

**KINGSTON MAURWARD COLLEGE**  
**CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2023**

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## Kingston Maurward College

### Reference and Administrative Details For the year ended 31 July 2023

#### Board of Governors

R Lasseter (Chair)  
L Rake (Principal and CEO)  
R Barker  
J Bullen  
H Crocker  
A Davies  
D Knight  
G Ledden  
A Minard  
N Newman  
K Taylor  
D Thomas  
R Williamson

A James (resigned Jul 23)  
F Jenkins (resigned Nov 22)  
D Vickers (resigned Oct 22)

Clerk  
V Gifford (resigned Dec 23)  
W Cunningham (appointed Dec 23)

#### Senior Management Team

Luke Rake	Principal and CEO & Accounting Officer
Tom Hallam	Deputy Principal
Anna Bowen	Finance Director (resigned Dec 22)
Julian Tucker	Chief Finance Officer (appointed Nov 22)
Nicola Porter	Assistant Principal

#### Principal and Registered Office

Kingston Maurward, Dorchester, Dorset DT2 8PY

#### Professional Advisors

External Auditors	Bishop Fleming, Salt Quay House, Plymouth, PL4 0BN
Internal Auditors	ICCA Education Training and Skills
Bankers	NatWest Bank, Dorchester
Solicitors	Blanchards Bailey LLP, Blandford Forum

# Members' Report

## For the year ended 31 July 2023

### OBJECTIVES AND STRATEGY

The governing body present their consolidated annual report together with the financial statements and auditor's report for Kingston Maurward College for the year ended 31 July 2023.

#### Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Kingston Maurward College. The College is an exempt charity for the purposes of the Charities Act 2011.

The College is based one mile east of Dorchester centred around the Grade I listed Kingston Maurward House and includes classical Grade II\* listed gardens and parkland. The College offers a wide range of full and part time courses and specialises in land-based and related subjects. As part of its educational role, the College runs a 750-acre mixed farm, equestrian centre and countryside visitor attractions, including a formal garden and animal park. The College has opened an Estate shop supporting internships for students with learning disabilities and additional catering outlets. The Georgian House and grounds are hired out for educational conferences, functions, events and weddings.

During the 2022/23 financial year, the college completed a new £3.5m University and Business Centre, fully grant funded by Dorset Local Enterprise Partnership (LEP), and also commissioned, following a complex build, a new £2.4m ground source heat pump installation in pursuit of net zero objectives, funded by SALIX and Low Carbon Dorset. These capital investments add value to the estate, as well as profile to the College's agenda of being a leading provider of environmental education.

#### Mission, Vision, Strategy and Objectives

Over the course of the year, the Corporation of Kingston Maurward College reviewed the strategic focus of the College and estate over a short-term window of 3 years. This was produced at a time of uncertainty, with the effects of the War in Ukraine and other factors such as Brexit still to be defined. Over the life of the this plan the College saw continued 16-18 number growth and significant capital investment, improved brand position and a significant improvement in strategic partnerships and profile. The decline in numbers seen prior to the 2017-2022 plan was reversed and the College moved to 'Good' financial health in 2018/19, reduced staff turnover and improved culture and values. However, the effects of the COVID-19 pandemic, inflation and the War in Ukraine and consequential impacts on utility costs (electricity in particular) have triggered significant financial challenges which give rise to a need for a review of provision and also corporate focus and the acceleration of estate strategy. Following discussions with the Further Education Commissioner and her team, alongside a wider Dorset Post-16 Review, the decision was made at the close of this financial year to pursue active talks with regard to merger with Weymouth College, to create a new Dorset College Group enabling greater financial resilience for all parties and a coherent pan-authority post-16 offer for students in Dorset.

The College's Core Strategic Values remain as:

- Inspire
- Challenge
- Care

We work in an inspiring environment, where we love our work, and it adds value to our own lives. We are inspired by the talent and commitment of our colleagues and the abilities of our students and use this to build our own passions and in turn help inspire others.

