strong partnership with University of Plymouth
- Piloted models of curriculum co-creation and co-delivery with employers to accelerate skills and knowledge development in key sectors

IN PROGRESS

- Securing permanent Foundation Degree Awarding Powers
- Continued development of higher education and higher apprenticeships provision in response to industry and student need
- Launch revised Access and Participation Plan, widening participation, improving social mobility and raising outcomes
- Continued journey to implement relevant Higher Technical Qualifications
- Piloting models of curriculum co-creation and co-delivery with employers to accelerate skills and knowledge development in key sectors
- Developing student and staff research and innovation framework
- Developing innovative blended and digital learning approaches
- Continued evolution of the tutorial and personal development curriculum, 'sharpening the edge' to increase education gain
- Enhancing a culture of evidence informed teaching and learning practice leading to outstanding outcomes
- Review and develop curriculum in preparation for Lifelong Learning Entitlement
- Improving internal progression scheme to South Devon University Centre

AMBITION

- Maintain Teaching Excellence Framework Gold rating
- Attain taught degree awarding powers for Level 6 programmes
- Launch higher level skills and lifelong learning portfolio in line with national launch of Lifelong Learning Entitlement
- Gain national recognition for embedded culture of student and staff research, development and innovation
- Develop post graduate programme delivery
- Explore overseas/international markets and develop pilot provision
- Continue to validate our strategy with key partners including Local Authorities, the University of Plymouth and College stakeholders
- Gain Ofsted Outstanding for higher apprenticeship provision

SOUTH DEVON UNIVERSITY CENTRE

PART OF South Devon College

2021/22 BEACON AWARDS WINNER

APPRENTICESHIPS STRATEGY 2024-25

Mission Statement: *"Inspiring our community through learning."*

Vision: *"A purposeful approach with credibility and a focus on personal development. Empowering students to develop the edge they need to succeed."*

Values: *Ambitious, Inclusive, Respectful*

ESTABLISHED

- Apprenticeship provision rated 'Good' by Ofsted
- Behaviour and Attitudes rated 'Outstanding' by Ofsted
- Personal Development rated 'Outstanding' by Ofsted
- Established apprenticeship curriculum strategy steering group and leadership structure
- Launched Business Solutions employer engagement and sales facility
- Secured contracts with large, high-profile employers to complement extensive provision for small and micro employers
- Consistent growth and development of apprenticeship provision, establishing standards and Higher Apprenticeships
- Maintained high levels of satisfaction from apprentices and reviewed by employers as an 'excellent' provider
- Developed personal development programme for apprenticeship provision
- Launched 'Ignite My Apprenticeship' to support progression to apprenticeships for 16-19 and adults

IN PROGRESS

- Continue to enhance and develop the apprenticeship portfolio to meet sector needs contributing to skills
- Ensure starting points are established accurately to inform apprentice progress
- Enhance a culture of evidence informed teaching practice leading to outstanding outcomes
- Enhance and expand personal development programme for apprentices, 'sharpening the edge' to meet apprentices' needs
- Working with education partners, improve careers information and guidance to increase awareness, understanding and take up of apprenticeships
- Continue to embed High Needs and SEND strategy
- Further improve retention of apprentices to maintain rates above the national averages
- Further increase apprentice survey response rates and satisfaction
- Implement actions aligning to Office for Students TEF dashboard for student experience for higher and degree apprentices
- Launch online English and Maths delivery for apprenticeships
- Embed a culture of research and development
- Develop the impact of business development on stakeholder experience and curriculum design, becoming the provider of choice
- Continue to expand the development of key behaviours including English, maths, digital and sustainability skills
- 'Closing the gap' and levelling up strategies to raise outcomes

AMBITION

- Ofsted Outstanding for apprenticeship provision
- Sector leading outcomes for apprenticeships
- Award winning national reputation for apprenticeship provision and employer partnerships
- Established reputation as a provider of choice for high-quality apprenticeships and higher apprenticeships, contributing significantly to local, regional and national skills needs and economic development
- Excellent OfS experience (Teaching Excellence Framework) and outcomes for higher and degree apprentices

South Devon College

2021/22 BEACON AWARDS WINNER

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ADULT EDUCATION STRATEGY 2024-25

Mission Statement: *"Inspiring our community through learning."*

Vision: *"A purposeful approach with credibility and a focus on personal development. Empowering students to develop the edge they need to succeed."*

Values: *Ambitious, Inclusive, Respectful*

ESTABLISHED

- Adult Learning Programmes rated 'Good' by Ofsted
- Behaviour and Attitudes rated 'Outstanding' by Ofsted
- Personal Development rated 'Outstanding' by Ofsted
- Adult curriculum strategy devised and launched to address key elements of personal development, community cohesion and economic development
- Developed and launched a framework for evidence informed teaching and learning
- Collaboration with employers and education, community and civic partners to inform and deliver impactful curriculum
- Contributed to the Local Skills Improvement Plan (LSIP)
- Established stakeholder engagement process that informs curriculum development
- Delivered project funded initiatives including Multiply and Free Courses for Jobs initiative
- Launched South Devon College Adult Festival of Learning
- Launched adult satisfaction and feedback process
- Launched consolidated online adult provision pilot

IN PROGRESS

- Enhance culture of evidence informed teaching and learning practice leading to outstanding outcomes
- Further develop and enhance our personal development framework, 'sharpening the edge' to meet students' needs
- Continued collaboration with employers and external stakeholders to co-design curriculum to meet industry and community needs
- Redevelop enrolment and onboarding process for adult students
- Develop a culture of research and development
- Maintain ongoing quality enhancement of online offer
- Enhance assessment and feedback to accelerate progress
- Explore what adults know and can do as part of their guidance and initial assessment
- First stage review of progress tracking and feedback platform for adult students
- 'Closing the gap' and levelling up strategies to raise outcomes

AMBITION

- Ofsted Outstanding for adult curriculum
- Sector leading outcomes for South Devon College adult provision
- Significant positive impact on local and regional economic growth, productivity and community
- National recognition for excellent and impactful adult learning curriculum
- Key player in devolved adult education landscape
- Launch progress tracking and feedback platform for adult students
- Established SEND wellbeing support for adults in Further Education
- Embedded culture of research and scholarship

South Devon College

BEACON AWARDS 2021/22 WINNER

HIGH NEEDS AND SEND STRATEGY 2024-25

Mission Statement: *"Inspiring our community through learning."*

Vision: *"A purposeful approach with credibility and a focus on personal development. Empowering students to develop the edge they need to succeed."*

Values: *Ambitious, Inclusive, Respectful*

ESTABLISHED

- Provision for Students with High Needs rated 'Outstanding' by Ofsted
- Education Programmes for Young People rated 'Outstanding' by Ofsted
- Behaviour and Attitudes rated 'Outstanding' by Ofsted
- Personal Development rated 'Outstanding' by Ofsted
- High levels of student satisfaction and success
- High quality provision for students with neurodiverse conditions
- Effective relationships with external stakeholders including local authorities, parents and social care partners
- High quality universal offer to support wider SEND cohort
- Dedicated and ambitious Learning Opportunities curriculum
- Embedded model of support based on evidence informed practice 'Promoting Student Independence'
- Ambitious curriculum leads to positive student outcomes including supported internships

IN PROGRESS

- Sustain High Needs as a key college strategic focus in response to increasing complexities of student needs, including for mental health and behaviour
- Staff working in partnership to provide evidence informed learning environments for all students, embedding the effective use of Graduated Response toolkits
- Developing specialist services including Sensory Team for students with visual or hearing impairments
- Developing high quality data reporting, including attendance and monitoring progress against all statutory outcomes in Education, Health and Care Plans
- Reviewing Exam Access Arrangement process to improve effective support
- Raising awareness and facilitating access to a range of assistive technologies
- Ongoing high quality Continuous Professional Development for staff to retain expertise in supporting High Needs
- Increasing numbers of High Needs and SEND students in meaningful employment through 'sharpening the edge' on personal development
- Ensuring excellent access to high quality careers education, information, advice and guidance including onboarding and offboarding
- 'Closing the gap' and levelling up strategies to raise outcomes
- Enhance our culture of evidence informed teaching practice leading to outstanding outcomes

AMBITION

- Maintain Ofsted Outstanding
- Access to a full range high quality specialist services including Occupational Therapy and Speech and Language services
- Fully embedded joint commissioning model in partnership with South Devon College and Health and Social Care partners
- Further developing our response to stakeholder needs by developing our curriculum offer, for example with Emotionally Based School Avoidance cohort
- Embedding the use of assistive technology to increase the effectiveness of support we offer for all students with SEND
- Further enhancing relationships with parents and stakeholders to inform curriculum design
- National recognition for excellent practice in High Needs provision

South Devon College

BEACON AWARDS 2021/22 WINNER

To achieve our mission and goals, four key Elements of Success have been identified against which the

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College will judge its performance and progress. The four elements presented as equal quadrants are Quality, Leadership, People and Resources. All staff make clear and important contributions to these:

- **Quality** reflects our key focus that all learners can succeed in their aims and objectives, develop confidence, gain required skills, knowledge and behaviours and progress with great outcomes whilst ensuring a culture of continuous improvement and educational excellence.

- **Leadership** includes strong and effective governance, leadership and management and ensures the important strategic focus and direction of our efforts to achieve our Mission and Vision, living our Values and making a significant positive impact in our local communities and stakeholders.

- **People** underpins our commitment to the importance of all of our staff - teaching, curriculum support and professional services - to develop, work together and enjoy being a motivated, empowered and high performing team delivering great things for our students and wider community.

- **Resources** concentrate on the need to guarantee an excellent learning environment and world class or leading-edge resources for current and future generations, underpinning our visions with financial resilience and sustainability, strong business processes and impactful targeted reporting, data and information.

The College is making significant progress towards achieving key aims:

- Supporting up to 10,000 individual learners and students every year to improve their skills, knowledge and behaviours and supporting progression into further education, higher education or work, including work with training.
- Maintaining a highly inclusive approach and very wide breadth of courses underpinning strong learner focus and outcomes.
- In May 2024 the College was inspected by Ofsted under the Enhanced Skills Inspection methodology for providers of Further Education and Skills and graded Good overall with the following sub-judgements: Outstanding for education programmes for young people, Outstanding for provision for students with high needs, Good for adult learning programmes, Good for apprenticeships, Outstanding for behaviour and attitudes, Outstanding for personal development, Good for quality of education, Good for leadership and management and Strong for contributing to meeting local, regional and national skills needs.
- Overall achievement rates for 16-18 students exceeded the previous year with a rate of 83% and Adults matched last year's rate of 85%.
- Continuing high achievement for A Level qualifications with 99% overall pass rate and 62% of students achieving A*- C grades.
- GCSE pass rates for both Adults,14-16 South Devon High School and 16-18 students continued a trend of high achievement with highlights including for adults 73% Grade 4-9 in English and 75% in Sociology and, for South Devon High School the number of 7-9 grades in GCSE English and maths date almost doubling and 100% achievement for many technical qualifications. Cross college 16-18 English and maths provision saw an outstanding fourth year in a row of improvement, with success at Grade 4 GCSE English 31.5% well above national benchmarks, and Grade 4 GCSE maths 16.3%. 267 students achieved one or both of maths & English GCSE at grade 4-9, an increase of nearly 50% on last year.
- The College for the prestigious "Sustainability Institution of the Year" in the highly regarded national Green Gown Awards. It has now been shortlisted as a finalist in July 2025 for the International Green Gown Awards. Winners are announced in November.
- South Devon College and South Devon High School maintained 100% across all 8 Gatsby benchmarks for Careers Education Provision and piloted a new Career Impact Evaluation, with the Careers Enterprise Company, meeting and exceeding expectations in all categories.
- Awarded indefinite Foundation Degree Awarding Powers (FDAP) in March 2025 and coupled with Accredited Education Institution (AEI) status with the Nursing and Midwifery Council (NMC) and accreditation with the Health Care Professions Council (HCPC)we have maintained our Teaching Excellence Framework (TEF) at "Gold", both overall and in both individual measures (Student Outcomes and Student Experience), one of only 3 Colleges in the UK to achieve this. This standard for Higher Education reflects sustained excellent HE outcomes, student

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engagement and satisfaction, and supportive processes and practice.

