

YEOVIL COLLEGE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JULY 2023

YEOVIL COLLEGE

for the year ended 31 July 2023

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Yeovil College

REFERENCES AND ADMINISTRATION DETAIL for the year ended 31 July 2023

REFERENCE AND ADMINISTRATIVE DETAILS

Key Management Personnel

Key management personnel are defined as members of the Principalship and were represented by the following in 2022/23:

Mark Bolton	Principal & CEO; Accounting Officer
Donna Short	Vice Principal Quality of Education
Emma Cox	Vice Principal Finance & Resources

Board of Governors

A full list of governors is given on pages 15 & 16 of these financial statements.

Professional Advisers

Financial Statements Auditors and Reporting Accountants:

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

Internal Auditors:

RSM Risk Assurance Services LLP
St Philips Point
Temple Row
Birmingham
West Midlands
B2 5AF

Bankers:

Mid Corporates ECG Commercial Banking
Lloyds Banking Group
Phase 2
Ground Floor
Canons House
Bristol
BS1 5LL

Solicitors:

Clarke Wilmott
Blackbrook Gate
Taunton
TA1 2PG

Yeovil College

STRATEGIC REPORT

for the year ended 31 July 2023

OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31 July 2023. Yeovil College is a Further Education College. The principal place of operations is Mudford Rd, Yeovil, BA21 4DR.

Legal Status

The Corporation was established under the Further & Higher Education Act 1992 for the purpose of conducting Yeovil College. The college is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission and Values

A new college strategic plan was developed in the year for the period through until 2028, this was built up from over 600 collected comments and thoughts which were distilled into a mission, vision and four pillars forming foundations for the strategic aims and behaviours.

Mission

To create life-changing opportunities.

Values

Shaping an exciting future with the best education and collaboration.

Strategic Aims

The new five-year plan as approved by the corporation, who will monitor performance against it, are based around the pillars of being; Aspirational, Collaborative, Exceptional and Team Yeovil College.

	Strategic Aims	Behaviours
Aspirational	Learning and growth will be at the heart of our college	High ambition, expectation and effort
Collaborative	We will share and collaborate	Collaborative, in it together
Exceptional	We will grow responsibly and responsively	Innovative and enterprising
Team Yeovil College (YC)	Our great people will do amazing things	Valued and supportive

College Achievements

- Achieved A level pass rate of 99% or higher for the eighth consecutive year
- Growth in 16-18 year old learner numbers
- Progression of building improvements with funding for T-level Wave 4 capital for Construction and Engineering
- Apprenticeship achievement rates 56.6%
- Progression with the Department for Education on the redevelopment of the campus utilising the Further Education Capital Programme Phase 2 funding– 3 new buildings at RIBA Stage 4, planning permission approved in August 2023, anticipated on site in spring 2024
- Delivery of curriculum development and employer engagement projects
 - Skills Development Fund (SDF) in conjunction with Heart of the South West Local Enterprise Partnership HoTSW LEP and West of England Institute of Technology (IoT), benefit of £1m
 - Skills Bootcamps as a partner within the West of England Institute of Technology (IoT)
- Development of adult provision, including English, ESOL, Community Learning and Manufacturing

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- Apprentice in staff survey results improved year on year, increase in communication, employee satisfaction and management
- First college in the country to achieve validation under the OfS-funded Open University Higher Technical Education for FE Boost programme, allowing us to develop new courses and grow our HE portfolio to better meet regional skills needs
- Continues to play a lead role in the Place Leadership Group and Next Gen, helping to elevate local business and leaders of the future

Resources

The college has various resources that it can deploy in pursuit of its strategic objectives. All activities are consolidated within the main campus on Mudford Road.

The college employs 282.8 people (expressed as full-time equivalents), of whom 135.3 are teaching staff.

The college enrolled approximately 4,185 students. The college's student population includes 1,562 16-to-18 year old students, 1,108 apprentices, 176 higher education students and 1,237 adult learners.

The College has £7.5m of net assets. Tangible resources include the main college site.

The college has an improving reputation locally and nationally. Maintaining and improving a quality brand is essential for the college's success in attracting students and building external relationships.

Stakeholders

In line with other colleges and universities, Yeovil College has many stakeholders. These include:

- Learners
- Education sector funding bodies at both FE and HE
- FE Commissioner
- Staff
- Local employers
- Local Authorities
- Local Enterprise Partnerships (LEPs) in Somerset and Devon
- West of England IoT and its partners
- The Local Community
- Local schools
- Other FE institutions
- HE Institutions
- Professional bodies
- Trades Union
- Sector Skills Councils
- Chambers of Commerce
- Association of Colleges

The college recognises the importance of these relationships and engages in regular communication with them through meetings, events, networking, communications and forums both on- and offline. The college chairs a Place Leadership Group, bringing together many of the local stakeholders regularly and is sponsoring the Next Generation network, bringing future leaders together.

FINANCIAL PERFORMANCE

Results

The financial performance of the college remained positive this year with an operating surplus being posted for the fourth year running. The result in 2022/23 was particularly encouraging as operations returned to a fully normal nature, following the previous years' impact by the pandemic and savings linked to reduced onsite delivery. The operating surplus of £240k before the FRS102 pension charge.

This is £229k better than budgeted; the larger improvements have been driven by additional project funding to support development of the new curriculum. Pay was significantly underspent against the original budget for the year, with recruitment difficulties providing savings, a one-off payment was made to staff at the end of the year as the opportunity of affordability arose; the holiday pay accrual decreased by £51k in year due to timings. Non-pay overspent on exams fees and premises costs.

The position after the FRS102 pension charge of £577,000 gives a deficit of £466,000. Total Comprehensive Income for the year, after the actuarial gain in respect of the Local Government Pension Scheme (LGPS) is £4,380,000 (2021/22 income £19,445,000), the actuarial gain does not provide a cash benefit to the college, it is primarily a result of a change in the discount rate applied to future pensions; the discount rate is impacted by the current economic conditions, the actuary base their assumptions on market conditions as at 31st July 2023.

The college has cash balances of £5,274,000 and reserves of £7,501,000, there are no LGPS liabilities held. The reserves position has improved since last year by £4,373,000, the pension liability continues to have an unpredictable impact on the college's reserves in the year reducing the liability from £4,140,000 to £0 (2022-23 82% reduction).

The college wishes to accumulate reserves and cash balances to maintain working capital and generate funds for reinvestment in capital, particularly in the context of limitations relating the use of capital grant.

Tangible fixed asset additions during the year amounted to £2,819,000, this included T-level Specialist Equipment for Engineering, Automotive, Construction and Creative T-levels. The Skills Development Fund linked projects provided grant funding which was used to purchase Electronic Vehicle tooling, green construction equipment, IT equipment and two electric vehicles. Other spend included project fees for the Construction and Automotive workshop redevelopments which will be partially funded by the T-level Wave 4 capital fund.

There were no investments in intangible assets.

Financial Health Grade

The 2022/23 ESFA financial health grade is "Good" (2021/22 "Good").