We challenge ourselves every single day to do the best job possible, constantly striving for excellence. We challenge ourselves to continue learning and developing within our roles, finding new ways to improve the experience of every visitor and partner of the College.

We are a community. We work together and combine the talents of individuals to create a greater whole as part of a team. We look out for each other. We find the best way to support our students and colleagues, and work as close-knit teams so everyone feels part of the Kingston Maurward family and shares in its success.

## Members' Report

### For the year ended 31 July 2023

#### The Dorset and College Context

The College has a sub-regional catchment, with approximately half the full-time students coming from the conurbation of Bournemouth, Christchurch and Poole. The Dorset economy and geography are roughly split equally between the urban and rural and the intake of the College matches this, despite its rural location. Many students travel over an hour each way to attend. The economy of the county reflects this, with large scale financial companies and high-tech manufacturing (rather than heavy industry) and the predominately entrepreneurial small businesses of the rural area.

Within the county 98% of businesses have fewer than 250 employees, and the College will provide a broad curriculum to match this equally broad need. However, as a college with a strong focus on the natural world, this plays into the strengths of Dorset and curriculum intent clearly matches the needs of the area. This is explicit in Local Skills Plans and the work of the College with Dorset LEP, which recognises that as a region with extensive rural, coastal and maritime areas, the natural environment is a key driver which supports a thriving economy in both rural and urban districts. As a college we are committed to delivering skills to support economic growth which is not at the expense of, but enhances, our natural environment – Dorset's natural capital will be a key consideration in all decision making. This is in line with the Government's Clean Growth Strategy and 25 Year Environment Plan as well as new Agriculture and Environment Acts For this reason, whilst the opportunities of the environmental economy and clean growth are core to our site, a singular focus on agricultural and allied provision is no longer appropriate as it may have been 20 years ago, nor does this alone match the needs of the Dorset LEP Skills Plan and Labour Market Need. The College is responding directly to these market forces and this will bring enhanced delivery and educational provision, still within a rural context and country estate.

Our proximity to the coastline means that a full 360° catchment is constrained, as is organic growth through a growing population. Demographics are largely flat for this area, but changes in different age brackets means the College has to adapt its offer accordingly.

Within the Dorset Council area:

- The proportion of the population aged 65+ continues to grow; from 24% in 2009 to 29% in 2019 and a projected figure of 34% in 2029.
- In contrast Dorset's working age (16-64) population continues to fall; dropping by 7,700 between 2009 and 2019 and projected to drop by a further 4,200 by 2029.
- Similarly, the population of Dorset's children continues to decline; falling by 500 between 2009 and 2019 and projected to drop by a further 3,500 This means that the College needs to widen its reach, both in terms of curriculum offer but also in the range and extent of pathways from Entry Level through to Higher Education. There is a significant deficiency in HE progression in rural Dorset (36% vs 42% for England, 2019) and this is amplified for those from low income families (17% vs 26% for England, 2019). The current proportion of those with just an NVQ 4+ in Dorset Local Authority Area is 36.4% compared to an average of 40.0%. This amounts to a raw gap of 7,236 working age people compared to the rest of England. Intervention was required and the capital investment provides this with strong local and political support. The successful competitive bid and build of the new £3.5M University and Business Hub gives the first dedicated university centre in the rural authority, and this allows both increased partnership working but also the ability for the College to make a greater impact on social mobility and lifelong learning. There is thus both a social and economic imperative to enhance Dorset's higher technical and academic firepower.

The College recognises there has been slippage in financial headroom, in particular caused by significant events outside the control of the College. This has been the case with Covid-19 and inflation for example, and is properly reflected in the College Risk Management plan. However, the College continues to develop its reputation and outcomes for learners continue to improve, with greater numbers year on year and a palpable ethos, high standards of attendance and behaviour, and outstanding relationships with industry.

# Members' Report

## For the year ended 31 July 2023

### Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

The College employs 237 staff, of which 79 are employed as teaching staff and 158 are employed in support functions and activities relating to the College's commercial activities.