- The College holds regular employer engagement events throughout the year, including annual Skills Summits. The events included multiple sectors and employers of all sizes from across Torbay & South Devon and beyond the sub-region. It is part of the work we do every year so that our curriculum has a clear intent with purpose and credibility ensuring that the College is meeting the needs of employers and students.
- High satisfaction rates: for 16-19 yr old FE students 94.8% are satisfied with South Devon College; for adult FE students 92% are satisfied; of apprentices 94% are satisfied; the NSS survey told us that higher education student satisfaction, including higher apprentices, is high with an increase in satisfaction for 32 out of 34 measures, and above benchmark for 30 of these. Working with over 1,200 businesses to support 1,350 apprentices in line with local and regional demand.
- During the academic year the College received a 100% capital grant of £1.5m to convert its South West Energy Centre Campus building to become the Regional Centre of Excellence for Clean Energy Technologies. The facility serves as a green skills hub aimed at training the next generation workforce in renewables and net zero technologies. It brings together state-of-the-art equipment and industry partners from across the South West to support both students and employers. The centre strengthens the College's role in supporting regional clean energy transitions and boosting local capability in emerging environmental technologies. A UKRI grant of £500,000 under the Technology Programme Semiconductor industry skills and training Competition for Funding to South Devon College, Bay Photonics and Davies & Bell for a groundbreaking project to create a new national Photonic Integrated Circuit Packaging Academy (PICPAC) which has developed the training required to address shortages in assembly, test and packaging in the UK semiconductor industry.
- As well as PICPAC the College is building a growing portfolio of Innovate UK research projects including in partnership with HydroSurv and BMT on the "Roc + Dock" initiative, combining marine training with advanced uncrewed vessel (USV) technology. Supported by £440,000 from Innovate UK, the project enhances the College's Class A REMBRANDT ship simulator into a dual-use Remote Operations Centre, enabling learners to develop high-level skills in remote and autonomous vessel operation. This pioneering initiative supports regional clean maritime innovation and contributes to national net zero goals. It provides students with unique hands-on experience in next-generation maritime technologies, strengthening their career prospects in a growing sector. The project also reinforces the College's position as a leader in marine and hi-tech skills training across the South West. including
- We continue to drive the sustainability agenda, and we are developing Sustainability based qualifications. This year we re-wrote of our FdSc Animal Science and BSc Applied Animal Science degrees at UCSD. We have amended both programmes to align with new government policy and wider sustainability modules. The UK government has set ambitious targets linked to 'biodiversity net gain' and within its' 25-year Environment Plan', these initiatives and wider ecological skills are now key themes throughout our degree programmes.
- The continued development and introduction of innovative curriculum design and digital learning approaches building innovative practice as part of both our Teaching & Learning Framework and strategic digital transformation planning.
- Continued development of a bespoke portfolio of online learning courses
- QSCS Accreditation by the Carers Federation, recognising the outstanding support in place here for young and young adult carers.
- Continuing quality improvement good practice work in and developing increasing levels of peer observations, coaching cycles and sharing best practice across a community of teaching professionals.
- Continuing and sustaining international partnerships with ever more relationships and encouragement of worldwide linkages through Turing and other direct partnership activity.
- An MoU with Torbay Council, Torbay & South Devon NHS Trust as the largest local employers to demonstrate our joint firm commitment to sustainability in practice through a circular economy, to build community wealth for the long-term prosperity of our place.
- An MoU, extended this year for a further two years, with Torbay and South Devon NHS Trust to support their "Building a Brighter Future" strategy including their long-term workforce development plans further strengthening our relationship with them and confirming the College as their preferred training provider.
- A new MoU has been signed with the city of Teonyong in South Korea for a partnership to develop marine training programmes as part of a multi-million-pound marina and tourism

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development as we grow our reach and experience with knowledge exchange and transfer.

The College continues to successfully see improving student recruitment in an increasingly competitive environment as well as continuing to secure and improve on strong student achievement, progression and outcomes through outstanding teaching and learning for its communities.

Challenges facing the College

The further education sector has faced a significant period of austerity since 2010 although the Government has begun to make some small welcome injections through the 16-19 formula allocation in the last two years and the national demographic rise is continuing to be seen in our annual recruitment with positive signs that not only are we continuing to see modest growth in 16-19 enrolments, but these are higher than the population growth indicating improvement in our market share of the local post-16 population in further education after Year 11. In the long term this is welcome news, but in the short to medium term this means that delivery is underfunded due to the lagged funding model. Growth is welcome but this will mean space coming under pressure and the College will be revisiting its Estates Strategy, informed by an updated Space Utilisation and Needs Assessment Report.

Recent additional funding is extremely welcome and overdue, but in return it is expected that we will deliver an equivalent uplift in delivery hours for students on 16-19 study programmes, including English and maths whilst facing significant external cost pressures with rises in inflation and expectations to increase pay higher than the funding rate increases. The challenge around pay is manifesting itself in greater numbers of hard to fill vacancies in specialist areas, both within curriculum and professional services, as well as local competitor FE colleges headhunting more aggressively, all alongside increasing pressure on industrial relations.

Government expects colleges to play an increasingly prominent role in the coming years to support the growth of the UK economy, to help meet the urgent need for a more skilled domestic workforce to support the government's plans to develop national infrastructure and improve skills and consequently prosperity across the country. Colleges also play an increasingly important part developing the skills of people who retrain or change roles as a result of changes in workforce demand reflecting technological advances such as AI or policy drivers, such as the Government’s Modern Industrial Strategy.

The College continues to deliver its mission 'Inspiring our community through learning' and has sustained high quality across a broad range of curriculum offer to a wide range of stakeholders in an environment of long term, significant reductions in public funding, competition from school sixth forms and universities and imperfect school IAG, although the Careers Hub is continuing to have a very positive impact as is the effect of the now statutory expectation on schools to achieve Gatsby benchmarks.

The College inclusive mission and approach will now be increasingly difficult to maintain given the fragility of the finances in the sector alongside ongoing risks such as national SEND reform and, locally, Torbay Council and Devon County Council being committed to a “Safety Valve” agreement with the DfE to address their £12m and £139m SEND budget deficit respectively.

This will all mean unpalatable choices for the College as the increasing financial pressures with insufficient funding within the system and inevitable competitive tensions with other providers, whether schools, FE Colleges, ITPs, and even universities. That said, there are positive, collaborative opportunities and the College is working constructively and positively with many stakeholders, to develop these for mutual benefit.

The College has successfully worked and navigated through considerable turmoil around changes to the current apprenticeship funding system, standards, levy changes etc., but recognises system imperfection will continue until such time as any positive changes to simplify the system take effect. The College is also committed to full participation with an appropriate T-level offer but remains concerned about removal of other Level 3 qualifications leaving only T Levels or A levels as the main Level 3 routes at post-16. This will have a significant impact on both income for many Colleges and, more worryingly, student choice at Level 3 from 2025 onwards.

The general policy context promotes encouragement to grow higher technical provision including the

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Lifelong Learning Entitlement, apprenticeship and loan funded work alongside devolution of the adult skills budget, the latter important in our region as the Devon and Torbay Combined County Authority continues to evolve and takes control of the full budget from September 2026.

Higher Education continues to be an important income stream and area for future growth, especially at Level 4 and Level 5 and through increasing use of the Lifelong Learning Entitlement based around Higher Technical Qualifications (HTQs) and other developments, for example micro-credentials , all of which the College is embracing and developing both in partnership with its University partner and with the benefit of its permanent FDAP powers.

The College is also an Education Partner in the South West Institute of Technology, enhancing opportunities to progress our HE ambitions. Both directly enrolled HE students and Higher and Degree Apprentices play a vital role supporting local growth and economic development ambitions and support greater productivity goals and improved individual and business prosperity.

However, ever increasing and aggressive market competition from universities has continued following the significant reduction in overseas students and increasing pressures on university finances, noting that over 40% of universities are forecasting a deficit in the next financial year. In light of this, and with barriers and inconsistencies in the system, growth in the short term will remain a key challenge. The Skills and Post-16 Education Act (Skills Bill) legislation placed Further Education at the forefront of higher-level technical education delivery and the College and sector as a whole welcomes this.

The College now awaits the publishing of the Post-16 White Paper and Curriculum and Assessment Review (CAR) alongside more detail of what the Growth & Skills Levy will bring. With a new OfSTED Inspection Framework and increasing regulation from the OfS for higher education too, inevitably there will be opportunities but also risks. Given the currently fragile finances of the College, a detailed explanation of which is provided on page 20, and those of the wider sector, it will be critical to continue to collaborate, innovate, improve efficiency and develop ever more reliable and granular MI and financial reporting with better integration between curriculum and finance systems, to ensure the organisation has the flexibility and agility to respond to the opportunities, changes, challenges and risks we expect to continue in to the future.

The College is engaged in ever-ongoing work on determining where forward efficiencies will need to be made whilst maintaining capacity and the ability to grow, minimizing as far as possible impact on quality delivery, and also recognising short and medium term (until 2028) demographic upside gain. To continue to achieve its mission and to meet local, regional and national priorities the College will need to continue to consider the viability of all of its provision at a granular level whilst sustaining critical mass and resources to be financially sustainable for the long term.

The specific impact on the College from the issues noted above are disclosed in the Going Concern section of this report on page 25. Specifically, in anticipation of the pressures facing the College finances during the financial year, the College applied to the Department for Education (DfE) for a working capital loan facility. Cash days remained significantly below the College target and FE Commissioner benchmarks. Cash days are calculated by dividing annual operating costs (excluding non-cash items like depreciation) by 365 and reviewing the number of days costs that are covered by cash in hand. In response, the College put together a detailed business case for a £2.2m working capital loan repayable over 2 years from the Department for Education. The DfE have only one mechanism to provide any loan support which is through their “Emergency Funding” route. The consequence of this action was that a Financial Notice to Improve was issued on 18th June 2025 which then, by default, led to the College being placed into Intervention.

Since the issuance of the Financial Notice to Improve and the College entering Intervention, senior management and the Governors have developed a Single Improvement Plan in agreement with the DfE and FE Commissioners. These parties attend regular update meetings to track progress against agreed milestones. The last meeting was held on 3rd November 2025 where positive progress was reported.

The College has a clear strategy and action plan to have the Financial Notice to Improve (FNTI) lifted and to leave Intervention by no later than July 2027 with its financial health being at least “Requires Improvement”. It has put strategies and plans in place and is taking rapid action to rebuild its cash

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reserves, repay the working capital loan and return its financial health to “Good” on sustainable basis by 2030.

Despite the challenges, the College confidently continues to pursue its ambitious vision in support of its core mission, "inspiring our community through learning

Financial strategy



Financial performance indicators to monitor progress against the listed objectives are annually agreed and monitored as part of the College's performance indicator process, including against sector benchmarks. They are included as part of the Resources quadrant in the Measures Matrix - see section below.

Key performance indicators

The College also uses a Measures Matrix to track key performance indicators. In 2024-25 there were 31 indicators grouped into categories aligned to the College's key elements of success - Quality, People, Resources and Leadership. Of the 31 indicators, 13 are achieved/on track. Performance and progress is monitored by the senior leadership team and the governing body, to ensure continuous improvement, with action plan and risk mitigation in place where required.

FINANCIAL POSITION

Financial results and investment

The prior year has been restated due to a review of Apprenticeship income and related payments from 2017/18 onwards which identified historical misstatements in income recognition and the treatment of employer incentive payments, resulting in a net reduction in income reported for the year ended 31 July 2024 of £567,000 and a corresponding decrease in net assets as at that date.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Inflation averaged 3.2%, down from 3.9% the previous year, but rose again from spring 2025, impacting non-pay costs. A 2.5% or at least £750 pay award, market supplements, and salary band matching added pressure to the pay budget. Employer's NI rates increased to 15% in April 2025, raising payroll costs, DfE funding covered 77% of the NI increase. Remaining unfunded NI costs continue to affect financial sustainability.

The College generated an operating deficit for the year of £696,000 (excluding pension costs) including Exceptional Restructure costs of £818,000. A pension adjustment of £256,000 under FRS 102 has been made, resulting in an overall deficit on continuing operations of £440,000. This marks a notable improvement from the prior year's adjusted deficit of £1,033,000. Despite financial constraints, the College maintained strategic investment in infrastructure, staffing, and learning resources, reinforcing its commitment to educational quality and community impact. The College has taken decisive action to address its long term financial sustainability which included the significant restructure in 2024/25 for which additional, exceptional financial support from the Department for Education was required for working capital purposes.

The overall funding performance of the Devon Pension Fund is healthy. Key information relating to the funding of the Devon Pension can be found here:

Devon Pension Fund Funding Strategy Statement:
Funding Strategy Statement - Devon Pension Fund

Devon Pension Fund Annual Report & Accounts:
Devon Pension Fund AR&A

The College received 72% of its total income for 2024-5 (2023-24 71%) as grants from funding bodies, with 43% coming from the DfE for 16-18 provision (2023-24 41%).

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

Reserves

The College has accumulated unrestricted reserves of £15,254,000 (2023-24 restated £15,951,000). There are cash balances of £2,110,000 of which £1,392,000 is restricted (2023-24 £1,070,000 of which £0 is restricted). The College needs to continue to accumulate reserves and cash balances in order to maintain agility and flexibility through a strong working capital position and generating funds for reinvestment in capital, particularly in the context of limitations to capital grant availability.

Tangible fixed asset additions during the year amounted to £3,228,000 (2023-24: £3,590,000). This includes land and buildings of £1,637,000 (2023-24: £1,872,000) and equipment purchased of £1,591,000 (2023-24: £1,718,000).