Sources of income

The college has significant reliance on the education sector funding bodies for its principal funding source, from recurrent and specific grants. In 2022/23 the FE funding bodies provided 80% of the College's total income (2021/22 77%).

FUTURE PROSPECTS

The college has benefitted from project funding over the last two years and is looking forward to being successful with future project bids and availability of funding from the Department for Education. Over the next 24 months the Learning Skills Improvement Plan and a new multi-year ESFA capital budget will be utilised to support the college's development of curriculum and equipment to support delivery. There is some anticipation that capital funds will target establishments with issues with reinforced autoclaved aerated concrete, CO2 emissions and energy costs.

Revenue funding and difficulties in recruitment of staff is beginning to be recognised by Government and additional funding is starting to trickle into the sector.

The Department for Education's project to develop the Yeovil campus is well underway with planning permission granted and RIBA stage 4 complete. A contract between the college, DfE and BAM (the contractor) is expected to be signed by time this report is published. The project will firstly see a new sports hall and an extension to the construction centre being built, followed by a new main teaching block, the college is requested to make a match funding contribution of £300,000 on this project.

A wider focus includes consideration for investment in buildings and resources across the planning period:

- Implement whole site building strategy for short and long term investment.
- Replacing the Hub (formerly known as the Learning Resource Centre).
- Short term maintenance of Kingston building.
- Further enhancing the Sports facilities on main site with an artificial pitch.

The pandemic and talk of the economic recovery are drifting into the past now, although some behaviours and learner needs experienced by staff on site could be attributed to the loss of the schooling structure to some learners over the period of movement restrictions. An increase in support is likely to be required, as Yeovil College is not alone in experiencing this, it would hope additional funding to provide the support services and wrap around care to deliver the best learner experience is received.

A home working/hybrid working approach continues particularly for some business support departments and a pilot is running with teaching staff during school holidays; value is seen by offering this mixed approach.

Recruitment of suitably qualified staff continues to have a significant impact on an already exhausted workforce. Whilst the government has introduced various initiatives and potential funding opportunities with which the college is engaging, these are to be carried out by that same exhausted work force in an unrealistic timeframe, driven by the Treasury financial year, rather than in an optimal and achievable timeframe.

Yeovil College is embracing these challenges and continues to seize the financial opportunities as they arise. In year delivery of Digital Bootcamps and Skills Development Funds and others in collaboration with our West of England Institute of Technology partners and the Heart of the South-West LEP, have been incredibly successful and have provided £500,000 of revenue funding in the year and £700,000 of capital investment.

Reclassification of the sector into the public sector announced in November 2022 and the implications are still not entirely clear. The ability of additional funding through loans is very restricted and discussions of a 31st March year-end will add complexities, cost and unnecessary bureaucracy, a feeling shared by the majority if not all FE colleges. The benefits of reclassification are not yet known.

The College has continued to address its financial position whilst further improving the learner outcomes in line with its strategic plan.

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The focus on the quality of teaching, learning and assessment and therefore improving the learner outcomes has had a significant impact. The reputational gains enjoyed through achievements in outcomes for learners strategic relationship building and curriculum development underpin improving student numbers and finances.

Curriculum Developments

Our curriculum for full-time, part-time and work based learners is highly relevant to our local and regional economic needs, supporting our business community to grow and prosper, providing them with a future workforce which is well prepared for their current and future roles. Continued financial incentives for Digital bootcamps are allowing us to move forward and continue the development of new curriculum areas including: engineering, manufacturing, fuel cell alternatives and digital. The Learning Skills Improvement Fund (LSIF) will provide opportunities for further development and investment.

Informed by Stakeholders

The college involves its business community and stakeholders in the design and delivery of our curriculum, incrementally building understanding both internally and externally, to ensure we collectively understand one another's needs and constraints. Fostering impactful relationships with staff and students throughout the college with business community.

Delivering Outcomes which Align to Industry Need

Students engage with a curriculum which is shaped to deliver more exposure to our business community and where the content builds the behaviours, skills and knowledge which have a positive impact in the workplace.

Aligned to the Post-16 education policy implementation we continue to deliver and prepare for delivery of T Levels in more curriculum areas. We continue to roll out our Industrial Placements where learners participate in 315 hours or more of Industrial Placement.

Our Higher Education curriculum is of particular focus to ensure it is aligned clearly to career opportunities and be delivered in a way which makes it easier for individuals who have work and other commitments to engage and be successful.

Delivering Learning Opportunities which Align to Learner Choice

Our curriculum is accessible, it is delivered at a time, place and utilises technology which ensures that it is highly accessible for our diverse learning community. We continue to focus on the development of Teaching, Learning and Assessment Pedagogies which align to our learners' preferences of accessing a blended learning experience that allows learners to learn at a time and in a place of their choice.

We will continue to innovate in our curriculum design and student services provision to ensure that we are pro-actively delivering positive interventions to improve the wellbeing of our learners.

Valued

Yeovil College collects employer feedback in a number of ways, this includes through an annual survey, through tripartite reviews and through the government's "Apprenticeships Service" website. Feedback collected through tripartite reviews has shown the business community continue to value our skills contribution. The average Yeovil College employer review score was 8.5/10 in 22/23 across 2500 completed reviews (flat YOY and up 0.2% on 20/21) for the service they have received from the Apprenticeship team (Curriculum). In addition the College has maintained its 'Excellent' rating across 200 reviews on the government find an Apprenticeship provider website. Externally, the College was again independently recognised as a Top 50 Apprenticeship Training Provider (21/22 and 22/23) by ratemyapprenticeship.

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The College continues to innovate in the delivery of our curriculum, exploring and securing new opportunities to deliver the skills requirements of the local, regional and national requirements. We will strive to achieve better economies of scale to achieve better value for money with our teaching resources. Teaching resources and environments will be fit for purpose, facilitating an inspiring experience for our learners, reflecting our collective ambition.

Financial Plan

The college governors approved a two-year financial plan in July 2022 which sets objectives for the period to 2023:

- Achieve an EBITDA surplus of at least 5% per year
- Maintain a closing annual cash balance of £1.75m
- Maintain a financial health score health grade above 180 points (Good) on the ESFA scale
- To maintain a current ratio above 1
- Borrowings not to exceed 30% of income
- To have the financial capacity to achieve capital development ambitions

The table below shows the performance against the plan

		2022/23
EBITDA	>5%	5.8%
Cash Self Sufficiency	Closing balance > £1.75m	£5.2m
Financial Health Score	180 points or better "Good"	190
Current Ratio	Maintain a ratio > 1	1.35
Borrowings	Not to exceed 30% of income	15%
Capital	Capital investment – to achieve ambitions	£2,819k

Treasury policies and objectives

The college has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. The college has a separate treasury management policy statement contained within its Financial Regulations. Following re-classification in November 2022 all borrowing requirements require authorisation through the Department for Education, in addition short-term borrowing for temporary revenue purposes will be authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation prior to DfE.