The College's student population includes 16 - 18 year olds, over 19 year old adult learners and higher education students. For 2022/23, the College enrolled approximately 807 full time students, of which 739 were 16-18 year old learners.

The Group has £3,760k of net assets (2021/22: £2,502k). This position is boosted by £2,667k (2021/22: £nil) of cash received in advance from the ESFA but ring-fenced for capital investment.

Tangible resources include the main College estate comprising of 750 acres, and an extensive range of buildings providing teaching and learning resources, practical workshops, offices, conference facilities, student accommodation and farm buildings. The value of the Estate as presented in these financial statements is not representative of its true market value, as the College did not choose to revalue as at 1 August 2014 under the provisions of FRS 102.

The College has a good and developing reputation locally, regionally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. The College Principal is on the Board of the Dorset Local Enterprise Partnership and is a key player in driving the rural agenda for the whole of the South West Region, where he also sits as Chair of Dorset Careers Hub Steering Group, Chair of the Dorset Local Nature Partnership and Member of Dorset AONB board, as well as roles across the region such as the Great South West LEP Steering Group.

### Stakeholders

The College has many stakeholders including:

- Current, future and past students;
- Staff and their trade unions;
- The Education Skills and Funding Agency, the Office for Students and other professional bodies in the sectors where it works;
- The employers it works with;
- Partner schools and universities; the wider college community; and
- The local borough council, combined authority and Local Enterprise Partnership

### Public Benefit

Kingston Maurward College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 1. 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 identifiable public benefits through the advancement of education to around 1,500 students, including over 140 with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers. The College is committed to providing information, advice and guidance to students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## PERFORMANCE AND DEVELOPMENTS

Following the difficult covid affected years that were 2020/21 & 2021/22, the College has only been able to reduce its operational activities deficit (before any asset sales) to a similar level as seen in 2019/20 – c£1.5m.

The College has received significant grants from the ESFA during the year, however these funds are ring-fenced for capital investment. And so, although the College has a significant cash at bank figure, the

## Members' Report

### For the year ended 31 July 2023

underlying operationally available cash position has deteriorated throughout the year to the point where the College was and continues to be reliant on temporary cash support from the ESFA via the timing of funding receipts (advances of funding). The detail of the finance results is shown in the financial statements and is summarised below.

#### Financial Results

The Group made an overall surplus of £1,258k in 2022/23. However, this position includes significant entries relating to the Group's share of the Dorset Local Government Pension Scheme. If these entries are discounted, then the Group made a deficit of £1,767k (2021/22: £1,695k deficit). This deficit was aided by the selling of a parcel of land next to Maurward Close during the year, which generated a surplus of £219k. Without this asset sale, the Group's deficit is £1,986k (2021/22: £1,710k deficit).

During the year, the Group saw a considerable increase in its utility costs, specifically electricity. During 2021/22 the Group spent £254k on electricity. In 2022/23, this expenditure increased to £960k – a 380% increase. As with all electricity users, a large part of this was as a result of the rapid increase in the global electricity price. However, this price hike was compounded by the Group's usage sharply increasing at the same time from the commissioning and usage of its brand-new ground source heat pumps. These pumps were problematic and for a significant period, over the winter months when commissioning was undertaken but also when demand was highest, they were running at inefficient speeds, meaning significant consumption. Effective control has now been implemented.

Also, during the year, the Group received a further clawback assessment from the ESFA regarding its historical apprenticeship delivery. In 2020/21, the College had received notification that the ESFA's funding auditors considered that the College did not hold sufficient records to comply with the 20% off the job training criteria. As a result, the ESFA would seek to recover 100% of the funding it had provided the College for these learners dating back to the year 2017/18, which amounted to a clawback of £851k. During 2022/23, the ESFA issued a further assessment for subsequent completing apprentices and the return of 100% of their funding. This figure amounted to £413k. Due to the timing of the notification, this additional clawback has been charged into 2021/22's accounts. However, these two amounts remain in creditors due in less than one year, as no monies have actually yet been repaid. The matter remains subject to ongoing dispute.