The College does not operate a formal Reserves Policy. Instead, as part of our financial resilience strategy, we manage liquidity against a College target of ≥25 cash days, including contingency funding. Prior to public sector- reclassification on 29 November 2022, this contingency was provided by a £2.0m bank facility that remained undrawn. Following reclassification, this instrument was no longer available under Managing Public Money, so the College put in place an alternative contingency via a DfE working capital loan facility of £2.2m. Drawdown of this facility is expected to increase average cash days in 2025/26 from an average of 6 days to 20 days, strengthening short term resilience while broader improvements to working capital are delivered through the Single Improvement Plan.
The College's reserves include £1 (2023-24 £1) held as restricted reserves. As at the balance sheet date the income and expenditure reserve stands at £15,254,000 (2023-24 restated £15,951,000). It is

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

the corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses, should operating conditions allow.

Cash flows and liquidity

Operating cash flow in the period was £5,351,000 (2023-24 restated £3,912,000), as presented in the Statement of Cash Flows. There was an increase of cash balances from 2023-24 to 2024-25 of £1,037,000, (2023-24 decrease £669,000) representing the Condition Fund received in April 2025.

In anticipation of the pressures facing the College finances during the financial year, the College applied to the Department for Education (DfE) for a working capital loan facility. Cash days remained significantly below the College target and FE Commissioner benchmarks. In response, the College put together a detailed business case for a £2.2m working capital loan repayable over 2 years from the Department for Education. The DfE have only one mechanism to provide any loan support which is through their "Emergency Funding" route. The consequence of this action was that a Financial Notice to Improve was issued on 18th June 2025 which then, by default, led to the College being placed into Intervention.

Following approval of the loan, two drawdowns were made: £700,000 in early August and a further £800,000 in September. The loan will be fully drawn down by January 2026. £800,000 of the loan was used against restructuring costs and £1,400,000 in respect of working capital. The consequence of this action, for which there was only one "Emergency Funding" mechanism available, was that the College was placed into Intervention and the Department for Education issued a Financial Notice to Improve to the College on 18th June 2025.

Since the issuance of the Financial Notice to Improve and the College entering Intervention, senior management and the Governors have developed a Single Improvement Plan in agreement with the DfE and FE Commissioners. These parties attend regular update meetings to track progress against agreed milestones. The last meeting was held on 3rd November 2025 where positive progress was reported.

The College has a clear strategy and action plan to have the Financial Notice to Improve (FNTI) lifted and to leave Intervention by no later than July 2027 with its financial health being at least "Requires Improvement". It has put strategies and plans in place and is taking rapid action to rebuild its cash reserves, repay the working capital loan and return its financial health to "Good" on sustainable basis by 2030.

Loan balances were reduced by £721,000 to £7,322,000 at the year end (£8,043,000 at 2023-24 year end).

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded. Further detail on the College's covenant position is included on page 22. The College's forecast for 2025-26 shows sufficient cash generation to meet debt servicing commitments.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2024-25 the College delivered 16-19 activity equating to £14,850,000 in DfE main allocation funding (2023-24 - £13,507,000). Learner numbers were 2,357 against a target of 2,351. Actual funding received, based on lagged learner numbers, was £14,377,000 (2023-24 - £12,983,000. This excludes DfE funding for high needs learners.

19+ adult education budget activity including Tailored Learning, excluding bursary was £3,485,000 in DfE main AEB allocation funding (2023-24 £1,862,000).

Apprenticeship funding is largely demand led with a small allocation awarded for those apprentices continuing under previous methodologies. 402 16-18 apprentices and 932 adult apprentices generated income of £5,368,000 (2023-24 - £5,580,000).

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

14-16 direct activity allocation equated to £1,446,000 for 209 learners (2023-24 £1,233,000 207 learners).

Funding via Advanced Learning Loans was £255,000 in 2024-25, against a total facility of £534,000 (2023-24 funding of £426,000 against a facility of £622,000).

The College also successfully delivered a substantial range of programmes in higher education, work-based learning, adult and community learning, re-engagement, full cost and other employer led activity.

The College contributed fully to the employer responsive areas of apprenticeships and other employer led activities, with another record year for apprenticeship numbers.

Curriculum developments

The College continues to deliver high quality study programmes across a broad curriculum in order to fully meet local employment and student needs. It continues to review and expand progression routes including additional higher education pathways including Higher Technical Qualifications, apprenticeships and T Levels.

Many of our students have low levels of prior educational achievement. The College maintains a wide range of programmes aimed at students, particularly adults, who are returning to education. These include Entry Level courses, increasingly English for Speakers of Other Languages (ESOL), essential digital skills, maths and English and Access to Higher Education programmes.

Programmes for adults have been sustained including programmes at Level 3 whilst higher and degree apprenticeship pathways have also been developed to meet employer needs and market demands.

Working closely with the University of Plymouth, the College continues to develop its portfolio of Higher Education programmes including increasing the range of full honours degrees.

Since gaining Foundation Degree Awarding Powers in 2018-19, which have been awarded in perpetuity in March 2025, the College now develops and approves a number of Foundation Degrees and micro-credentials working closely with local employers to support local regeneration, improving productivity, economic growth and development, greater prosperity, widening participation and increased social mobility.

The College has planned to meet increasing demand over the next 5 years and has set out its roadmap for doing this in its Vision Statements and the strategies for the estates, facilities, digital, learning and other resources to do this throughout its key strategies.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. During the accounting period 1 August 2024 to 31 July 2025, the college paid 6% of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

The college is working with all staff to ensure the correct procedures are followed when ordering goods/services to ensure that there are no delays with processing invoices.

Future prospects

The College has a clear strategy and action plan to have the Financial Notice to Improve (FNTI) lifted and to leave Intervention by no later than July 2027 with its financial health being at least “Requires Improvement” and is putting strategies and plans in place and taking action to return its financial health to “Good” by 2030.

The College has begun the process of developing a clear and achievable strategy for carefully planned and managed (“smart”) growth, building on the rapid actions already being taken as part of its Single Improvement Plan for long term financial sustainability. The strategy will continue to meet the skills

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

needs of our learners, our local and regional community which will now reflect the move towards Devolution through the Devon & Torbay Combined County Authority and the Local Skills Improvement Plan as well as the wider economy including supporting national Government policy, such as the Industrial Strategy. The College will consult widely to ensure its objectives are fit for purpose.

The College continues to seek external revenue and capital funding to deliver core College priorities. Significant recent successes include:

Devolution Skills Capital (Clean Energy Centre)
Strategic Development Fund (investment in curriculum resources)
OfS Capital allocation (Student Innovation & Research Centre – SIRC)
FE Capital Transformation Fund (Condition improvements)
Salix Grant (Carbon reduction)
Turing
UKRI
UKSPF

The college strategies have clear aims but capital and revenue funding is critical to develop and deliver renewal, growth and innovation reflecting the wider national, regional and local priorities including, amongst others:

- Meeting national, regional & local skills need (Industrial Strategy)
- Increasing productivity and prosperity (Local Growth Strategy)
- College planned and managed growth (College Growth Strategy – in development)
- High quality College offer for all provision (Teaching & Learning Framework)
- Improve skills levels in the local population at L4 and above (Skills & Workforce Plan for Devon & Torbay)
- Improved efficiency (delivery, space and non-pay revenue cost) (Curriculum Strategy, Financial Strategy & Estates Strategy)
- Student and Staff health & wellbeing (College Wellbeing Strategy)
- Achieving net-zero carbon (College Sustainability Strategy)

RESOURCES

The College has a wide range of excellent resources that it deploys in pursuit of its strategic objectives.

Tangible resources include the main college site, the Vantage Point campus including Hi Tech & Digital Centre the University Centre South Devon, the Clean Energy Centre and South Devon Sports Centre as well as the Newton Abbot Brunel Campus, the Torquay Campus (Centre for Health & Care Professionals) and Noss Marine Academy in Kingswear.

Financial

The College has net assets of £15,254,000, however this includes: deferred government grants of £33,130,000 and long-term debt of £7,322,000.

People

The College employs 639 people (headcount), of whom more than 50% are teaching, and classroom support staff.

Student numbers

14-16 Direct	209
16-18 Classroom	2,417
Adult Classroom	4,592
Apprenticeships	1,349

Reputation

The College is well established as a leading educational and anchor institution recognised by the local community, regionally and nationally. Monitoring and maintaining the College's success is part of the embedded culture of continuous improvement and outstanding achievement and this continues to also

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

be formally recognised through independent external accreditation, awards, surveys and inspections.

- In November 2024 the College won “Sustainability Institution of the Year” in the highly regarded national Green Gown Awards and was also a shortlisted finalist in the same category in the International Green Gown Awards.
- Winning TWO prestigious national Beacon Awards: The Nous Group Award for Education for Sustainable Development recognising the work and impact the College has had in this vital area over the last 10 years; The RCU Award for Support for Students celebrating the excellent impact of work during the last 5 years with the increasing cohort of Young Carers and Young Adult Carers.
- South Devon College and South Devon High School ranked joint amongst the top schools and colleges in the HotSW Careers Hub* for having achieved ALL 8 Gatsby benchmarks, significantly ahead of regional and national benchmarks demonstrating the highest quality Careers Education Provision.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to maintain and improve robust systems of internal control, including inter alia financial, operational, IT & Data (cyber security) and risk management, designed to protect the College's assets and reputation. To enhance this the College launched a new Board Assurance Framework which was launched in September 2023.

Based on the strategic plan, the College Leadership Team and Governors undertake a regular comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team and Governors will also consider any risks which may arise because of a new area of work being undertaken by the College.

The Board Assurance Framework is maintained at SLT level which is reviewed by the Audit Committee at each meeting and by the full Governing Body at least annually. The risk register is a live working document and identifies: the key risks; the likelihood of those risks occurring; their potential impact on the College; the actions being taken and planned for implementation to reduce and mitigate the risks; and sources of evidence of assurance that the risks are being managed. Risks are aligned to the College's Elements of Success of Quality, Leadership, People & Resources and mapped against the Measures Matrix (Key Performance Indicators). The Audit Committee request a "deep dive" analysis on any areas of increasing concern from a risk perspective.

This is supported by a risk management training programme to raise awareness of risk throughout the College and inclusion within college operating plans of actions targeted at mitigating those risks. These are reviewed as part of the College's "business as usual" approach to managing risk.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College. These are broad risk categories whereas the strategic risk register is a detailed internal document and commercially sensitive.

1. Financial Notice to Improve and Intervention

The College continues to operate below its target for cash days in hand and below the recommended benchmark for the FE Commissioner. A working capital loan has been advanced to the College from the DfE for £2.2m repayable on a bullet basis, £800,000 in July 26 and £1,400,000 in July 27 allowing the major restructure of staffing to be concluded and provide additional working capital whilst the college improves its long term, underlying operating performance over the next 2 years, rebuilds its cash reserves and reduces its long term debt. A Single Improvement Plan is in place to ensure that the working capital loan is fully repaid by July 2027 and the college rapidly returns to “Good” financial health on a long term sustainable basis.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

This is critical to ensure the college has the financial resilience, flexibility and agility to achieve its mission whilst responding to policy, funding and other macro level influences that are, for example, political, economic and social and to return to long term financial sustainability including a position of planned and managed growth.

2. Continuing impact of Russia's invasion of Ukraine

The College's operational and associated expenditure is still impacted by the increases in inflation occurring as a result of Russia's ongoing invasion of Ukraine.

3. Government policy and funding changes

More than two thirds of the College's income come from government sources, leading to high exposure to government policy. Further Education funding was drastically reduced from 2010 and while the government has increased investment somewhat, it does not address the real-term cuts that have been suffered. The government is signaling that FE is higher up the list of priorities as the positive societal impact of colleges is now better understood. However, with the backdrop of recession, economic and now national and global political turmoil, the future certainty around funding is unclear.

Alongside the above all colleges have faced increasingly complex and challenging funding policies and methodology changes. Whilst this is a sector wide issue being taken up by AOC and other representative groups, the college is mitigating this with additional resources, new structures, improved strategic and operational management of funding and data risk including changes through continuous improvement to ensure we have the right systems, processes and staff with the necessary knowledge and skills.

4. Ability to maintain effective and secure digital environment

College operations are increasingly digital by design; the instances of malicious cyber-attacks have increased exponentially and present an ongoing risk.

5. Sustainability

Sustainability continues to be a key focus for the College & this is supported by clear continued leadership from our SLT. We have put sustainability at the heart of what we do. Our Sustainability Strategy is now well established (5 years +) & was reviewed/updated in September 23 for the academic year. We have a Lead Governor, an established Lead SLT and CLT to support this important agenda. Sustainability is on the measures matrix & reviewed at the People & Resources Committee to monitor progress & provide assurance to the board. This is mapped against key sector tools such as FE Climate Action Road Map, EAUC Sustainability Leadership Scorecard, NUS-SOS evaluation and organisational rankings completion.