As the college grows the future target is to ensure a closing cash balance in excess of £1,750,000 at the end of the year, this level reduces cash risk to an acceptable level throughout the year but also allows for capital developments to be supported.

Cash flows and liquidity

Cash flow from operating activities was £826,000 (2021/22 £606,000 inflow) with a closing cash balance of £5,274,000 (2021/22 £4,467,000). A net of grant, investment of £499,000 was made in fixed assets during the year.

Reserves

The college does not have a formal reserves policy but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the college's core business. It is the Corporation's intention to increase reserves over the life of its Strategic Plan, by the generation of annual

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operating surpluses of between 1% and 3%. When considering the Income and Expenditure Account Reserve, the Corporation separates the pension charge as this is dependent on market forces and therefore impossible to plan.

As at the balance sheet date, the Income and Expenditure account reserve stands at £2,780,000 (2021/22 deficit of £1,684,000) there is no pension provision (2021/22 £4,140,000).

The revaluation reserve relates to Land and Buildings revaluations made periodically since Incorporation in 1994. The balance held at the balance sheet date comprises £4.6m for land and £0.1m for buildings (2021/22 total £4.9m).

The college holds no restricted reserves.

Going Concern

At the meeting of the joint Finance and Audit Committee on the 29 November 2023 and the Corporation Meeting of the 7th December 2023, members restated the reasons why there is confidence to support a going concern status; namely

- The college increased number of local 16-year-olds in September 2023.
- Increased employer engagement through bootcamps.
- £5,274,000 cash balance at the end of the year.
- Bank loan at £2.9m with 5.57% debt servicing costs (£0.5m) which are maintainable with a fixed interest rate.
- Education & Skills Funding Agency Financial Health score at 210 (TBC), “Good” in 2022/23
- Robust and reliable financial plan and financial forecast showing base assumptions and demonstrating sufficient funds.
- KPI reporting and risk management activities provide confidence in the management of the plan.
- Cash day for the year are forecast to be maintained above 35 days, the ESFA minimum requirement is 14 days

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

For this reason, it continues to adopt the going concern basis in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The college has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance. Based on the strategic plan, the Senior Management Team and College Management Team regularly review the risks to which the college is exposed. They identify systems, procedures and detailed actions to mitigate any potential impact on the college.

A risk register is maintained at the college level which is reviewed at Curriculum, Quality and Assurance, Finance and Audit Committees and termly by the College Management Team. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the college and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the college are outlined below. Not all the factors are within the college's control.

1. Global economics

Impact of recent and on-going global economical pressures, influenced by Government debt during the pandemic, Brexit and the war in Ukraine provide an uncertainty for the college and the local community. The instability of the government with frequent changes in ministers is also unsettling. The community uncertainties manifests at many levels and impacts the college in a number of ways:

- Increased levels of caution for business who may not invest in apprentices, training or development and therefore impact the colleges income potential.
- Staff pressure for pay rises to align with the increased cost of living.
- Individuals hesitant to personally invest in training and career changes.
- Staff recruitment as staff maybe unwilling to move employers and a limit of skilled workforce.
- Unpredictable funding announcements and ability to maximise their impact due to time constraints.

Other factors besides those listed below may also adversely affect the college.

2. Government Funding

The college has considerable reliance on continued government funding through the further education sector funding bodies. In 2022/23, 80% of the college's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

There is no indication of continued increases in funding to compensate for external economic pressures, this will put some pressures on college finances.

The college is aware of several issues which may impact on future funding, including the devolution of the adult education budget. The college, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to ensure an agile approach is possible to respond to government policy changes:

- Continued rollout of T Levels programmes and learner engagement
- The impact of devolution, particular for the Adult Education Budget
- Increased local competition from school sixth forms

This risk is mitigated in several ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the college is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies and employers.
- Ensuring the college is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies.

3. Disruption caused by campus redevelopment

The DFE led campus redevelopment to replace buildings in poor condition will be transformational for the learners of the future who will benefit from brand new facilities in the next 3 years. The college is mindful that the building works will be disruptive to college life and will need to be managed carefully to ensure it is minimised to learners and staff on site. A project team has been established to manage and control the impact on the college operations, to ensure all stakeholders remain informed and that the transition is thoroughly planned and executed to minimise

the impact. There are several other capital development projects planned over the period, which will also need to be managed by the project team to ensure minimal impact, including an OFS funded Hydrogen Cell Fuel project, Creative Design T levels room requirements and repurposing of the Hub.

4. Cyber security failure

The college has a heavy reliance on IT and the internet to support learning and for business support functions. In the last 12 months we have successfully stopped over 28,295 intrusion attempts and scans and almost 250 virus/malware direct attacks on our network. There has been a considerable shift in attack patterns, but our security measures have continued to perform to our requirements. We have had assurances from our insurers that we are well ahead of other colleges, this is further demonstrated by the progress towards Cyber Essentials Plus that the college has made in preparation for its 2023-24 academic year accreditation. There is a need to keep a constant and improving level of security to safeguard data and ensure continued operation of the college as it is.

5. Classification of Further Education Colleges

Following reclassification of FE Colleges to public sector status in November 2022, the anticipated increased bureaucracy could increase costs and the ability to raise funds directly could impact the colleges ability to deliver its the strategic aims.

6. Maintain Adequate Funding of Pension Liabilities

The financial statements report the share of the Local Government Pension Scheme position on the college's balance sheet in line with the requirements of FRS 102. The current position is a surplus, the risk associated with liabilities are mitigated by an agreed deficit recovery plan with the Somerset County Council pension fund.

7. Failure to maintain the financial viability of the College

The college's current financial health grade is classified as "Good" as described above. The number of 16–18 year-olds enrolling has increased over the last few years, through a combination of demographic and market share growth, this is the colleges largest funding line and is fundamental to the financial health. The demographic growth is set to continue so simply maintaining market share will see financial growth. Difficulties have been experienced with the recruitment of staff leading to cost savings, however it has added pressure to the remaining staff to maintain the same level of service for learners.

This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in-year budget and pay run-rate monitoring
- Strong marketing and visibility of the college in the local community
- Robust financial controls
- Exploring ongoing procurement efficiencies

KEY PERFORMANCE INDICATORS

Key Performance Indicators	Actual 2022/23	Actual 2021/22
Student number 16-18	1,561	1,492
Student number 19+	1,069	985
Student number Higher Education	195	218
Student number Apprenticeship starts	387	453
Student achievement/progression 16-18	77.6%	75.9%
Student achievement/progression 19+	75.9%	72.3%
Operating surplus/EBITDA as % of income	6%	7%
Staff satisfaction (via survey)	89%	89%
Positive response to "Overall, I am happy working here"		
Ofsted rating	Requires Improvement	Good
Financial Health (ESFA)	Good	Good

Student Achievements

In March 2023, the college underwent an Ofsted inspection following which it was awarded an overall grade of 'Requires Improvement'. Despite recording a 'Good' outcome against Behaviours and Attitudes, Personal Development, Education programmes for young people, Adult learning programmes and Apprenticeships, the grade was heavily impacted by the 'Inadequate' grade awarded for the Provision of learners with high needs, of which 1% of learners are represented. Due to a grade of 'Inadequate' for this section, Quality of Education, Leadership and Management and the overall score for the college could only be recorded as 'Requires Improvement'.