The final set of significant transactions during the year relates to VAT repayments from HMRC. For a number of years, the College has held 3 distinct claims against HMRC based on a differing approach to calculating the College's VAT partial exemption percentage. During the last 12 months two tranches of repayments have been made by HMRC. In November and December 2022, the College received £571k and then in September 2023 the College received a further £860k. Both of these sets of receipts are subject to an agency fee deduction. £1,301k of income has been recognised in 2021/22 with the balance of £130k being recognised in 2022/23.

Included within the Group's net assets of £3,760k are cash balances of £3,123k (2021/22 £452k). However, as referenced above, a significant proportion of this cash balance is ringfenced for capital investment, leaving £456k available for operational activities.

Tangible fixed assets held at the year-end amounted to £20,422k split between land and buildings of £19,496k and equipment of £926k.

#### Covid-19

Curriculum delivery resumed face to face teaching in full from September 2022 and this has meant a strong year of curriculum performance. This follows on from the full Ofsted inspection in May 2022 (published in July 2022), which found the College to be "Good".

The impacts of Covid-19 continued to be significant on the College's financial infrastructure and performance and continued to be felt during this financial year. Due to government restrictions on trading it was not until Christmas 2021 that the College felt able to fully operate commercial activities as normal, but even this masked the lag on many events and bookings. For example, the usual lead time for a wedding is 1½ to 2 years, and very few people were booking weddings during the COVID years, thus leading to financial under-performance in the current financial year. The College is starting to see this activity return, but recognises the need for further development and has agreed to appoint a new Commercial Director in the 2023/24 financial year.

# Members' Report

## For the year ended 31 July 2023

### Cash flow and liquidity

The net cash inflow from operating activities was £205k (2021/22 £5k).

The College's debt was consolidated into 2 loans during September 2022. One pre-existing loan with the LEP and one new consolidation loan with NatWest bank, with an initial balance of £2.49m.

During 2022/23, it became apparent that the College's operating cash reserves would not cover the College's working capital needs, and as a result the ESFA advanced the College £700k to protect its cashflow needs. This advance was still owing at the year end and is shown within Creditors under Amounts owed to the ESFA.

### Sources of income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022-23 the funding bodies provided 49% (2021/22 54%) of the College Group's total income with 91% (2021/22: 83%) of this income being for 16-18 provision.

### Group Companies

The College has one subsidiary company, Kingston Maurward Enterprises Limited, of which the principal activity is organising conference events and management of Kingston Maurward Gardens and Animal Park. Surpluses generated by KME Limited are transferred to the College under deed of covenant. In the current year, the deficit generated was £12k, (2021/22 surplus £269k).

### Reserves

The group has accumulated income and expenditure reserves, excluding pension provision, of £(491)k (2021/22: £(1,768)k) and cash balances of £3,123k (2021/22 £452k).

The College currently holds no restricted reserves.

### 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. All long-term borrowing requires the specific authorisation of the Corporation.

### Future developments

The College has a fully approved Estate Master Plan, working closely with the Local Authority so that its plans will be incorporated within the overall Local Plan which is currently in consultation. Relationships with planners and statutory bodies such as Historic England are excellent, as well as with partner bodies such as the Department for Education with whom the College continued work on planning for an agreed new Studio School on the estate, fully grant funded by the Department.

In order to achieve an underlying position which is better than break even, excluding the impact of FRS 102 pension costs, further cost efficiencies will need to be found with the real emphasis being on the growth of commercial income as well as student number growth. It will always be a high priority to reach out for capital funding from the LEP and the DfE, although the current governmental review of LEPs suggest future capital will primarily come from central government.

The two pre-existing major capital projects completed during 2022/23. The first was the £3.5m University Centre and Rural Hub which was fully grant funded through a Dorset Local Enterprise grant. The second was a £2.4m project to implement a ground source heat pump solution for a proportion of the College estate, enabling a rapid shift to carbon neutrality, alongside the stated Strategic Aim of becoming Net Zero by 2025. Both projects completed in the early part of this financial year, with further commissioning during the year, unfortunately in the case of the GSHP, just as electricity prices spiked, creating a significant unbudgeted extra cost, despite the lofty net zero gains.