We saw significant investment in 23/24 with £2m Salix investment in Air Source Heat Pumps replacing ageing gas boilers and heating our main campus building. Also, a further £2m Salix investment in a new Roof to replace ageing structures, improving insulation through retrofit and allowing further PV panels to be installed.

In November 2024 we were announced as the Sustainability Institution of the Year and awarded the prestigious EAUC Green Gown Award. The award is well known for being the prominent award in the sector with all key Colleges/Universities in the UK contending.

Although the College works in close collaboration with local schools and other education/training providers on some matters, the current policy and funding environment encourages competition for learners. The local marketplace remains highly competitive with many providers hoping to attract the maximum funding for their institution.

6. Key stakeholder management

As an anchor institution with an important role in the social and economic prosperity of the South Devon community, it is vital that the College maintains close relationships with stakeholders. The key stakeholders are listed above, on page 2 of this report.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

7. Recruitment and retention of staff and industrial relations

The College's staff is its most precious resource and critical to ensure successful outcomes. Attracting and retaining high calibre staff alongside ensuring a suitable talent pipeline at all levels of the organisation is a top priority. Recruitment of staff particularly in key sectors including health, technology and construction sectors. Relationships with the College's recognised unions remain excellent, but this is an area which is seeing more challenges across FE and many other sectors with increasing threat of strike action as a result of pay inflation and cost of living crisis pressures on individuals.

8. High Needs and SEND funding

During 2022-23 Torbay Council reached agreement with the Department for Education on a "Safety Valve" arrangement. This means Torbay Council have agreed to significantly reduce spending on high needs and SEND and return their annual budget to balance. They have agreed that this will be done at considerable pace which is highly likely to mean fewer EHCPs being issued or continued, more students with increasingly complex and challenging needs being "placed" at the College with, sometimes significantly, lower funding than in the past with a potential financial and quality impact on the College and our inclusive mission.

9. Curriculum reform

Initially at Level 3, but progressing quickly to Level 2, with potential impact leading to significant changes to design and delivery of curriculum and further changes in funding policy and methodology with the risk that some learners will not have access to Level 3 qualifications which are suitable for their individual learning affecting wider recruitment and progression routes.

Equality, Diversity and Inclusion

South Devon College believes in the principle of freedom from discrimination for everyone, regardless of their age, gender, disability, ethnic or national origins, marital status, sexual orientation, social background or religious beliefs, or of being part of any other group which may have experienced discrimination. South Devon College aims to provide real equality of opportunity for all our existing learners and staff and supports the same for the wider community. We aim to continue to attract increasing numbers of learners into non-traditional vocational areas and from groups within the wider community who are underrepresented in learning. The College will continue to foster a learning community for all its staff and students in which equality is promoted and diversity is valued. The College will champion equality and diversity in all of our activities. Our commitment to equality and diversity will ensure that success is achieved across the widest possible spectrum of the community. The College's Single Equality Scheme and Equality Objectives are published on the College's external and internal websites. This policy is resourced, implemented and monitored on a planned basis.

The College publishes an Annual Equality Report to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Gender pay gap reporting

	Year ending 31 March 2025
Mean gender pay gap	13.58%
Median gender pay gap	18.48%

The proportion of males and females in each quartile of the pay distribution are:

	Males	**Females**
1- Lower Quartile	19.54%	80.46%
2- Lower Middle Quartile	32.76%	67.24%
3- Upper Middle Quartile	32.76%	67.24%
4- Upper Quartile	57.47%	42.53%

The college publishes its annual gender pay gap report on its website.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Disability Statement

South Devon College is committed to ensuring that people with a disability, including those with learning difficulties, are treated fairly and will ensure all reasonable adjustments are made to enable students and staff full access. The College will provide, wherever possible, as wide a range of opportunities and support for students who have disabilities and/or learning difficulties and have a commitment to encourage them to join chosen courses wherever appropriate. We have the facilities and are happy to produce learning materials in a variety of formats where necessary. We can, if appropriate, provide a range of equipment to help students' access learning, and additional support is available within the classroom or workshop environment if required.

The College seeks to achieve the objectives set in the Equality Act 2010 including its obligations under the General and Public Sector Equality Duty. In particular it makes the following commitments:

- Students with learning difficulties or disabilities are given the opportunity to have a supported site visit with the schools liaison team and are then contacted again to inform of any changes to the site over the holiday period. Accessibility is reviewed regularly through the Equality & Diversity Committee, Learner Forums and through consultation and feedback from groups representing all the protected characteristics.

- The College also meets students, staff, members of the community and representatives from all protected characteristics when undertaking significant new projects such as the University Centre and the South West Energy Centre to ensure accessibility is considered early in the design process.

- The College also has a clearly defined process for Equality Impact Assessments; school leavers with specific needs or disabilities are identified to the college through a variety of ways: Section 139 assessments, school liaison, liaison with parents and carers and close working with local authorities, commissioning bodies and relevant agencies. Students are invited to attend 'bridging' days / transition time with the College during which individual needs are assessed to provide appropriate support.

- The College has recently achieved Disability Confident Employer status. The College has moved from being Disability Confident Committed (Level 1) to Disability Confident Employer (Level 2). Accreditation for a Disability Confident Employer lasts for 3 years. The scheme aims to help The College successfully recruit and retain disabled people and those with health conditions through many means including inclusive and accessible recruitment practices, offering interviews to disabled people, providing reasonable adjustments and supporting employees with disabilities or long-term health conditions.

- The College has a Single Equality Scheme which lays out the way ahead and explains what, why and how we intend to continue to promote equality and tackle discrimination for all our students, staff and communities and to fulfil its General and Public Sector Equality Duty. We aim to continue to attract increasing numbers of learners into non-traditional vocational areas and from groups within the wider community who are under-represented in learning.

- There is a wide range of specialist equipment which the College can make available for use by students and a range of assistive technology is available in the learning centre.

- The College has successfully supported 302 learners with high needs this year at FE level and also provides strong support at HE level to minimise barriers to active participation.

- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.

- There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities. Partnership working, cross FE college communication and sharing of good practice both

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

internally and externally have been introduced and are now firmly embedded in the college annual planning cycle as well as established events and activities in the College annual calendar.

- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.

- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction. The information can also be found on the College web site and is displayed on the plasma screens at times. The College Positive Intervention team provides further specialist support. Learning Opportunities students can access a specialist counsellor and physiotherapy service in addition to the College welfare services. Theme weeks occur at regular academic intervals, supporting the tutorial process.

Safeguarding and Prevent

The College is fully committed to providing a safe and secure environment for all students and staff. The College has been committed to fully implementing necessary steps and guidance and ongoing training across the whole College to meet its duties in respect of the Prevent legislation at further and higher education levels and actively works in partnership with relevant agencies and partners to this effect. The College has prepared itself for the updated safeguarding legislation "Keeping Children Safe in Education" September 2024, and updated and trained staff throughout the year.

There has been an ongoing investment in the College's Safeguarding & Wellbeing Team who provide learners with pastoral care and deal with any safeguarding concerns. They work closely with other members of College staff, such as the College Nurse, the Designated Safeguarding Lead and tutors to provide a full wrap around care package, as well as with other agencies within and outside the College. They can refer students to external agencies when necessary to provide relevant support.

The Safeguarding & Wellbeing team also leads on Mental Health First Aid and other mental health support and referral services for the College and works proactively to monitor and respond to other pastoral and behavioural agendas affecting learners' education and training.

Mental Health and Wellbeing

In 2023, the College signed up to the AoC Mental Health charter (the relaunch) This charter contains several standards that the college has and will continue to implement to create an environment that promotes student and staff wellbeing and that proactively supports student and staff mental health.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college:

Number of employees who were trade union officials during the relevant period	7
FTE employee number	458

Percentage of working hours spent on facility time	**Number of employees**
0%	1
1-50%	6
51-99%	0
100%	0
Total cost of facility time	£11,373
Total pay bill	£25,326,278
Percentage of total bill spent on facility time	00.04%

Time spent on paid trade union activities as a percentage of total paid facility time	100%

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Events after the end of the reporting period

In August 2025, the College received a working capital loan facility of £2.2 million from the DfE. Two drawdowns were made: £700,000 in early August and a further £800,000 in September. The loan will be fully drawn down by January 2026. The loan is scheduled to be fully repaid by July 2027.

Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future.

The activities of the College, together with the factors likely to affect its future development and performance, are set out in the above Report. The financial position of the College, including the issue of a Financial Notice To Improve in June 2025 and being placed in intervention as a result, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes to the Accounts.

With increases in cost of living, minimum wage, employers national insurance increase and recruitment and retention pressures, investments in capital as well as sharp rises in non-pay costs over the last 3 or 4 years, it has been challenging to achieve an annual operating surplus and the right level of EBITDA and, in turn, maintain and then rebuild cash reserves. Whilst we have had a contingency as part of our long-term strategy and planning by way of an overdraft facility with Santander of £2m for working capital, albeit we never had to use it, this provided the backup should we have needed it.

In November 2022, all FE Colleges were reclassified as public sector. This was not foreseen and was a decision made with only a few months' notice. The impact of this was that the Government rules, including the requirement to comply with "Managing Public Money", meant that we could no longer borrow from banks, including our overdraft. With the pressure on College finances meaning cash days dropped to below the College benchmark of ≥25 cash days during the year ended 31 July 2025, the College put together a detailed business case for a working capital loan repayable over 2 years from the Department for Education. This included £1,400,000 to be used to re-establish a working capital cushion, and £800,000 to fund a major staffing restructure. These loans are described as 'Emergency Funding facilities'. Where this funding is provided, the Department for Education issues a Financial Notice to Improve which, by default, places the College in Intervention. .

The FNtI sets out nine conditions for the College to meet before the FNtI can be lifted. The key conditions are around developing an integrated Single Improvement Plan (SIP), approving it, meeting with the Department for Education regularly, and implementing that plan to demonstrate improvement in the College's financial health.

Since the issue of the Financial Notice to Improve and entering Intervention, senior management and the Governors have developed a Single Improvement Plan, approved by DfE and FE Commissioners in September 2025. All parties attend regular update meetings to track progress against agreed milestones. The last meeting was held on 3rd November 2025 where positive progress towards achieving all nine conditions was reported.

The College has a clear strategy and action plan to have the Financial Notice to Improve (FNTI) lifted and to leave Intervention by no later than July 2027 with its financial health being at least "Requires Improvement". It has put strategies and plans in place and is taking rapid action to rebuild its cash reserves, repay the working capital loan and return its financial health to "Good" on sustainable basis by 2030.

The SIP is reviewed monthly to ensure accountability and momentum. Building on rapid actions already underway, the College is focused on long-term financial sustainability while continuing to meet the skills needs of learners and the wider community. This approach aligns with regional priorities such as Devolution through the Devon & Torbay Combined County Authority, the Local Skills Improvement Plan, and national Government policy, including the Industrial Strategy. Extensive consultation will be undertaken to ensure objectives remain relevant and deliverable.The sector challenges facing the College are detailed in the section headed "Challenges facing the College" on page 8. More specifically in light of these challenges, and in response to being placed in Intervention, the College submitted a

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financial plan to the Department for Education (DfE) in July 2025 which set out the financial forecast to July 2027. Whilst it recovers from its financial challenges, the College's latest budget has seen a more prudent approach to growth in learner numbers especially around Apprenticeships and HE. A positive cash position is predicted, sufficient to cover borrowing commitments and to continue to invest in capital. The College maintains a robust cashflow forecast, underpinned by prudent financial management and contingency planning, including contingencies of £709,000 applied to the income budget within the provisions which do not have a fixed allocation and £216,000 has been applied to non-pay budgets to cover any growth or additional advertising and publicity, alongside a conservative targeted £225,000 saving within pay costs. The College has undertaken a comprehensive review of financial forecasts and risk exposure, including stress testing against adverse scenarios such as reduced recruitment and higher inflation. Mitigation strategies, contingency reserves, and ongoing covenant monitoring provide assurance of resilience.

Strong recruitment across key areas has contributed to a positive market share position, with growth in high needs learners and additional bespoke activity commissioned by a Local Authority further strengthening the College's income base. Higher Education provision is now stabilising and growing, and the College has also seen increased numbers in its High School provision with two applications for every place, supporting a broader and more resilient learner profile.

- Key assumptions for income in the 2025-26 financial year include an increase in core 16-18 funding from the DfE which is committed and therefore secure: growth in apprenticeship income, supported by some secured contracts though still sensitive to wider economic conditions.

- Key assumptions for costs in the 2025-26 have been prepared factoring in the 3.5% UK inflation rate as at April 2025 compared to 2.3% in April 2024. We continue to experience price increases that are impacting non-pay expenditure. However, the non-pay savings identified and implemented since 2023 have provided increased control over these rising costs.