An in-depth action plan has been developed and is being implemented to ensure the college can demonstrate that learners receive an education that Ofsted agree is 'Good'.

Students achieve exceptionally well at the college. In 2022/23 the achievement rates of learners were 80% for long qualifications with 77.3% including English and maths. A Level students secured a better than 99% pass rate for the eighth year running. Students across the range of provision achieved well and have positive destinations.

OTHER INFORMATION

Public Benefit

Yeovil 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 pages 15 and 16. 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:

- High-quality teaching, learning and assessment
- Widening participation and tackling social exclusion

- Successful progression for learners
- Strong student support systems
- Strong links with employers, industry and commerce
- Close links with Local Enterprise Partnerships (LEPs)

The college continues to improve its impact in the community and is increasingly adopting a positive and influential position in the wider community as an anchor institution delivering significant civic value. It takes its role in providing public benefit seriously, a guiding principle that it should support the business community to grow and prosper, so that the wider community also prospers with improved opportunities. The colleges maintains that it provides exceptional value for the public purse.

Equality

The college is committed to ensuring equality of opportunity for all who learn and work here. It respects and positively values differences in race, gender, sexual orientation, disability, religion or belief, marital status, pregnancy and age. It strives vigorously to remove conditions which place people at a disadvantage and actively combats bigotry. This policy is resourced, implemented and monitored on a planned basis. The college's Equality Policy is published on the college's website.

The college publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The college determines whether to undertake equality impact assessments on all new policies and procedures and publishes the results.

The college is a 'Disability Confident' employer and has committed to the principles and objectives of the Disability Confident standard. The college considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the college continues. The college's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The college has 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. In recent academic years we have engaged with the National Centre for Diversity, working towards the recognised Fairness, Respect, Equality, Diversity, Inclusion and Engagement (FREDIE) accreditation. We are now at the final stage of achieving this.

Disability Statement

The college seeks to achieve the objectives as set down in the Equality Act 2010.

- As part of the ongoing redevelopment of the buildings, the college is updating lifts, ramps and other accessibility equipment, making reasonable adjustment to ensure that in the near future the majority of facilities will allow access to all.
- The Accessibility Statement and Equality Duty are available for all to view on our website. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The college has made a significant investment in the appointment of skilled professionals to support students with learning difficulties and/or disabilities. There are a number of Learning Support Practitioners who provide specialist support to enable students to achieve their full potential. There is a continuing programme of staff development to ensure the high quality provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

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- Achievements and destinations are recorded and published in the standard college format.
- Student Support services are described in the Accessibility Statement, Student Guide, Tutor Handbook and are also available on Moodle.
- 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.

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.

Facility time	
Scale	
Number of employees who were relevant during the period	0-500
Trade union number of employees	3
FTE employee number	2.3
Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0
Time spent on paid trade union activities as a percentage of total paid facility time	50%
Costs	£'000s
Total cost of facility time	5
Total pay bill	12,481
Percentage of total bill spent on facility time	0.04%

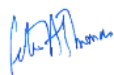
Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, requires organisations, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023, the college paid 92.9 per cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

DISCLOSURE OF INFORMATION TO THE 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 they 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.

Approved by order of the members of the Corporation on 7th December 2023 and signed on its behalf by



Peter Thomas (Chair)

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS for the year ended 31 July 2023

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statement.

The college endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- having due regard to the UK Corporate Governance Code 2018 (“the Code”) insofar as it is applicable to the further education sector.

In the opinion of the governors, the college complies with (and in many respects exceeds) all the provisions of the Code and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance with the relevant aspects of the Code reported to the board on 12 October 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, the Corporation takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted from 01 August 2015, reviews include 2018 and again in 2019

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 purpose 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.

The Corporation

The Members who served on the Corporation during the year and **up to the date of signature of this report** were as listed in the table below:

	Date of Appointment	Term of office current/overall	Date of resignation	Status of appointment	Committees served	Attendance in 2022/23
Best, Sam Independent	17/07/2013	4yrs / 12yrs		Vice Chair Corp Safeguarding Lead	S&G	100%
Bevins, Becky Independent	05/12/2020	4yrs			Finance Remuneration	77%
Bisset, Julian Staff – teaching	01/01/2022	4yrs			CQA	70%
Bolton, Mark Principal Accounting Officer	01/10/2019	n/a			Ex-officio	92%
Clark, John Independent	06/07/2023	4yrs			Finance Infrastructure Remuneration	n/a
Clowes, Paul Independent	10/10/2019	4yrs		Chair Audit	Audit Infrastructure	79%
Gibbs, Jack HE Student	02/12/2021	4yrs			CQA	75%

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS for the year ended 31 July 2023

Grey, Wendy	13/10/2022	4yrs		Sustainability Lead	Infrastructure	70%
Harwood, Lee Independent	21/06/2018	4yrs / 7yrs		Chair Finance	Finance Infrastructure Remuneration	81%
Howarth, Jo Independent	13/06/2019	4yrs		Chair CQA	CQA	76%
Marshall, Rebecca Independent	25/01/2018	4yrs		EDI Lead	Audit	75%
Ner, Jag Independent	27/02/2014	4yrs / 9yrs			Audit	100%
Pogson, Gayle Staff – non-teaching	26/01/2017	4yrs / 8yrs			Infrastructure	100%
Read, Emma Independent	08/07/2021	4yrs		Careers Lead	Audit	n/a
Reah, Louise	07/09/2023	4yrs		High Needs Lead	CQA	n/a
Roundell Greene, Jo Independent	05/12/2020	4yrs		S&G Chair	S&G Audit	84%
Roy, Scott Independent	21/12/2005	4yrs / 18yrs			Audit Infrastructure Remuneration	74%
Scott, James Independent	20/05/2021	4yrs		Chair Infrastructure	Finance Infrastructure Remuneration	83%
Thomas, Peter Independent	10/12/2008	4yrs / 14yrs		Chair	CQA Finance Remuneration S&G	82%
Woan, David Independent	24/03/2022	4yrs			CQA	80%
No longer on the board but served during the accounting year						
Browne, Louis FE Student	06/12/2022	2yrs	22/05/2022		CQA	30%
Co-opted committee members						
Comber, Ken	13/10/2022	4yrs			Audit	100%
Green, Peter	13/06/2019	4yrs/8yrs		Vice Chair CQA	CQA	100%

Gillian Keogh was appointed Clerk effective 10 September 2020.

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 approximately six times in each academic year.

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference which have been approved by the Corporation. For 2022/23 these Committees were Audit, Finance & Remuneration, Curriculum, Quality & Assurance, Infrastructure and Search & Governance.