During the year the College was awarded a number of capital grants from the DfE, the largest being the Further Education College Transformation Allocation worth £2.1m over two years. The College was also successful in winning an award of £1.6m for the investment in specialist equipment needed for the delivery of the new T Level qualifications.



## Members' Report

### For the year ended 31 July 2023

Following the year end, the College was successful in its request to refer to itself as a University Centre. Together with the very recent announcement that the College's future HE courses will be validated by the Open University, this places the College in a strong position to develop a hub for regional Higher Education at its campus.

#### Financial plan

The College governors approved a new financial plan in July 2023 which sets objectives for the periods to July 2024 and July 2025, but show that the College will be loss making for both of those years.

Commercial income is forecasted to increase in both of these years, especially with the appointment of a new Commercial Director. However, the College notes the volatile nature of inflationary pressures and the impact this may have on consumer confidence and the purchasing power therein.

The College aims to increase contribution by continuing to implement efficiency opportunities across the college site. The College aims to continue to reduce dependency on the Education and Skills Funding Agency and will continue to develop opportunities in relation to its commercial income.

#### PRINCIPAL RISKS AND UNCERTAINTIES

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 of Corporate Governance.

The Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed, identifying systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and are reviewed annually for their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise from new areas of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed on a regular basis by the Risk Management Group and the Audit & Assurance Committee. 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 along with the action taken to minimise them. Not all of the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

##### 1. Financial Viability

In common with all public sector organisations the College is operating with challenging funding levels seen over many years. An increase in funding was announced in the summer of 2023, which is very welcome, but with significantly increasing costs, does little to alter the status quo. The relatively small size of the organisation puts additional pressure on the College in responding to these challenges.

This risk is mitigated by:

- Budgets set and closely managed for all areas of activity;
- Detailed cash flow management and forecasting;
- Financial forecast sensitivity analysis;
- Monthly financial reports to Corporation/Finance and Resources Committee;
- Focus on developing profitable new income opportunities;
- Increased focus on resource management across the College; and
- Internal and external audit processes.

## Members' Report

### For the year ended 31 July 2023

#### 2. Safeguarding and Data Protection

The College has an excellent safeguarding and data protection record, however the type and range of activities undertaken mean that this remains a significant area of focus for the organisation. In addition, the nature and the extent of the campus and the diversity of our student profile particularly in terms of age and vulnerability present specific safeguarding issues. Implementation of the General Data Protection Regulations (GDPR) in 2018 require that all personal data held by the College is managed securely in accordance with this legislation.

This risk is mitigated by:

- Safeguarding and Data Protection policies and procedures;
- Appointment of a Data Protection Officer
- Safeguarding Officers hold appropriate qualifications;
- Safeguarding Committee, which monitors best practice;
- Training on Safeguarding and Data Protection for all staff, reinforced on an annual basis;
- All new staff having a DBS in place prior to commencements and a number of key existing staff having DBS checks carried out every three years;
- Qualified link governor who attends most internal meetings;
- Safeguarding included in the SAR and Annual Reports presented to Corporation;
- Robust HR recruitment processes; and
- Links maintained with external agencies such as the Local Safeguarding Children's Board, Social Services and the Police.

#### 3. Student Recruitment and retention

A decline in student recruitment would impact on finances from the ESFA under the current funding methodology as future allocations are based partly on historical student numbers.

This risk is mitigated by:

- A comprehensive marketing strategy including schools liaison and taster courses;
- Applications monitoring and monthly reporting;
- Employer Engagement Strategy;
- Apprenticeship Growth Plan;
- Regular management information system reports; and
- Senior management team review.