On the critical issue of cash flow, even though the government have reprofiled 16-19 funding payments to equal 12ths to assist with the usual pinch points FE colleges experience, there is still some funding which is paid annually in April and the HE funds from Student Finance England is paid in 3 installments. The operating cash flow improves from April 2026 onwards, forecasting cash in hand days of 13 in July 26, after repaying £800,000 to the DfE.

In the current academic year, the College has achieved a significant increase in learner numbers, marking the most substantial growth in recent years. Enrolments for 16–19-year-olds rose by 170 compared to the prior year, complemented by an additional 40 High School students. Higher Education enrolments exceeded plan by 50, reflecting strong demand across all provision. Retention performance also improved markedly, with withdrawals among 16–19 learners reduced to 73, compared with 94 in the previous year and 124 in 2023/24.

The College has also secured new, significant unbudgeted income in Health, from University Hospital Plymouth. As well as recently launching the Enhanced Progression Pathway (EPP) - an innovative specialist provision designed to re-engage high-needs learners who have previously faced barriers to accessing education. Signed contracts and / or SLAs are in place and the income is considered secure in 2025/26.

Market share has strengthened, with the core area rising to 31% (from 30%), Torbay increasing to 55% (+3 percentage points) and Teignbridge to 17% (+3 percentage points), consolidating the College's position as the largest single provider in the area based on Labour Market Intelligence. Forward demographic trends indicate further opportunity, with the 16-year-old population forecast to grow by 8–9% by 2028/29, equating to approximately 215 additional learners.

Adult learning provision continues to perform strongly, with market share increasing to 36% and notable growth in Construction, Digital, Science and Mathematics. Conversely, apprenticeship numbers have declined by 200 over the past five years, reducing market share to 18%. We have now launched a 100 Apprentices in 100 days campaign to target this provision.

The College through the monthly Management Accounts continues to monitor any capital expenditure, ensuring that all expenditure is fully grant funded.

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The College had a total of £7,322,000 in loans outstanding at the year ended 31 July 2025 (£8,043,000 at the year ended 31 July 2024) with three lenders, negotiated at various dates. The College's forecasts and financial projections indicate that it will be able to adequately service all loan commitments for the foreseeable future and will not breach any covenants. As at 31st July 2025, seven borrowing covenants were met, and current forecasts indicate continued compliance.

At the year ended 31 July 2025, the College reported a cash balance of £2,110,000, of which £711,000 was operating cash. Per the management accounts for the period ended 30 September 2025, the College had an operational cash balance of £1,605,000 following receipt of the emergency funding from the DfE. As at 31 October 2025 the College has cash of £1,314,000 and is forecasting an operating cash balance of £1,553,000 as at 31 July 2026. This position reflects the planned repayment of £800,000 to the Department for Education (DfE) at 31 July 2026, which has been fully factored into the forecast.

Looking ahead, the College anticipates a further repayment of £700,000 to the DfE at 31 July 2027, after which the operating cash balance is projected to increase to £1,662,000. These forecast figures do not include receipt or repayment of the additional £700,000 of emergency funding due in January 2026.

These forecasts indicate that, despite the scheduled repayments, the College expects to maintain a positive cash position throughout the period, supported by prudent financial management and ongoing monitoring of liquidity. The projected improvement in cash reserves by July 2027 provides confidence in the College's ability to meet its obligations while sustaining operational stability.

Covenants

The College continues to meet regularly with their bankers to discuss their current financial position.

The College's commercial borrowings are subject to a number of financial covenants. On the basis of the profit and cash flow forecasts underlying their consideration of the appropriateness of the going concern basis of preparation of the financial statements, the Governors are satisfied that these covenants will not be breached.

Nonetheless the Governors acknowledge that the forecast headroom is tight and recognise the risk that a breach may occur, and that a material uncertainty exists in this regard.

Following the DFE's financial intervention one of the College's lenders has issued a 'Reservation of Rights" letter in October 2025. Having taken legal advice, the College has formally written challenging the Reservation of Rights and seeking immediate withdrawal based on the facts of the matter.

During the year another of the College's lenders undertook its routine, annual independent credit analysis of the College. The result was a minor adjustment of one point of a 20 point scale (AAA to D) for the College to A/Negative from A/Stable. In the current economic environment for colleges the Governors see this as an inconsequential adjustment, which in any case does not take account of steps taken by the College during the financial year and subsequently.

Notwithstanding the material uncertainty, the detailed forecast process described above, engagement with the College's bankers, and monthly progress meetings with the DfE, give the Corporation a reasonable expectation that despite the uncertainty, the College has adequate resources and facilities to continue in operational existence for the foreseeable future and that in due course it will exit formal Intervention in a positive manner and the FNtI will be removed. For these reasons the College continues to prepare its financial statements on a going concern basis.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Approved by order of the members of the Corporation on 16 December 2025 and signed on its behalf by:

Signed by:
Martin Foulger
FA9AAFC34BC5433...

Martin Foulger
Chair of the Governing Body

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Statement of Corporate Governance and Internal Control (continued)

This Statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

Governance code

The following statement is provided to enable readers of the annual report and accounts to gain an understanding of the College's governance and legal structure. The College endeavours to conduct its business:

i. in full accordance with the seven 'Nolan' principles identified by the Committee on Standards in Public Life, namely: selflessness; integrity; objectivity; accountability; openness; honesty and leadership;

ii. in full accordance with the guidance to colleges from the FE code of good governance; and

iii. By monitoring and reviewing developments in relation to the Charity Governance Code, the UK Corporate Governance Code and the Higher Education Code of Governance.

The College is committed to adopting best practice in all aspects of corporate governance and the Governing Body has adopted and complies with the Code. The College is also watchful of developments in relation to the Charity Governance Code, the UK Corporate Governance Code and The Higher Education Code of Governance. The College Corporate Governance arrangements draw upon best practice available from these Codes and associated practices.

In the opinion of the governors, the College complies with the provisions of the Code (including The Colleges Senior Post Holder Remuneration Code) and it has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Further Education Code of Good Governance (2024) which it formally adopted at the July 2024 meeting of the Governing Body.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Public benefit

The College is committed to adding value to the social, economic and physical wellbeing of its community and environment. This document provides information on the activities of the College and its role in the community.

South Devon College is an exempt charity under Part 3 of the Charities Act 2011. The College was regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England until 13 July 2016. Through a machinery of government change in late July 2016, the College is now regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 25.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

Since colleges were classified to the central government sector with effect from 29 November 2022, our policies, procedures and approval processes have been updated to ensure compliance with the new requirements following reclassification, in particular the handling of transactions which require DfE approval.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Statement of Corporate Governance and Internal Control (continued)

- High quality teaching and learning.
- Widening participation and tackling social exclusion.
- Excellent employment record for students.
- Strong student support systems.
- Links with employers, industry and commerce.
- The delivery of public benefit is covered throughout the Strategic Report.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report are listed in the table below.

01. SDC Governing Body - All Corporation / Committee Meetings Combined											
FULL GOVERNING BODY				Audit	C & Q	Hon	P & R	Rem Com	S&G	SPD	%
Avril	Bankes-Fay	Independent	X	~	X	~	~	~	~	1/1	60%
Paul	Brunt	Independent	X	~	X	~	~	~	~	1/1	80%
Paul	Coles	Independent	X	~	~	X	X	X	~	1/1	70%
Sally	Cope	Independent	X	X	X	~	~	~	~	1/1	69%
Kate	Doodson	Independent	X	X	~	X	~	X	X	1/1	100%
Martin	Foulger	Independent	X	~	~	X	X	X	X	1/1	86%
Rory	Gilbert	Independent	X	~	~	~	X	~	~	1/1	88%
Jon	Goldman	Independent	X	X	X	X	~	X	X	0/1	83%
Roger	Knight	Independent	X	X	~	X	~	X	~	0/1	67%
Steve	Parrock	Independent	X	~	~	~	X	~	~	1/1	100%
Louise	Barlow	Staff - Professional	X	X	~	~	~	~	~	1/1	100%
Dave	Wildman	Staff - Academic	X	~	X	~	~	~	~	1/1	56%
Laurence	Frewin	Principal / CEO	X	~	X	X	X	X	X	1/1	94%
Amelia	Bulman	FE Student	X	~	X	~	~	~	~	~	50%
Rebecca	Paine	HE Student	X	~	X	~	~	~	~	~	67%
Co-opted											
Alastair	Campbell	Co-opted	~	X	~	~	~	~	~	0/1	40%
Ryan	Cooper	Staff Co-opted	~	~	~	~	X	~	~	1/1	100%
Maureen	McAllister	Co-opted	~	~	~	~	X	~	~	1/1	100%
Lynsey	Mizen-Shaw	Co-opted	~	~	~	~	~	~	X	0/1	50%
Judy	Ravenscroft	Co-opted	~	~	X	~	~	~	~	0/1	75%

Caroline Giles-Medhurst acted as Clerk to the Corporation

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least once each term.

The Corporation conducts its business through a number of committees. These committees are Audit, Curriculum and Quality, Remuneration, People & Resources and Search & Governance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Head of Governance by emailing governanceadmin@southdevon.ac.uk or writing to:

South Devon College
Vantage Point
Long Road
Paignton, TQ4 7EJ

The Head of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection on the College website.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Statement of Corporate Governance and Internal Control (continued)
All governors are able to take independent professional advice in furtherance of their duties, at the College's expense, and have access to the Head of Governance (Clerk), who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas and supporting papers are shared with governors at least one week before Board meetings.

The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of the Governing Body and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee, consisting of five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required.

Independent and staff members of the Corporation are appointed for a term of office not exceeding four years but may, subject to satisfactory performance, be re-appointed for a further four years. The maximum term of office for independent and staff governors is eight years. Student members are appointed for a term of one year. The Principal of the College is an ex-officio member of the Corporation.

Corporation performance

During the course of the 24/25 academic year, the Governing body has been implementing the actions from the Board Development Plan and monitoring progress via the Search and Governance Committee. The majority of actions have been cleared, with outstanding actions moving to the 25/26 Board Development Plan. A Board Self-Assessment has taken place over the latter summer months of the academic year, and to date (21st August 2025) the Board members have reported that the College's governance for 24/25 was effective, reflecting the external board review of 23/24.

This Plan will also be informed by feedback from Committees via their termly/annual self-assessment processes as well as Governor feedback via some annual 1:1 review meetings with the Chair and Vice Chair. A high level of governor engagement continues to be evidenced by many examples of Governor "Support and Challenge" in the minutes of all meetings.

Governors undertake regular training and development throughout the academic year. These opportunities are provided by The Association of Colleges (AoC), the Education and Training Foundation (ETF), RSM (Internal Auditors) and the College Leadership Team. Areas of focus are wide ranging and have included Safeguarding, Risk Management and Risk Appetite, Board Assurance Framework and DfE Accountability Agreements alongside sector updates. Governors have had the opportunity to develop their college specific knowledge through completing learning walks and the minibus tour of the campuses. Board Strategic Planning events have provided a range of development opportunities to include exploring the College's position within the local and regional regeneration priorities, meetings with student and staff and team building exercises and inclusion. The Chair and Committee Chairs attend AoC networking meetings and adhoc sessions such as the AoC New Governor Induction 24/25 Programme, the ETF Understanding your Role as Safeguarding Governor training, and the AoC Finance and Audit Committee Network Meetings. New Governors are invited to attend relevant AoC induction events and a college induction. To increase the impact of training and development on the Governing Body's discussions and decision-making, all participants are encouraged to formally feedback on their learning from external events.

The Head of Governance has successfully completed the ETF Governance Professionals' Development Programme January – April 2025, has booked onto the ETF Governance Professional Development

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Statement of Corporate Governance and Internal Control (continued)
Programme (Expert) for October – January 25/26, is supporting the AoC SW Regional Meetings for Governance Professionals Network for the 25/26 academic year and will continue to attend training throughout the year, with a view to a formal qualification.

Remuneration Committee

For the year ending 31 July 2025, the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. Senior post-holders are appointed by the Governing Body and comprise of the Principal & CEO, the Vice Principal, Quality & Curriculum, the Vice Principal, People & Resources, and the Head of Governance.

Pay recommendations are based on the Governing Body's Remuneration Framework for Senior Post Holders which is underpinned by the principles laid out in the AoC Colleges Senior Post Holder Remuneration Code, namely:

a) 1.4.1 Fair, appropriate, and justifiable levels of remuneration.
b) 1.4.2 Procedural fairness; and
c) 1.4.3 Transparency and accountability.

Details of remuneration for year ended 31 July 2025 are set out in note 7 to the financial statements.