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS for the year ended 31 July 2023

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the college website at www.yeovil.ac.uk or from the Clerk to the Corporation at:

Yeovil College
Mudford Road
Yeovil
Somerset
BA21 4DR

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the college's expense and have access to the Clerk to the Corporation, 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 of the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, seven days prior to Board Meetings. Briefings are provided on an ad hoc basis.

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 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 comprising up to six 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 training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. Governors should not serve more than two terms (or a maximum of eight years), however upon an annual consideration of an individual's contribution to the work of the college and an assessment against the skills audit, some governors have served longer than the recommended 8 years.

Finance and Remuneration Committee

Throughout the year ending 31 July 2023, the college's Finance and Remuneration Committee comprised up to six members of the Corporation. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Committee's responsibilities are to monitor and advise the Corporation regarding budget proposals, Financial Statements, financial targets and control of expenditure for revenue and capital budgets, financial performance and general matters of finance. The Committee also makes recommendations to the Board on the remuneration and benefits of the Accounting Officer, Senior Post Holders, and the Clerk.

Details of remuneration for the Accounting Officer and other key management personnel for year ended 31 July 2023 are set out in note 7 to the financial statements.

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS for the year ended 31 July 2023

Curriculum, Quality and Assurance Committee

Throughout the year ending 31 July 2023, the college's Curriculum, Quality and Assurance Committee comprised up to six members of the Corporation. In 2022/23, Peter Green served as a Co-opted Member on this Committee.

The Committee's responsibilities are to monitor and advise the Corporation on matters relating to teaching, learning and assessment at the college including quality of provision, application numbers, outcomes data and curriculum offer. The Committee operates in accordance with written terms of reference approved by the Corporation

Audit Committee

The Audit Committee comprises up to six members of the Corporation (excluding the Accounting Officer and Chair). In 2022/23, Ken Comber served as a Co-opted Member on this Committee. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets four times a year and provides a forum for reporting by the college's internal, regularity 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 input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes 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 both audit and non-audit work as well as reporting annually to the Corporation.

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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum/Financial Agreement between Yeovil College and the Funding bodies. He 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 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

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS for the year ended 31 July 2023

of internal control has been in place in Yeovil College for the year ended 31 July 2023 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 period ending 31 July 2023 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
- the adoption of formal project management disciplines, where appropriate.

Yeovil College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice in a normal year. The work of the internal audit service is normally 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. Internal audit reports that were undertaken were presented to the Audit Committee.

Review of effectiveness

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

- the work of the internal auditors
- the work of the Senior Management Team within the college who have responsibility for the development and maintenance of the internal control framework
- comments made by the college's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management 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 management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, 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 corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Yeovil College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROLS for the year ended 31 July 2023

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 *“the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets”*.



.....
Peter Thomas
Chair



.....
Mark Bolton
Accounting Officer

Yeovil College

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE for the year ended 31 July 2023

As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

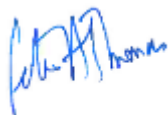
I confirm that no instances of material irregularity, impropriety, funding noncompliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA



Mark Bolton
Accounting Officer
Date 7th December 2023

Statement of the chair of governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Peter Thomas
Chair

Date 7th December 2023

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA and the OFS, 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, ESFA'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)
- 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, 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 ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. 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 ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 7th December 2023 and signed on its behalf by:



Peter Thomas Chair of governors

Yeovil College

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YEOVIL COLLEGE for the year ended 31 July 2023

Opinion

We have audited the financial statements of Yeovil College (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of College's affairs as at 31 July 2023 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members of the Corporation with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the

annual report. 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 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 course of 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 22, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 Corporation is 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 Corporation 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 the financial statements.

Yeovil College

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YEOVIL COLLEGE for the year ended 31 July 2023

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the College and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering, HM Treasury's "Managing Public Money".

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pension legislation.

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

Yeovil College

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YEOVIL COLLEGE for the year ended 31 July 2023

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

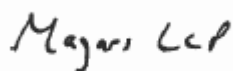
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated.
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Corporation as a body in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation 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 College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.



Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street, Bristol, BS1 6DP

18 December 2023

Yeovil College

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF YEOVIL COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION ("THE DEPARTMENT") for the year ended 31 July 2023

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, 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 Yeovil College during the period 1 August 2022 to 31 July 2023 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 Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding, concerning adult education notified by a relevant funder.

This report is made solely to the corporation of Yeovil College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Yeovil College and ESFA 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 Yeovil College and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Yeovil College and the reporting accountant

The corporation of Yeovil College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by the Code our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. 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 2022 to 31 July 2023 have not been applied to 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 Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

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 and propriety.

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 corporation's income and expenditure.

Yeovil College

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF YEOVIL COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION ("THE DEPARTMENT") for the year ended 31 July 2023

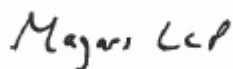
The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- Reviewed the College's compliance with the requirements of HM Treasury's "Managing Public Money" document.

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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Signed:



Mazars LLP
90 Victoria Street
Bristol BS1 6DP
Date: 18 December 2023

Yeovil College

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF YEOVIL COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION ("THE DEPARTMENT") for the year ended 31 July 2023

Statement of Consolidated Income and Expenditure

	Notes	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Income			
Funding body grants	2	15,854	14,302
Tuition fees and education contracts	3	2,022	2,507
Other grants and contracts	4	10	18
Other income	5	1,860	1,726
Endowment and investment income	6	3	-
Total Income		19,749	18,553
Expenditure			
Staff costs	7	12,762	13,020
Fundamental restructuring costs	7	1	9
Other operating expenses	8	5,560	5,332
Depreciation and amortisation	10&11	1,532	1,374
Interest and finance costs	9	359	618
Total Expenditure		20,214	20,353
Deficit before other gains and losses		(466)	(1,800)
(Loss)/gain on disposal of assets		-	-
Deficit for the year		(466)	(1,800)
Other comprehensive income			
Actuarial gain/(loss) in respect of pension scheme	19	4,846	21,245
Total comprehensive income for the year		4,380	19,445

Yeovil College

STATEMENT OF CHANGES IN RESERVES for the year ended 31 July 2023

Statement of changes in reserves

	Income and Expenditure Account £'000	Revaluation Reserve £'000	Total £'000
Balance as at 31st August 2022	(1,684)	4,805	3,121
Deficit from the income and expenditure account	(466)		(466)
Other comprehensive income	4,846		4,846
Transfer between revaluation and income and expenditure reserves	84	(84)	-
Total comprehensive income for the year	4,464	(84)	4,380
Balance at 31st July 2023	2,780	4,721	7,501

There are no rights, preferences or restrictions attached to the retained earnings (Income and Expenditure Account) or the Revaluation Reserve.