#### 4. Other key risks include:

- Lack of investment in the development and maintenance of the estate
- Failure to maintain or improve the quality of teaching and learning
- Failure to improve commercial income
- Loss of staff and/or difficulty in recruiting new
- Failure to maintain or improve on the Good OFSTED rating;

### KEY PERFORMANCE INDICATORS

Key performance indicator	Measure/Target	Actual for 2022/23
Student number targets (16-19)	+5%	+3%
Student achievement/progression	85%	85%
Operating surplus/EBITDA as % of income	2.25%	-6.2%
Staff satisfaction (via survey)	85+	N/A
Ofsted rating	Good	Good

#### Student Achievements

As a specialist land-based provider the College has a good reputation across Dorset and surrounding areas and many of its students travel significant distances to attend. The curriculum offered is extensive in

## **Members' Report**

### **For the year ended 31 July 2023**

supporting land-based related activities and is constantly being reviewed in order to meet student needs better and ensure onward destinations are positive and relevant.

The College has a breadth of provision with clear progression routes from Entry level to Higher Education. It provides a good range of vocational courses for students aged 16-18 and a variety of both part-time and full-time programmes for adult students in land-based and other sectors, particularly Construction, Welding, Sport, Uniformed Public Services and Outdoor Adventure.

The College continues to deliver and develop higher education programmes, currently in collaboration with the Royal Agricultural University and Bournemouth University.

The College has a broad range of excellent partnerships and outstanding relationships with local employers which enables it to expand its presence in the region.

The College is a sponsor of the Dorset Studio School (DSS), whose students make full use of the College estate and facilities for specialist learning, practical activity and exams alongside National Curriculum activity. The school was graded as 'Good' by Ofsted in its first inspection in September 2017 with the Inspectors noting a key strength was the school's use of the excellent resources and strong and effective partnerships. Students attending DSS are predisposed to attend KMC and there is strong collaboration between the school and the College.

Partnership working with the Royal Veterinary College, and other relationships with, amongst others, the National Farmers' Union (NFU), Dorset Police, Dorset Fire and Rescue, British Horse Society, British Show Jumping, Pets at Home, the Forestry Commission, Peter Green Leisure (PGL), the Army, RAF, Royal Marines and others, ensure that programme contents meet the need of employers.

The College was graded 'Good' by Ofsted in May 2022. Residential Care Standards were graded Outstanding in May 2019.

The quality of teaching and learning continues to be good. There are no significant achievement gaps in terms of gender, disability or ethnicity. Progression is outstanding for those completing their study programmes. Students are well prepared for moving on to their next destination, with an overall very positive progression rate to known destinations.

#### **Student numbers**

In 2022/23 the College delivered activity that produced £5,964k in Funding Body recurrent funding (2021/22: £4,988k). The College was funded for 745 16-18 year old students in 2022/23 (2021/22: 729).

In addition to 16-18 year old Further Education students, the College has adult students, students in Higher Education, and fee-paying students.

#### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, 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%. During the accounting period 1 August 2022 to 31 July 2023, the College paid 43% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

## **EQUALITY AND DIVERSITY**

### **Equality**

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

## Members' Report

### For the year ended 31 July 2023

The College ensures compliance with all relevant equality legislation including the Equality Act 2010.

The College is a 'Disability Confident' employer and has committed to the principles and objectives of this standard (previously known as 'Positive About Disabled People'). 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, provides identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health well-being of staff.

#### Disability Statement

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

The College is committed to:

- Promoting equality of opportunity for disabled people;
- Eliminating unlawful discrimination;
- Eliminating disability related harassment;
- Promoting positive attitudes towards disabled people;
- Encouraging participation of disabled people in public life
- Taking into account disabled peoples' disabilities, even where that involves treating disabled people more favourably;
- Having an admissions policy for all students which is described in the College charter. Appeals against decision not to offer a place are dealt with under the complaints policy;
- Having a College Equality and Diversity pack which is available to all students and staff and is included as part of the College induction procedures;
- Having in place a number of student support tutors and assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Counselling and welfare services are described in the Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure at induction.