Audit Committee
During 2024/25 membership of the Audit Committee comprised of four governors and one co-opted member of the Corporation (membership excludes the Accounting Officer and the Chair of the Governing Body). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets once each term (twice in the autumn term) and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of work and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations, and the internal auditors undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Statement from the Audit Committee
The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2024/25 and up to the date of the approval of the financial statements are:

Receipt of Internal Audit Reports on:

a) Key Financial Controls – Income and debtors
   Conclusion: Reasonable Assurance
   Recommendations: 3 Low, 0 Medium, 0 High Actions

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Statement of Corporate Governance and Internal Control (continued)

b) Mental Health and Wellbeing Arrangements
Conclusion: Reasonable Assurance
Recommendations: 2 Low, 2 Medium, 0 High Actions

c) Student Attendance Processes
Conclusion: Reasonable Assurance
Recommendations: 1 Low, 1 Medium, 0 High Actions

d) HE Data Quality Controls
Conclusion: n/a Advisory
Recommendations: 6 Low, 10 Medium, 0 High Actions

e) Performance and Data Monitoring Systems
Conclusion: Reasonable Assurance
Recommendations: 0 Low, 3 Medium, 0 High Actions

f) Learner Number Systems
Conclusion: n/a Advisory
Recommendations 10 Low, 5 Medium, 0 High Actions

g) Follow Up
Conclusion: Reasonable Progress
Progress: Actions agreed: 31, Implemented: 20, Implementation Ongoing: 7, Not Implemented: 2, Superseded: 2
Confirmation as completed or no longer necessary: 22

'Deep dive' reports from Management were requested and governors received assurance of controls/mitigations in place for the following risk areas:

- Student Disciplinary Processes (March 2025)
- Staff Training (June 2025)

The Strategic Risk Management Plan was replaced with a more dynamic Board Assurance Framework which was launched in September 2023.

Curriculum and Quality Committee

The Curriculum and Quality Committee is responsible for ensuring that student success, progression and satisfaction is maximised with continuous review and improvement of strategies, policies, procedures and data relating to quality, teaching, learning and assessment. It also monitors the impact of the College's policies and actions in relation to safeguarding (including the Prevent duty), Equality, Diversity and Inclusion, and the provision of independent Careers advice and guidance.

People and Resources Committee

The People & Resources Committee is responsible for making recommendations to the Governing Body on the annual estimates of income and expenditure, financial monitoring, and approving broad College policies relating to property/accommodation. It receives termly HR reports and monitors the impact of the College's policies and actions in relation to Health and Safety. The Committee is also responsible for approving major external contracts, which are consistent with the College's Strategic Plan.

Search and Governance Committee

The Search and Governance Committee is responsible for making recommendations to the Governing Body on the nomination of candidates for appointment as members of the Governing Body in accordance with the Instruments and Articles of Government and to recommend policies and procedures for such appointments. The Committee also considers and advises the Corporation on the composition and balance of the Governing Body and its Committees. The Committee monitors governor attendance, stakeholder engagement and training and development activities as well as the Board's Annual Development Plan. It is also responsible for monitoring the benchmarking of governance practice against external Codes and standards of good governance and ensuring regulatory changes from the DfE and OfS are embedded in the College's governance systems.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Internal control
Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which the Principal is personally responsible, in accordance with the responsibilities assigned to the Principal in the Financial Memorandum between South Devon College and the Department for Education. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The system of internal control has been in place in South Devon College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing the College's significant risks that has been in place for the year ending 31 July 2025 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Body;
- regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

South Devon College has an internal audit service, which operates in accordance with the requirements of the DfE's Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. As a minimum, the internal auditor annually provides the Governing Body with a report on internal audit activity in the College. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Statement of Corporate Governance and Internal Control (continued)

Risks faced by the corporation

The Corporation identifies, evaluates and manages risk through the termly monitoring of the Board Assurance Framework. This is regularly reviewed and updated by the Vice Principal People & Resources who draws governor attention to the impact and likelihood evaluation of key operational, financial, compliant and other risks. The principal risks have been summarised in the report above.

Control weaknesses identified

There have been no significant internal control weaknesses or failures identified during 2023/24.

Responsibilities under funding agreements

The Corporation has met its contractual responsibilities under its funding agreements and contracts with the DfE by

a) ensuring that the College's funds are used only in accordance with the College's powers as set out in the Further and Higher Education Act 1992 and the College's own statutory duties and other obligations.

b) ensuring the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of its assets

c) ensuring that it has operated in line with its exempt charitable status.

d) appointing the Principal as its Accountable Officer and receiving assurances from the Principal that there is compliance with the Funding Agreement and all other terms and conditions of funding (as evidenced below by the signed Statement of Regularity, Propriety and Compliance).

Compliance with Office for Students conditions of registration

The Audit Committee receives assurances, at its termly meetings, that the College has complied with OfS conditions of registration.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors, the regularity auditors, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Committee's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

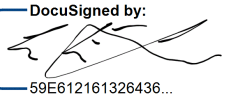
Statement of Corporate Governance and Internal Control (continued)

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of its assets"*.

Approved by order of the members of the Corporation on 16 December 2025 and signed on its behalf by:

Signed by:
Martin Foulger
FA9AAFC34BC5433...

Martin Foulger
Chair of the Governing Body

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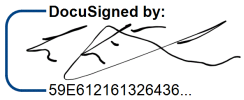
Laurence Frewin
Accounting Officer

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Statement of Regularity, Propriety and Compliance

As accounting officer of the Corporation of South Devon College I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the College's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and noncompliance with terms and conditions of all funding. I confirm that I, and the Bboard of governors, are able to identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.



Laurence Frewin
Accounting Officer
16 December 2025

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Statement of responsibilities of the members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's accountability agreement, funding agreements and contracts with DfE and DfE – and any other relevant funding bodies, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, DfE's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report), and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will continue in operation

The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities. The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from DfE, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the Board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from DfE, DfE and other public bodies are not put at risk.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Approved by order of the members of the Corporation on 16 December 2025 and signed on its behalf by:

Martin Foulger

Signed by:
Martin Foulger
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Chair of governors

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Independent Auditor's Report to the Corporation of South Devon College

Opinion

We have audited the financial statements of South Devon College (the 'College') for the year ended 31 July 2025, which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2025 and of the College's deficit of income over expenditure for the year then ended;
- Have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice;
- Have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- Meet the requirements of the current College Accounts Direction issued by the Office for Students; and
- Meet the requirements in HM Treasury's document, 'Managing Public Money', and other related obligations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements which sets out the status of the Financial Notice to Improve issued to the College on 18th June 2025, the requirement for, and drawdown of, an emergency funding facility from the Department for Education, an ongoing negotiation with one of the college's bank loan funders regarding their view of that funding and resulting reservation of their rights, and the limited headroom in the financial forecasts for the period to July 2027 in relation to bank loan covenant compliance. These events and conditions, together with other matters set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the College's ability to continue as a going concern. These financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Our opinion is not modified in respect of this matter. In auditing the financial statements, we have concluded that the Corporations' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the Corporations' Governing Body with respect to going concern are described in the relevant sections of the report.

Key audit matters

Except for the matter described in the material uncertainty related to going concern section, we have determined that there are no other key audit matters to be communicated in our report.

Other information

The other information comprises the information included in the Report of the Governing Body, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information, and we are required to report that fact.

We have nothing to report in this regard.

Report on other legal and regulatory requirements
We are required to report on the following matters by the Post 16 Audit Code of Practice issued by the Department for Education.
We have nothing to report in respect of the following matters in our opinion:

- Proper accounting records have not been kept; and
- The financial statements are not in agreement with the accounting records and returns; and
- All information and explanations required for the audit were not received.

We are required to report on the following matters by the current College Accounts Direction issued by the Office for Students:
We have nothing to report in respect of the following matters in our opinion:

- The provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; and
- The provider's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Members of the Corporation of South Devon College
As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 33, the College's Corporation is responsible for the preparation of the financial statements and for being satisfited they give a true and fair view and for such internal control as the Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Members of the Corporation are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the College. We gained an understanding of the industry in which the College operates

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

as part of this assessment to identify the key laws and regulations affecting the College. As part of this, we reviewed the College's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance.

The key regulations we identified were the regulations of the Department for Education (DfE), the Office for Students (OfS) and Ofsted, as well as health and safety regulations, employment law, and breaches of The General Data Protection Regulation (GDPR). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the College Accounts Direction for 2024 to 2025, the Post-16 Audit Code of Practice issued by the DfE and HM Treasury's 'Managing Public Money' document.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the College complies with laws and regulations. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the College's ability to continue operating and the risk of material misstatement to the accounts.

Based on this understanding we designed our audit procedures to identify non- compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements;
- Review of the College's risk register and minutes of Board and Audit Committee meetings for any potential or actual instances of non-compliance;
- Review of the College's GDPR policy and enquiries of the College's compliance officer as to the occurrence and outcome of any reportable breaches;
- Review of Ofsted reports, and inquiries of management of points raised and action plans developed; and
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

We assessed the susceptibility of the financial statements to material misstatement through management override or fraud and obtained an understanding of the controls in place to mitigate the risk of fraud. We also discussed with management whether there had been any instances of known or alleged fraud.

Based upon our understanding we designed and conducted audit procedures including:

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business; and
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.
- Reviewed the material income sources and performed substantive testing.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate omissions, collusion, forgery, misrepresentations, or the override of internal controls. We are also less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilites. This description forms part of our audit report.

Use of our report

This report is made solely to the Corporation as a body in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Corporation as a body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or the opinions we have formed.

Signed by:
PKF Francis Clark
006DF78DEBD3402...

PKF Francis Clark,
Statutory Auditor
Unit 18, 23 Melville Building East
Royal William Yard
Stonehouse
Plymouth
PL1 3GW

Date 18 December 2025

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Reporting accountant's assurance report on regularity for the year ended 31 July 2025
To: The Corporation of South Devon College and Secretary of State for Education

In accordance with the terms of our engagement letter dated 06 June 2023 and further to the requirements of the Department for Education (DfE), as include in the extant framework and guide for external auditors and reporting accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by South Devon College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the College Auditor Framework issued by DfE and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the Corporation of South Devon College and Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of South Devon College and the Secretary of State for Education those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the Corporation of South Devon College and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer of South Devon College and the reporting accountant

The Corporation of South Devon College is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Finance Handbook for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the extant framework and guide for external auditors and reporting accountants of Colleges. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the extant framework and guide for external auditors and reporting accountants of Colleges. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures, including the self-assessment questionnaire prepared by South Devon College

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

- Evaluation of the system of internal controls for authorisation and approval; and
- Performing substantive tests on relevant transactions

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Signed by:
PKF Francis Clark
006DF78DEBD3402...

PKF Francis Clark,
Statutory Auditor
Unit 18, 23 Melville Building East
Royal William Yard
Stonehouse
Plymouth
PL1 3GW

Date 18 December 2025

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

South Devon College
Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2025 £'000	(As restated) Year ended 31 July 2024 £'000
INCOME			
Funding body grants	2	27,955	25,017
Tuition fees and education contracts	3	7,642	7,415
Other income	4	3,289	3,087
Investment income	5	36	43
Donations and Endowments	6	23	17
Total income		**38,945**	**35,579**
EXPENDITURE			
Staff costs	7	25,704	24,388
Fundamental restructuring costs	7	818	110
Other operating expenses	8	9,663	8,992
Interest and other finance costs	9	206	324
Depreciation and amortisation	10 &11	2,994	2,798
Total expenditure		**39,385**	**36,612**
Operating (loss)/surplus on continuing activities		*(696)*	*(1,304)*
FRS 102 pension adjustments		*256*	*271*
		(440)	*(1,033)*
(Deficit) for the year		**(440)**	**(1,033)**
Actuarial gain/(loss) in respect of pensions schemes	22	(256)	(271)
Total comprehensive gain/(loss) for the year		**(696)**	**(1,304)**
Represented by:			
Unrestricted comprehensive gain/(loss)		**(696)**	**(1,304)**
Restricted comprehensive income		**-**	**-**
		(696)	**(1,304)**

This Statement of Comprehensive Income and Expenditure is in respect of continuing activities.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

South Devon College
Statement of Changes in Reserves

	(As restated) Income and Expenditure account
	£'000
Balance at 31 July 2023	17,251
Deficit from the income and expenditure account	(1,033)
Other comprehensive income	(271)
Total comprehensive gain for the year	**(1,304)**
Balance at 31 July 2024	15,947
Deficit from the income and expenditure account	(440)
Other comprehensive income	(256)
Total comprehensive gain for the year	**(696)**
Balance at 31 July 2025	**15,251**

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

South Devon College
Balance sheet as at 31 July 25

	Notes	2025 £'000	(As restated) 2024 £'000
Non-current assets			
Tangible fixed assets	10	57,490	57,214
Intangible fixed assets	11	212	71
Investments	12	5	5
		57,707	**57,290**
Current assets			
Stocks		32	36
Trade and other receivables	13	1,822	1,713
Cash and cash equivalents	19	2,110	1,070
		3,964	**2,819**
Less: Creditors – amounts falling due within one year	14	(8,479)	(7,130)
Net current assets		**(4,515)**	**(4,311)**
Total assets less current liabilities		**53,192**	**52,979**
Less: Creditors – amounts falling due after more than one year	15	(37,638)	(36,714)
Provisions			
Defined benefit obligations	18	-	-
Enhanced pensions	18	(302)	(317)
Total net assets		**15,252**	**15,948**
Reserves			
Income and expenditure account		15,251	15,947
Pension reserve		-	-
Total unrestricted reserves		**15,251**	**15,947**
Restricted reserves		1	1
Total reserves		**15,252**	**15,948**

The financial statements on pages 40 to 60 were approved and authorised for issue by the Corporation on 16th December 2025 and were signed on its behalf on that date by:

Signed by: Martin Fouiger
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Martin Fouiger
Chair of the Governing Body

DocuSigned by:
59E612161326436...