The revaluation reserve relates to Land and Buildings revaluations made periodically since Incorporation in 1994. The balance held at the balance sheet date comprises the following:

	Revaluation Reserves £'000
Land	4,557
Buildings (revaluation from 1994, released 30 years)	164
	4,721

Yeovil College

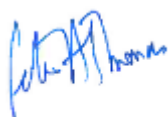
BALANCE SHEET

as at 31 July 2023

Balance sheet

	Notes	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Non-current assets			
Tangible fixed assets	10	16,392	15,091
Intangible fixed assets	11	14	29
		16,406	15,120
Current assets			
Trade and other receivables	12	2,001	701
Cash and cash equivalents	17	5,274	4,467
		7,275	5,168
Less: Creditors – amounts falling due within one year	13	(6,594)	(4,942)
Net current assets		681	226
Total assets less current liabilities		17,087	15,346
Less: Creditors – amounts falling due after more than one year	14	(9,586)	(8,085)
Provisions			
Defined benefit obligations	16	-	(4,140)
Total net assets		7,501	3,121
Income and expenditure accounts		2,780	(1,684)
Revaluation reserve		4,721	4,805
Total Reserves		7,501	3,121

The financial statements on pages 30 to 49 were approved and authorised for issue by the Corporation on 7 December 2023 and were signed on its behalf on that date by:



Peter Thomas
Chair



Mark Bolton
Accounting Officer

Yeovil College

BALANCE SHEET

STATEMENT OF CASHFLOWS

for the year ended 31 July 2023

Statement of cashflows			
	Notes	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		(466)	(1,800)
Adjustment for non-cash items			
Depreciation and amortisation		1,532	1,374
Deferred capital grants released to income		(907)	(696)
Decrease/(increase) in debtors	12	(1,301)	770
Increase/(decrease) in creditors due within one year	13	1,497	(1,336)
Pension finance cost		129	367
Payments outstanding to acquire fixed assets		(1,944)	(75)
Pension costs less contributions payable	18	577	1,751
Grant receipts outstanding		1,425	-
Adjustment for investing or financing activities			
Interest receivable		(3)	-
Reclassification of fixed asset to expenditure		57	-
Interest payable		230	251
Net Cash flow from operating activities		826	606
Cash flow from investing activities			
Proceeds from sale of fixed assets		-	4
Grant receipts		1,454	406
Investment income		3	-
Payments made to acquire fixed assets		(955)	(634)
		502	(224)
Cash flows from financing activities			
Interest paid	9	(230)	(251)
Repayments of amounts borrowed		(293)	(277)
		(523)	(528)
Increase/(Decrease) in cash and cash equivalents in the year		807	(146)
Cash and cash equivalents at beginning of the year	17	4,467	4,613
Cash and cash equivalents at end of the year	17	5,274	4,467

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

Yeovil College is a Further Education College. The principal place of operations is Mudford Road, Yeovil BA21 4DR. Yeovil 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 are trustees of the charity.

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 ESFA College Accounts Direction 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.

In accordance with FRS 102, the activities of the student union have not been consolidated because the college does not control those activities.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

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.

The college currently has £2.9m of loans outstanding with bankers on terms originally negotiated in 2006, the covenants relating to the loan were reset in 2020. The terms of the existing agreement are for another 8 years. The college's forecasts and financial projects indicate that it will be able to operate within the existing loan facility and proposed new covenants for the foreseeable future.

Accordingly, the college has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in preparation of its Financial Statements.

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. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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 capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met.

Fee Income

Income and 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 discretionary support funds. 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

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.

Somerset County Council Pension Fund (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.

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 recognised 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.

Enhanced Pensions

The actuarial cost of any enhanced ongoing pension to a former member of staff is paid by the 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 using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets – Tangible fixed assets

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment costs. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

▪ Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful life up to 30 years. Refurbishment and major adaptations to buildings are depreciated over the period of their expected useful life.

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

Freehold buildings are depreciated over their expected useful economic life to the college of between 20 and 50 years. The college has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. Any related Government grants are credited to a deferred income account within creditors, and are released to the income and expenditure account 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.

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

On adoption of FRS 102, the college followed the transitional provision to retain the book value of buildings. Land was revalued as at 1 August 2015. A policy of revaluation has not been adopted.

- **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 income and expenditure account 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. All other equipment is capitalised at cost.

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

- technical equipment – 5-10 years
- furniture, fixtures and fittings – 5-10 years
- motor vehicles – 5 years
- computer equipment – 3-5 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Intangible Assets

Under section 18 of FRS 102, software purchases and development costs are recognised as intangible assets. These are capitalised and amortised as for fixed assets above, but disclosed separately under intangibles.

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.

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 a finance lease obligation. Assets held under finance leases are included in

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

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.

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.

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 College 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 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 less than 1% 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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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, including goodwill. 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***

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account 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 taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- ***Local Government Pension Scheme***

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 will impact the carrying amount of the pension liability. The assumption surrounding pay increase was reduced in the valuation, resulting in a change of the carrying amount of the pension liability at 31 July 2023. As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2023

	Notes	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
2. Funding body Grants			
Recurrent Grants			
Education Skills Funding Agency (ESFA)		9,919	8,759
Office for Students (OfS)		137	122
		10,056	8,881
Specific Grants			
Education Skills Funding Agency (ESFA)		4,567	4,445
Releases of government grant		885	693
Teachers Pension Scheme contribution grant		334	280
Office for Students (OfS) grant		12	3
		5,798	5,421
		15,854	14,302
3. Tuition fees and education contracts			
Adult education fees		242	580
Apprenticeship fees and contracts		127	137
Fees for FE loan support courses		195	322
Fees for HE loan support courses		898	929
International student fees		8	-
Total tuition fees		1,470	1,968
Education contracts		552	539
		2,022	2,507
4. Other grants and contracts			
Other grant funding	(a)	10	18
			18
5. Other income			
Lettings		-	2
Examinations		22	30
Release of non-government grants		-	-
Insurance claims		25	-
Children's centre		474	434
Catering		423	247
Other income		914	1,013
		1,860	1,726
6. Endowment and investment income			
Bank interest receivable		3	-
		3	-

- (a) Other grant funding includes the contribution from Health Education England for investment into the digital dental curriculum (2023) and The Edge Foundation towards improvements for the clinical skills suite (2022).

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

	Notes	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
7. Staff costs			
Salaries		9,324	8,740
Social Security Costs		875	803
Other pensions costs	(b)	2,388	3,362
		12,587	12,905
Contracted out staffing services		175	115
		12,762	13,020
Fundamental restructuring costs – contractual		-	-
Non-contractual	(c)	1	9
		12,763	13,029

Emoluments of the key management personnel, accounting officer and other higher paid staff			
Salary		654	313
Employer National Insurance		81	40
		734	353
Pension contributions		119	54
		853	407

Emoluments of the Accounting Officer (who is the highest paid officer)			
Salary		124	122
Benefits		-	-
		124	122
Pension contributions		29	29
		153	151

(b) Other pension costs includes FRS102 (28) £577,000 (2022 £1,751,000)

(c) The severance pay costs were approved by the Principal who was delegated responsibility by the Corporation. The Corporation does not have any salary sacrifice arrangements in place and no amounts due were waived in the year.