#### Trade Union Facility Time

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

Number of employees who were representatives for the period	FTE employee number
1	0.6

Percentage of time	Number of employees
0%	0
1 – 50%	1
51-99%	0
100%	0

Total cost of facility time	£35k
Total pay bill	£5.7m
Percentage of total bill spent on facility time	0.006%
Time spent on paid trade union activities as a percentage of total paid facility time	100%

## **Members' Report**

### **For the year ended 31 July 2023**

#### **GOING CONCERN**

As is evident from the accounts, the financial position of the College is weak. The College did not receive emergency funding during 2022/23, but its allocation was reprofiled by the ESFA to ease liquidity concerns during the year, with a balance owing at July 2023.

The College entered into an Emergency Funding agreement with the DfE on the 20<sup>th</sup> December 2023. This provides for up to £1.5m of operational support, to be drawn as and when required.

The College is working with the ESFA and FE Commissioner in order to deliver a long-term solution to the College's challenges and this is to be secured through a business combination with another Further Education provider. Work is proceeding to bring this about for execution on the 1<sup>st</sup> August 2024. The Emergency Funding agreement also provides financial support with the business combination related costs incurred up to the date of the execution of that solution.

The College has prepared forecasts to July 2025 which shows that, with the Emergency Funding support agreed with the DfE, the College will hold sufficient funds to operate and pay its liabilities as they fall due up to at least February 2025. Given this, the members of the Corporation have concluded that the College is a going concern, and the accounts should be prepared on a going concern basis. However, there is the existence of material uncertainty due to the possible collapse of the business combination solution. Although the existing Emergency Funding arrangement could sustain the College up to at least February 2025, a further arrangement would need to be sought for the following period, and that would cast a new doubt on the College's ability to continue as a going concern.

#### **EVENTS AFTER THE REPORTING PERIOD**

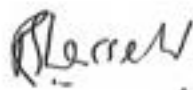
The College is currently undertaking detailed scenario planning, modelling and cost forecasting work with another local Further Education Provider with a view to combining the two colleges from the 1<sup>st</sup> August 2024. This proposition would continue to see the delivery of specialist land-based education at the Kingston Maurward campus.

The College entered into an Emergency Funding agreement with the DfE on the 20<sup>th</sup> December 2023. This provides for up to £1.5m of operational support, to be drawn as and when required. The agreement also provides financial support with the business combination related costs incurred up to the date of the execution of that solution.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

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

Approved by order of the members of the Corporation on 27<sup>th</sup> February 2024 and signed on its behalf by



**Robert Lasseter**  
**Chair of Governors**

## Statement of Corporate Governance and Internal Control 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 statements.

The College endeavours to conduct its business:

- i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Governors, the College complies with 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 Code reported to the board on 27<sup>th</sup> February 2024.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 7 July 2015. The Corporation has also adopted the AoC Colleges Senior Staff Remuneration Code on 5 March 2019.

### THE CORPORATION

#### Members of 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:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Corporation Meeting Attendance
Mr R Barker	Dec 18 (Reappointed Dec 21)	3 years		Independent Member	Estate Finance & Resources Governance, Remuneration & Search Quality & Standards	8/8
Mr J Bullen	July 20 (Reappointed July 23)	3 years		Independent Member	Estate Finance & Resources Governance, Remuneration & Search	8/8
Miss H Crocker	Sept 21	3 years		Staff Member	Audit & Assurance Estate	8/8
Mr A Davies	Jan 15 Reappointed Jan – 18 & Jan 21 & Oct 23	3 years		Independent Member	Estate	8/8
Miss A James	2022/23	1 year		Student Member		6/7
Ms F Jenkins	May 21	3 years	Resigned 07/11/22	Staff Member	Quality & Standards	1/2
Mr D Knight	March 20	3 years		Independent Member	Audit & Assurance (Chair) Governance, Remuneration & Search	8/8
Mr R Lassefer	Jun – 14 Reappointed Jun – 17 & June 20	3 years		Independent Member	Finance & Resources Quality & Standards Governance, Remuneration & Search Chair from 01/08/21	7/8
Mr G Ledden	July 19 Reappointed Jul 22	3 years		Independent Member	Estate Finance & Resources (Chair) Governance, Remuneration & Search	7/8
Dr A Minard	Sep 17 Reappointed Sept 20	3 years		Independent Member	Quality & Standards	7/8