Laurence Frewin
Accounting Officer

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

South Devon College

Statement of Cash Flows

		Year ended 31st July 2025	(As restated) Year ended 31st July 2024
		£'000	£'000
Cash inflow from operating activities			
Deficit for the year		(440)	(1,033)
Adjustment for non cash items			
Depreciation and amortisation		2,994	2,798
Decrease/(increase) in stocks		4	4
Decrease/(increase) in debtors		(109)	1,237
(Decrease)/increase in creditors due within one year		1,342	526
(Decrease)/increase in creditors due after one year		1,654	408
(Decrease)/increase in provisions		(15)	(33)
Pension adjustment - FRS 102		(256)	(271)
Adjustment for investing or financing activities			
Investment income		(36)	(43)
Interest payable		206	324
Profit/(Loss) on sale of fixed assets		10	(2)
Net cash flow from operating activities		**5,354**	**3,915**
Cash flows from investing activities			
Proceeds from sale of fixed assets		1	4
Investment income		36	43
Purchase of investments		-	-
Payments made to acquire fixed assets		(3,424)	(3,600)
		(3,387)	(3,553)
Cash flows from financing activities			
Interest paid		(206)	(324)
Repayments of amounts borrowed		(721)	(704)
		(927)	(1,028)
Increase / (decrease) in cash and cash equivalents in the year		**1,040**	**(666)**
Cash and cash equivalents at beginning of the year	19	1,070	1,736
Cash and cash equivalents at end of the year	19	2,110	1,070

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024-5 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2025.

Going concern

In anticipation of the pressures facing the College finances during the financial year, the College reached out to the Department for Education for additional support. Cash days dropped to below acceptable levels, and, in response, the College put together a detailed business case for a £2.2m loan repayable over 2 years from the Department for Education. Two drawdowns were made: £700,000 in early August and a further £800,000 in September. The loan will be fully drawn down by January 2026. The loan is scheduled to be fully repaid by July 2027. The consequence of this action, for which there was only one "Emergency Funding" mechanism available, was that the College was placed into Intervention and the Department for Education issued a Financial Notice to Improve to the College on 18th June 2025.

Since the issuance of the Financial Notice to Improve and the College has entered Intervention, senior management and the Governors have developed a Single Improvement Plan with the DfE and FE Commissioners. These parties attend regular update meetings to track progress against agreed milestones. The last meeting was held on 3rd November 2025 and at this point all objectives were on track to be achieved within the agreed timescales.

The College has a clear strategy and action plan to have the Financial Notice to Improve (FNTI) lifted and to leave Intervention by no later than July 2027 with its financial health being at least "Requires Improvement" and is putting strategies and plans in place and taking action to return its financial health to "Good" by 2030.

The activities of the College, together with the factors likely to affect its future development and performance, are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity, and borrowings are presented in the financial statements and accompanying notes.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

1. Statement of accounting policies and estimation techniques (continued)

Going Concern (continued)

The College had a total of £7,322,000 in loans outstanding at the year ended 31 July 2025, with three lenders, negotiated at various dates. The terms of the agreements vary, with the shortest date being July 2033 and the longest being June 2042. The College's forecasts and financial projections indicate that it will be able to adequately service all loan commitments for the foreseeable future. However, having performed a sensitivity analysis on the budgets prepared, a reduction in EBITDA for the year as a result of either a 1% increase in staff costs or a 1% reduction in income could result in a breach of the EBITDA loan covenants.

At the year ended 31 July 2025, the College reported a cash balance of £2,110k, of which £711k was operating cash. Per the management accounts for the period ended 30 September 2025, the College had an operational cash balance of £1,605k following receipt of the emergency funding from the DfE. As at 31 October 2025 the College has cash of £1,314k and is forecasting an operating cash balance of £1,553k as at 31 July 2026. This position reflects the planned repayment of £800k to the Department for Education (DfE) at 31 July 2026, which has been fully factored into the forecast.

Looking ahead, the College anticipates a further repayment of £700k to the DfE at 31 July 2027, after which the operating cash balance is projected to increase to £1,662k. These forecast figures do not include receipt or repayment of the additional £700k of emergency funding.

These forecasts indicate that, despite the scheduled repayments, the College expects to maintain a positive cash position throughout the period, supported by prudent financial management and ongoing monitoring of liquidity. The projected improvement in cash reserves by July 2027 provides confidence in the College's ability to meet its obligations while sustaining operational stability.

The College continues to meet regularly with its bankers to discuss the current financial position. The Corporation are taking measures to address the matters set out above and, based on current forecasts to July 2027, they believe the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and, accordingly, these financial statements do not include any adjustments that would arise if the College were unable to continue as a going concern.

Recognition of income

Revenue grant funding
Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding
Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

1. Statement of accounting policies and estimation techniques (continued)

Fee income
Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income
All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)
The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Devon County Council Local Government Pension Scheme (LGPS)
The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Devon County Council Local Government Pension Scheme (LGPS)
Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.
Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings
Freehold buildings are depreciated on a straight-line basis over their expected useful lives of 50 years. Major adaptations to the College's buildings are depreciated over their useful life of the addition on a straight-line basis or the remaining life of the building whichever is the shorter.

Freehold land is not depreciated as it is considered to have an infinite useful life.

Where land and buildings are acquired with the aid of specific government grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Assets under construction
Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets
Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment
Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition, unless part of a wider project. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

IT (Medium Life)	5 years
IT (Short Life)	3 years
IT (Tablets & Other Portable)	2 years
Furniture & Fittings (Long Life)	10 years
Furniture & Fittings (Medium/Long Life)	8 years
Furniture & Fittings (Medium Life)	5 years
Furniture & Fittings (Short Life)	2 years
Motor Vehicles	4 years

If an item of equipment has a useful economic life different to the above, for example stated in a guarantee, the piece of equipment will be depreciated over this useful life instead. Where equipment is acquired with the aid of specific government grants, it is capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

1. Statement of accounting policies and estimation techniques (continued)

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over their useful life. If a reliable estimate of useful life is not possible, the life shall not exceed 5 years.

An intangible asset will be recognised only if future economic benefits flow to the College and the cost of the asset can be measured reliably.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Inventories

Inventories are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

1. Statement of accounting policies and estimation techniques (continued)

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around x% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when

- the College has a present legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

1. Statement of accounting policies and estimation techniques (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying accounting policies
In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

2 Funding body grants

	2025	(As restated) 2024
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	2,823	2,739
Education and Skills Funding Agency - 16 - 18	16,623	14,633
Education and Skills Funding Agency - apprenticeships	5,233	5,145
Office for Students	428	505
Specific Grants		
Releases of government capital grants	808	653
Teachers Pension grant	1,414	975
DfE NIC ERs Grant	153	0
Non-recurrent agency grants	473	367
Total	**27,955**	**25,017**

	2025	2024
	£'000	£'000
Grant income from Office for Students	428	505

3 Tuition fees and education contracts

	2025	2024
	£'000	£'000
Adult education fees	457	472
Apprenticeship fees and contracts	12	77
Fees for FE loan supported courses	198	426
Fees for HE loan supported courses	2,023	2,168
Total tuition fees	2,690	3,143
Education contracts	4,952	4,272
Total	**7,642**	**7,415**

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4 Other income

	2025 £'000	2024 £'000
Catering and residences	1,076	986
Transport	705	740
Other income generating activities	506	470
Non government capital grants	971	878
Miscellaneous income	31	14
Total	**3,289**	**3,087**

5 Investment income

	2025 £'000	2024 £'000
Other interest receivable	**36**	**43**

6 Donations and endowments

	2025 £'000	2024 £'000
Unrestricted donations	**23**	**17**

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

7 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, disclosed as a headcount, was:

	2025 No.	2024 No.
Teaching staff	251	338
Non teaching staff - classroom support	173	171
Non teaching staff - business support	264	215
	688	**724**

Staff costs for the above persons

	2025 £'000	2024 £'000
Wages and salaries	19,361	18,804
Social security costs	2,102	1,783
Other pension costs	4,196	3,702
Payroll sub total	**25,659**	**24,289**
Contracted out staffing services	45	99
	25,704	**24,388**
Fundamental restructuring costs - contractual	818	110
	26,522	**24,498**

the College does not have any salary sacrifice arrangements in place

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises: the Principal; the Vice Principal Quality and Curriculum; the Vice Principal People and Resources; the Senior Director of Finance; three Assistant Principals who are responsible for various operational departments of the College; and the Clerk to the Governors. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2025 No.	2024 No.
The number of key management personnel including the Accounting Officer was:	**9**	**9**

Note - Please see the list of post holders on page 1 of these accounts. The emoluments presented in the accounts are for the total amount paid to all key management personnel in the accounting period.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

7 Staff costs

The number of key management personnel and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2025	2024	2025	2024
	No.	No.	No.	No.
£60,000 or under	1	2		
£60,001 to £65,000 per annum				
£65,001 to £70,000 per annum				1
£70,001 to £75,000 per annum			2	
£75,001 to £80,000 per annum			3	3
£80,001 to £85,000 per annum				
£85,001 to £90,000 per annum				
£90,001 to £95,000 per annum				
£95,001 to £100,000 per annum		1		
£100,001 to £105,000 per annum	1			
£105,001 to £110,000 per annum				
£110,001 to £115,000 per annum		1		
£115,001 to £120,000 per annum	1			
£120,001 to £125,000 per annum				
£125,001 to £130,000 per annum				
£130,001 to £135,000 per annum				
£135,001 to £140,000 per annum				
£140,001 to £145,000 per annum				
£145,001 to £150,000 per annum				
Over £150,001 per annum	1	1		
	4	**5**	**5**	**4**

Note: this table is presented on the basis of people, not posts and where staff have left in the reporting period and been replaced, more than one person is included.

Key management personnel emoluments are made up as follows:

	2025 £'000	2024 £'000
Salaries	792	693
Employer's national insurance	102	86
Pension contributions	178	150
Total emoluments	**1,072**	**929**

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2025 £'000	2024 £'000
Salaries	161	158
Pension contributions	29	28

The Members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The Governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future. The Remuneration Commitee will publish an annual statement on senior post holder pay that can be found on the South Devon College website.

The remuneration package of key management personnel, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Governing Body, who undertakes an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as multiple:

	2025	2024
Principal and CEO's basic salary as multiple of the median of all staff	5.77	5.67
Principal and CEO's total remuneration as multiple of the median of all staff	5.77	5.67

The Corporation paid no compensation for loss of office to former key management personnel

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

8 Other operating expenses

	2025 £'000	2024 £'000
Teaching costs	3,831	3,556
Non teaching costs	2,657	2,502
Premises costs	3,175	2,934
Total	**9,663**	**8,992**

Other operating expenses include:	**2024** **£'000**	**2023** **£'000**
Auditors' remuneration:		
- Financial statements audit	33	32
- Other services provided by the financial statements auditors	7	7
Internal audit	50	50
(Profit)/Losses on disposal of tangible fixed assets	(10)	2
Depreciation and amortisation	2,994	2,798
Hire of assets under operating leases	273	279

9 Interest payable and other finance costs

	2025 £'000	2024 £'000
On bank loans, overdrafts and other loans	377	421
Pension finance costs (note 22)	(171)	-97
Total	**206**	**324**

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

10 Tangible fixed assets

	Land and buildings Freehold	Land and buildings Long leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2024	63,629	726	24,032	155	88,542
Additions	1,635	2	1,591	-	3,228
Transfers	-	-	-	-	-
Disposals	(1)	-	(120)	-	(121)
At 31 July 2025	**65,263**	**728**	**25,503**	**155**	**91,649**
Depreciation					
At 1 August 2024	14,915	412	16,002	-	31,329
Charge for the year	1,292	43	1,605	-	2,940
Elimination in respect of disposals	-	-	(110)	-	(110)
At 31 July 2025	**16,207**	**455**	**17,497**	**-**	**34,159**
Net book value at 31 July 2025	**49,056**	**273**	**8,006**	**155**	**57,490**
Net book value at 31 July 2024	48,714	314	8,030	155	57,213

Foyer Project

the College still owns 12,000 square feet of land at the previous campus site in Newton Road, Torquay. This land is leased to Torbay Council on a 99 year lease, starting in July 2002. The land has not been valued in the accounts as the value on its return to the College in the future is uncertain.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