Average staff numbers (including key personnel) employed during the year	Number of staff (2022/23)	Number of staff (2021/22)
Teaching staff	168	162
Non-teaching staff	214	206
	382	368

The Accounting Officers basic salary is 4.6 (2021/22 4.5) times the median pay of staff, where the median is calculated on a full-time equivalent basis for the salaries paid to staff, excluding agency.

The Accounting Officers total remuneration is 4.9 (2021/22 5) times the median total remuneration of staff, where the median is calculated on a full-time equivalent basis for the salaries paid to staff, excluding agency. Employees working less than a material number of hours are not included in the calculations.

The Corporation's Remuneration Committee meets annually to review the pay of the accounting officer, using a framework and process which complies to good practice and DfE post reclassification rules. The Accounting Officer's annual and mid-year appraisals are considered, alongside the SPH benchmarking information provided by the AoC Senior Pay Survey. Recommendations are then reviewed and approved by the Independent Corporation members.

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

The remuneration package of key management staff, including the Principal, is subject to annual review by the Remuneration Committee of the governing body, who justify the remuneration on the following grounds.

- The Principal reports directly to the Chair of the Corporation who undertakes an annual review of his performance against the College's overall objectives, using both qualitative and quantitative measures of performance.
- SPH's targets and measures for the forthcoming year are agreed at the annual reviews and presented to the Remuneration Committee.
- The Remuneration Committee will discuss the affordability in terms of the College Finances. Any pay increases will be a cost-of-living payment and in line with other staff. Increases for the Accounting Officer over 9% or a decision which exceeds a threshold of £150,000 would require approval by the ESFA.
- Benchmarking across the sector with similar posts via the AoC senior staff pay survey comparator information (the size and complexity of the College/Group) and any other relevant national and local market information.

The College is committed to ensuring the SPH remuneration is fair, appropriate and justifiable. Proper accountability is demonstrated, and an appropriate balance is struck between recruiting, retaining, and rewarding staff, whilst delivery the best outcomes for students.

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 Post Holders which comprises the Principal, Vice Principal Quality of Education and Vice Principal Finance & Resources.

Remuneration of higher paid staff, including that of the Principal and excluding employers pension contributions.

Basic Salary per annum	Number of staff (2022/23)	Number of staff (2021/22)
£60,000 - £65,000	6	-
£65,001 - £70,000	-	1
£75,000 - £80,000	2	1
£120,000 - £125,000	1	1
Key management personnel including the Accounting Officer	3	3

The college made 2 severance payments in the year disclosed in the following bands.

Severance payment	Number of staff (2022/23)	Number of staff (2021/22)
£0 - £25,000	2	-
£25,001 - £50,000	-	-

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

	Notes	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
8. Other operating expenses			
Teaching expenses		866	997
Non-teaching expenses		3,500	3,479
Premises expenses		1,194	856
		5,560	5,332

Other operating expenses include			
Auditor remuneration			
Financial statements audit		35	28
Internal audit		39	26
		74	54

Write offs and losses

Debts written off in the year totalled £25,000 made up from 47 transactions, the largest write-off was £3,384.

9. Interest and other finance expenses			
On bank loans, overdrafts and other loans		230	251
Net interest on defined pension liability	20	129	367
		359	618

	Freehold Land & Buildings £'000	Fixtures, Fittings & Equipment £'000	Assets under construction £'000	Total £'000
10. Tangible fixed assets				
Cost or valuation				
At 1 August 2022	25,670	5,567	-	31,237
Additions	64	517	2,238	2,819
Disposals	(28)	(836)	-	(864)
As at 31 July 2023	25,706	5,248	2,238	33,191
Depreciation				
At 1 August 2022	12,871	3,275	-	16,146
Charge for the year	913	605	-	1,518
Disposals	(28)	(837)	-	(865)
As at 31 July 2023	13,756	3,043	-	16,799
Net book value				
As at 31 July 2023	11,950	2,205	2,238	16,392
As at 31 July 2022	12,799	2,292	-	15,091

Land and buildings were valued as at 1st August 2014 at depreciated replacement cost by GVA Grimley, a firm of independent chartered surveyors.

Assets under construction at year end were the refurbishment of the construction centre and change of use of the existing carpentry workshop to an electric vehicle workshop.

Accelerated depreciation has been applied in year to buildings which are due to be demolished through the DfE

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

FE Capital Transformation Fund project. Depreciation has been accelerated in line with when the demolitions are currently anticipated, which varies for each building. This will impact Kingston, Bridge block, Sports Hall, Estates and Goods in and the huts. The total value of Accelerated depreciation included this year is £168k.

	Total £'000
11. Intangible fixed assets	
Cost or valuation	
At 1 August 2022	292
Additions	-
Disposals	(3)
As at 31 July 2023	289
Depreciation	
At 1 August 2022	263
Charge for the year	15
Disposals	(3)
As at 31 July 2023	275
Net book value	
As at 31 July 2023	14
As at 31 July 2022	29

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
12. Trade and other receivables		
Trade receivables	37	59
Prepayments and accrued income	1,572	243
Amounts owed by ESFA	392	399
	2,001	701

13. Creditors: amounts falling due within one year		
Bank loans and overdrafts	308	325
Payments received in advance	431	375
Trade payables	567	500
Other taxation and social security	544	558
Accruals and deferred income	3,180	1,735
Amounts owed to the ESFA	370	379
Capital grants	869	693
Holiday pay accrual	325	377
Other creditors	-	-
	6,594	4,942

14. Creditors: amounts falling due after one year		
Bank loans	2,591	2,867
Deferred capital grants	6,995	5,218
	9,586	8,085

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

15. Maturity of debt – bank loan		
In one year or less (Note 13)	308	343
Between one and two years	328	362
Between two and five years	1,097	1,102
In five years or more	1,166	1,385
Due after more than one year	2,591	2,849
Total debt	2,899	3,192

The bank loan is secured on the freehold land and buildings of the college (£2,899,000 outstanding). The loan had been fixed at a rate of 5.57% and is repayable by instalments falling due between 1 June 2010 and 3 March 2031.

	Defined benefit obligations (note 19) £'000	Total £'000
16.Provisions		
At 1 August 2022	4,140	4,140
Expenditure in the period	(754)	(754)
Transferred from income and expenditure	(3,386)	(3,386)
At 31 July 2023	-	-

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in Note 19.

	At 31 July 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
17.Cash and cash equivalents			
Cash and cash equivalents	4,468	806	5,274

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
18. Capital commitments		
Commitments contracted for	1,949	75

Contract capital commitments relate to the asset in course of construction, being refurbishment of the construction centre and change of use of the existing carpentry workshop to an electric vehicle workshop.

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

19 Defined benefit obligations

The college's employees belong to two principal post-employment benefit plans: the Teachers' Pensions 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 Somerset County Council Pension Fund. Both are multi-employer defined-benefit plans.

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 2016 and of the LGPS 31 March 2019.

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	1,054	883
Local Government Pension Scheme:		
Contributions paid	754	664
FRS 102 (28) charge	577	1,751
Charge to the Statement of Comprehensive Income	1,331	2,415
Pension cost for year	2,385	3,298
Additional pension strain costs included in redundancy	-	-
Total Pension cost for the year	2,385	3,298

There were outstanding LGPS contributions at the end of the financial year. Contributions amounting to £107,000 (2022: £101,000) 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.

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.

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.

19 Defined benefit obligations (continued)

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% 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 £1,054,000 (2022: £883,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Somerset County Council. The total contributions made for the year ended 31 July 2023 were £1,021,000, of which employer's contributions totalled £754,000 and employees' contributions totalled £267,000. The agreed contribution rates for future years are 18.9%, this increased from 16.4% in April 2023 for employers and range from 5.5% to 12.5% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Financial assumptions		
Rate of increase in salaries	3.80%	3.80%
Discount rate for scheme liabilities	5.15%	3.40%
Pension Increases (CPI)	2.80%	2.80%

CPI assumption

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, which was announced in October. This was reflected in the Experience loss/(gain) on defined benefit obligation figure in the results. Actual CPI inflation experienced from September 2022 to July 2023 has been allowed for.

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

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2023

19 Defined benefit obligations (continued)

	At 31 July 2023 Years	At 31 July 2022 Years
Retiring today		
Males	21.1	21.4
Females	22.9	23.2
Retiring in 20 years		
Males	22.3	22.6
Females	24.3	24.6

The college's share of the assets in the plan and the expected rates of return were:

	Long term rate of return expected at 31 July 2023	Fair Value at 31 July 2023 £'000	Long term rate of return expected at 31 July 2022	Fair Value at 31 July 2022 £'000
Equity instruments	76%	23,151	73%	20,400
Debt instruments (Gilts & Bonds)	13%	4,058	13%	3,843
Property	8%	2,377	9%	2,549
Cash	3%	927	4%	1,159
Total market value of assets		30,513		27,951
Actual return on plan assets		817		(242)

	31 July 2023 £'000	31 July 2022 £'000
Amount in the balance sheet in respect of the defined benefit pension plan		
Fair value of plan assets	30,513	27,951
Present value of plan liabilities	(26,831)	(32,091)
Unrecognised assets	(3,682)	-
Net Pension Liability (Note 16)	-	(4,140)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan		
Amounts included in staff costs:		
Current service cost	(1,309)	(2,393)
Past service cost	-	4
Administrative expenses	(22)	(26)
Total	(1,331)	(2,415)

Amounts included in investment income:		
Net interest income	(129)	(367)
Total	(129)	(367)

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2023

19 Defined benefit obligations (continued)

Amounts recognised in Other Comprehensive Income:		
Return on pension plan assets	(142)	(693)
Experience losses arising on defined benefit obligations	(6,298)	(118)
Changes in assumptions underlying the present value of plan liabilities	14,968	22,056
Unrecognised changes in underlying present value of the plan	(3,682)	-
Total	4,846	21,245

	31 July 2023	31 July 2022
	£'000	£'000
Movement in net defined benefit liability during the year		
Deficit in scheme at 1 August	(4,140)	(23,263)
Administrative expenses	(22)	(26)
Current service costs	(1,309)	(2,393)
Employer contributions	754	664
Settlements and curtailments	-	-
Past service costs	-	-
Net interest on defined liability	(129)	(367)
Actuarial gain/(loss)	8,528	21,245
Unrecognised gains	(3,682)	-
Net Pension Liability (Note 16)	-	(4,140)

Asset and liability reconciliation

Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	32,091	51,422
Current service costs	1,309	2,389
Interest cost	1,088	818
Contributions by scheme participants	255	236
Change in financial assumptions	(12,815)	(18,268)
Past service costs, including curtailments	-	4
Change in demographic	(927)	(3,788)
Experience gain on defined benefit obligation	6,298	118
Liabilities extinguished on settlements	-	-
Estimated benefits paid net of transfers in	(468)	(840)
Defined benefit obligations at end of period	26,831	32,091

Reconciliation of assets		
Fair value of plan assets at start of period	27,951	28,159
Interest on plan assets	959	451
Return on plan assets less interest	(142)	(693)
Other actuarial gains/losses	1,226	-
Administration expenses	(22)	(26)
Employer contributions	754	664
Contributions by Scheme participants	255	236
Estimated benefits paid	(468)	(840)
Settlement prices paid	-	-
Assets at end of period	30,513	27,951

Yeovil College

NOTES TO THE ACCOUNTS

for the year ended 31 July 2023

19 Defined benefit obligations (continued)

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

20 Related Party Transactions

Due to the nature of the college's operations and the composition of the Corporation being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures.

There have been no expenses paid to or on behalf of Governors during the year (2022: no payments). These would represent travel and subsistence expenses and other out of pocket expenses incurred in attending governor meetings and charity events in their official capacity.

No governor has received any remuneration or waived payments from the college during the year (2022: None).

The College makes purchases of building materials for both the provision of teaching and maintenance of the estate from Bradfords Building Supplies, a company which Mr Lee Harwood, a college governor, is a director. Purchases totalling £32,718.57 were made during the year. There were no payments due outstanding at 31st July 2023.

	31 July 2023 £'000	31 July 2022 £'000
21. Amounts disbursed as agent		
Learner support funds		
Funding body grants – bursary support	325	310
Funding body grants – discretionary learner support	16	30
	341	340
Disbursed to students	(365)	(292)
Administration costs	(14)	(14)
Balance of unspent funds, included in creditors	-	34

Funding body grants are available solely for students. In the majority of instances, the college only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

	31 July 2023 £'000	31 July 2022 £'000
22. Access and participation funding		
Access	43	42
Disability support	8	14
Evaluation Investment	6	5
Bursary/Hardship	26	22
Total Access and Participation costs	83	83

The College's Access and Participation plans can be accessed through the website [Access and Participation Plan in full](#) a summary is also available [Access and participation plan summary](#)

Yeovil College
NOTES TO THE ACCOUNTS
for the year ended 31 July 2023

	At 31 July 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
23. Analysis of changes in net debt			
Cash at bank and in hand	4,468	806	5,274
Loans – long term loan facility	(3,192)	293	(2,899)
	1,276	1,099	2,375

	Total £'000
24. Financial Instruments	
Financial assets that are measured at fair value through profit and loss:	
Cash at bank and in hand	5,274
Financial assets that are measured at amortised cost:	
Trade receivable	37
Prepayments and accrued income	1,572
Amounts owed by ESFA	392
Financial values that are measured at fair value through profit and loss:	
-	-
Financial values that are measured at amortised cost:	
Payments received in advance	431
Bank loans	2,899
Trade payables	567
Other taxation and social security	544
Accruals and deferred income	3,180
Amounts owed to the ESFA	370
Capital grants	7,864
Holiday pay accrual	325