11 Intangible fixed assets

	Software £'000	Other £'000	Total £'000
Cost			
At 1 August 2024	1,105	163	1,268
Additions	119	77	196
Disposals	-	-	-
At 31 July 2025	**1,224**	**240**	**1,464**
Depreciation			
At 1 August 2024	1,044	154	1,198
Charge for the year	41	13	54
Elimination in respect of disposals	-	-	-
At 31 July 2025	**1,085**	**167**	**1,252**
Net book value at 31 July 2025	**139**	**73**	**212**
Net book value at 31 July 2024	61	9	70

12 Non-current investments

	2025 £'000	2024 £'000
Broughton Award	1	1
SW Mutual Bank Founding Member Investment	5	5
Total	**5**	**5**

13 Trade and other receivables

	2025 £'000	(As restated) 2024 £'000
Amounts falling due within one year:		
Trade receivables	550	523
Other debtors	13	55
Prepayments and accrued income	411	668
Amounts owed by the Education & Skills Funding Agency	848	467
Total	**1,822**	**1,713**

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

14 Creditors: amounts falling due within one year

	2025 £'000	(As restated) 2024 £'000
Bank loans and overdrafts	726	717
Payments received in advance	922	658
Trade payables	1,272	2,020
Other taxation and social security	1,023	844
Accruals and deferred income	792	487
Holiday pay accrual	626	585
Other creditors	30	13
Amounts owed to Education Skills Funding Agency	912	181
Deferred income - government capital grants	2,176	1,625
Total	**8,479**	**7,130**

15 Creditors: amounts falling due after one year

	2025 £'000	2024 £'000
Bank loans	6,596	**7,326**
Other long term creditors (Foyer)	88	89
Deferred income - government capital grants	30,954	29,299
Total	**37,638**	**36,714**

16 Maturity of debt

Bank loans and overdrafts

Bank loans are repayable as follows:

	2025 £'000	2024 £'000
In one year or less	726	717
Between one and two years	737	726
Between two and five years	1,926	2,243
In five years or more	3,933	4,357
Total	**7,322**	**8,043**

The Bank loans are provided by Lloyds, Santander and Torbay Council. The Lloyds loan relates to the construction of the University Centre.

The loan with Lloyds incurs interest at 6.628% fixed rate. The final instalment is due to be repaid on 9th November 2033.

The loan with Torbay Council incurs interest at 2.8% fixed rate. The final instalment is due to be repaid on 30th June 2042.

The loan with Santander incurs interest at 5.76% fixed rate. The final instalment is due to be repaid on 28th July 2032.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

17 Analysis of changes in net debt

	At 1 August 2024	Cash flows	Other non cash changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,070	1,040	-	2,110
Bank overdrafts	-	-	-	-
	1,070	1,040	-	2,110
Bank loans	(8,043)	721	-	(7,322)
Net debt	(6,973)	1,761	-	(5,212)

18 Provisions

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2024	-	317	317
Additions in period	-	(15)	(15)
At 31 July 2025	**-**	**302**	**302**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 22.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2025	2024
Interest rate	5.5%	4.8%
Net interest rate	2.8%	2.0%

19 Cash and cash equivalents

	At 1 August 2024	Cash flows	At 31 July 2025
	£'000	£'000	£'000
Cash and cash equivalents	1,070	1,040	2,110
Total	**1,070**	**1,040**	**2,110**

20 Capital commitments

	2025	2024
	£'000	£'000
Commitments contracted for at 31 July	**194**	**752**

21 Lease Obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2025	2024
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	160	182
Later than one year and not later than five years	548	701
Later than five years	1,437	1,570
	2,145	**2,453**
Other		
Not later than one year	-	11
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	**11**
Total lease payments due	**2,145**	**2,464**

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

22 Defined benefit obligations

the College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year		**2025 £'000**		**2024 £'000**
Teachers Pension Scheme: contributions paid		2,977		2,415
Local Government Pension Scheme:				
Contributions paid	1,545		1,501	
FRS 102 charge	(342)		(232)	
Charge to the Statement of Comprehensive Income		1,203		1,269
Enhanced pension charge to Statement of Comprehensive Income	16			18
Total pension cost for year within staff costs		**4,196**		**3,702**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2020 and of the LGPS 31 March 2022.

Contributions amounting to £450,000 (2024: £385,000) were payable to the scheme and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, Colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament. Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. the College is unable to identify its share of the underlying assets and liabilities of the plan.

Valuation of the Teachers' Pension Scheme

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department in October 23. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion. (compared to £22billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates were set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £2,870,000 (2024: £2,352,000).

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22 Defined benefit obligations

FRS 102

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. the College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. the College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Devon County Council. The total contribution made for the year ended 31 July 2025 was £2,036,000 (£1,969,000 in the year to 31 July 2024), of which employer's contributions totalled £1,545,000 (£1,501,000 2023-24) and employees' contributions totalled £491,000 (£468,000 2023-24). The agreed contribution rates for future years are 18% for employers and range from 5.5% to 12.5% for employees, depending on salary. Under the funding policy, secondary contributions are required to clear historic deficits; these were £78,800 for the year from 1st April 2024 and will be £81,900 for the year from 1st April 2025. The deficit recovery period was 15 years from 1st April 2022.

LGPS surplus position

As at 31 July 2025, the actuarial valuation for the College includes a surplus totaling £8,518,000 (£2,626,000 2023-24). This surplus has not been recognised within the financial statements.

High UK corporate bond yields have resulted in high accounting discount rates which contributed to the closing surplus position. There is no specific guidance in FRS 102 in relation to surplus balances, therefore reference has been made to IAS 19. This requires any surplus recognition to be limited to the present value of economic benefits available in the form of either refunds or reduced future contributions (the asset ceiling).

The right to a refund would occur in the form of a credit payable to the College, for example on exiting the pension fund. Whether any refund is provided is governed by Regulation 64 of the 2013 Local Government Pension Scheme Regulations and set out in the specific local authority funding strategy statement. The payment of this credit is at the discretion of the local authority based on a variety of pre-determined factors. Given there are no circumstances to suggest an exit from the fund and the determination of any credit is outside the control of the College, there is no basis to recognise any surplus.

With regards to reduced contributions, IAS 19 references minimum funding requirements used by certain schemes which limit the scope for contribution reductions. The LGPS administering authority must obtain a rates and adjustments certificate every three years that shows the contributions to be paid by each employer to the pension fund for the following three years, thereby limiting the availability of any contribution reductions.

Additionally, the local authority funding strategy statement provides for potential reductions in future contributions, but these would be at the discretion of the local authority with, in the majority of cases, academies being part of a stabilisation approach which sets a limit on any change to contributions e.g. to 1% of pay per year. This suggests minimum funding requirements are applicable to the College as determined by IAS19. When actuary asset ceiling calculations assume that minimum funding requirements exist, they provide an asset ceiling value of £Nil.

Based on the above, it cannot be determined that a flow of future benefits is probable therefore no asset has been recognised.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2025 by Barnett Waddingham, a qualified independent actuary.

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	3.80%	3.90%
Future pensions increases	2.80%	2.90%
Discount rate for scheme liabilities	5.75%	5.05%
Inflation assumption (CPI)	3.10%	3.20%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2025	At 31 July 2024
	years	years
Retiring today		
Males	21.7	21.4
Females	22.7	22.6
Retiring in 20 years		
Males	23.0	22.7
Females	24.2	24.1

Sensitivity analysis	At 31 July 2025 £'000	At 31 July 2024 £'000
Projected service cost:		
Discount rate +0.1%	952	1,407
Discount rate -0.1%	1,028	1,516
Mortality assumption – 1 year increase	1,022	1,510
Mortality assumption – 1 year decrease	957	1,412
Long term salary increases +0.1%	989	1,461
Long term salary increases -0.1%	989	1,405
Pension increases and deferred revaluation +0.1%	1,029	1,518
Pension increases and deferred revaluation -0.1%	951	1,405

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

22 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

the College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

		Fair Value at 31 July 2025		Fair Value at 31 July 2024
		£'000		£'000
Gilts		1,747	4%	-
UK equities		940	2%	606
Overseas equities		21,047	50%	20,230
Property		3,283	8%	2,858
Infrastructure		4,176	10%	3,968
Target return portfolio		0	0%	885
Cash		995	2%	940
Other bonds		9,664	23%	8,850
Alternative assets		(11)	0%	6
Total fair value of plan assets	**100%**	**41,841**	**100%**	**38,343**
Weighted average expected long term rate of return		**7%**		**11%**

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2025 £'000	2024 £'000
Fair value of plan assets	41,841	38,343
Present value of plan liabilities	(33,323)	(35,717)
Asset ceiling restriction	(8,518)	(2,626)
Net pensions (liability) (Note 18)	**-**	**-**

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2025 £'000	2024 £'000
Amounts included in the profit and loss statement		
Service Cost	1,432	1,304
Net interest in the defined benefit liability/(asset)	(38)	(36)
Admin costs	28	23
Total	**1,422**	**1,291**
Amounts recognised in Other Comprehensive Income		
Return on Fund assets in excess of interest	856	1,874
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	5,307	(966)
Change in demographic assumptions	(191)	79
Experience gain/(loss) on defined benefit obligation	(336)	175
Changes in Impact of asset ceiling	(5,892)	(1,433)
Amount recognised in Other Comprehensive Income	**(256)**	**(271)**

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Net pension asset in the statement of financial position

	2025 £'000	2024 £'000
Present value of the defined benefit obligation	33,323	35,717
Fair value of Fund assets (bid value)	41,841	38,343
Deficit/(Surplus)	**(8,518)**	**(2,626)**
Impact of asset ceiling	8,518	2,626
Unrecognised past service cost	-	-
Present value of unfunded obligation	-	-
Net defined benefit liability/(asset)	**-**	**-**

Reconciliation of opening & closing balances of the present value of defined benefit obligation

Opening defined benefit obligation	**35,717**	**32,491**
Current service cost	1,416	1,266
Interest cost	1,783	1,664
Change in financial assumptions	(5,307)	966
Change in demographic assumptions	191	(79)
Experience loss/(gain) on defined benefit obligation	336	(175)
Liabilities assumed/(extinguished) on settlements		-
Estimated benefits paid net of transfers in	(1,320)	(922)
Past service costs, including curtailments	16	38
Contributions by Scheme participants and other employers	491	468
Unfunded pension payments	-	-
Defined benefit obligations at end of period	**33,323**	**35,717**

Reconciliation of opening & closing balances of the fair value of Fund assets

Opening fair value of Fund assets	**38,343**	**33,684**
Interest on plan assets	1,954	1,761
Return on assets less interest	856	1,874
Other actuarial gains/(losses)losses	-	-
Administration expenses	(28)	(23)
Contributions by employer	1,545	1,501
Contributions by Scheme participants and other employers	491	468
Estimated benefits paid net of transfers in	(1,320)	(922)
Settlement prices received/(paid)	-	-
Asset ceiling restriction	-	-
Assets at end of period	**41,841**	**38,343**

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

23 Related party transactions

The College's board is composed of governors being drawn from local public and private sector organisations. A full Register of Interests is maintained by the Clerk to the Governors. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £652.50; 1 governors (2023/4: £1630; 3 governors).

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2024: None).

Transactions with the funding bodies and OfS are detailed in Note 2.

24 Amounts disbursed as agent

Learner support funds

	2025 £'000	2024 £'000
Balance brought forward	**138**	**0**
16-18 Bursary Grants - bursary support	372	347
16-18 Bursary Grants – discretionary learner support (Free College Meals)	237	229
Other Funding body grants	0	0
Other items	0	0
	747	576
Disbursed to students	(466)	(409)
Administration costs	(30)	(29)
Balance unspent as at 31 July	251	138

The college distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE.

In the accounting period ended 31 July 2025, the college received a total of £747k and disbursed £466k from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £30k for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £251k. The portion of these unspent funds that falls within the scope to be returned to DfE in March 2026 is unknown as of 31 July 2025. Comparatives for the accounting period ended 31 July 2024 are £576k received from DfE, £409k disbursed to learners after charging £29k for administration costs, and total cumulative unspent funds of £169k, of which £31k was repaid to DfE.

Docusign Envelope ID: B6F51313-6AC0-4B97-99BA-00D30BF79B01

25 OfS access and participation expenditure

	2025 £'000	2024 £'000
Access investment	89	60
Financial support provided to students	84	113
Support for disabled students	143	104
Research and evaluation activity	4	5
	320	282

This note is a memorandum summarising the costs of the College's access and participation plan.

26 Contingent liabilities

The College has a contingent liability due to an ongoing unfair dismissal claim that is not included in its Balance Sheet at 31 July 2025. The College's possible outflow in relation to this claim is £35,000.

27 Events after the reporting period

In August 2025, the College received a working capital loan facility of £2.2 million from the DfE. Two drawdowns were made: £700,000 in early August and a further £800,000 in September. The loan is scheduled to be fully repaid by July 2027.