**Statement of Corporate Governance and Internal Control  
For the year ended 31 July 2023**

Ms N Newman	Jan 22	3 years		Independent Member	Audit & Assurance	6/8
Mr L Rake	Aug 16	Ex-officio		Principal	Estate Finance & Resources, Quality & Standards,	8/8
Mrs K Taylor	Feb 21	3 years		Independent Member	Quality & Standards (Chair from 1/8/21) Governance, Remuneration & Search	8/8
Mrs D Thomas	Sept 21	3 years		Independent Member	Quality & Standards	7/8
Ms D Vickers	May 21	3 years	Resigned 18/10/22	Staff Member	Finance & Resources	1/1
Mr R Williamson	Dec 22	3 years		Independent Member	Estate	4/5
Mrs V Gifford	July 10	N/A	Resigned 31/12/23	Clerk		9/9
Mrs W Cunningham	Dec 23	N/A		Clerk		N/A

**The governance framework**

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 has met 8 times this year, with further updates and urgent decisions undertaken via the Governors' Virtual Office (GVO).

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are Audit & Assurance, Estate, Finance & Resources, Quality & Standards and Governance, Remuneration & Search. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website [www.kmc.ac.uk](http://www.kmc.ac.uk) and are also available from the Clerk to the Corporation at Kingston Maurward College, Dorchester, Dorset, DT2 8PY.

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 of 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 for the Corporation as a whole.

Formal agendas, papers and reports are supplied to the Governors in a timely manner, prior to Board meetings. Briefings are also 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.

## Statement of Corporate Governance and Internal Control For the year ended 31 July 2023

### Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance, Remuneration & Search Committee, consisting of 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 3 years but are eligible for reappointment to a maximum of 9 years on the recommendation of the Governance Remuneration & Search Committee, once past performance is reviewed to ensure the Corporation has the skilled members necessary to carry out its functions.

The Corporation carried out a self-assessment of its own performance for the year ended 31<sup>st</sup> July 2023 and graded itself as "Good" on the Ofsted scale.

Overall governor attendance was 88%, 18% higher than the target set by governors. Governors also completed an annual skills audit survey which has provided the basis of the future appointments and a training programme.

The governing body is committed to development and the following development sessions were attended:

Course Name	User Name	Date Completed
Operational Learning Walk/Link Visit	Nicola Newman	12-Jul-2023
Operational Learning Walk/Link Visit	John Bullen	11-Jul-2023
Operational Learning Walk/Link Visit	Richard Williamson	11-Jul-2023
AoC Principals and Chairs	Robert Lasseter	14-Jun-2023
Governors Development Programme Modules (GDP)	Richard Barker	16-Mar-2023
AoC Update	Kay Taylor	08-Mar-2023
AoC Principals and Chairs	Robert Lasseter	07-Mar-2023
AoC Principals and Chairs	Luke Rake	07-Mar-2023
AoC Update (Audit Chairs)	Dan Knight	07-Nov-2022
Operational Learning Walk/Link Visit	Richard Barker	02-Nov-2022

The governing body has considered DfE guidance on board reviews and took part in the initial trial of the scheme in March 2021, carried out by Shirley Collier for the ETF.

### Remuneration committee

The Remuneration Committee has been merged with the Search & Governance Committee. Throughout the year ending 31 July 2023, the College's Remuneration Committee comprised six members of the Corporation. The Committee's responsibilities are to consider and approve the remuneration and benefits of the principal, other senior post holders and the Clerk. Details of remuneration paid for the year ended 31<sup>st</sup> July 2023 are set out in note 8 to the financial statements.

The Committee has regard to the AoC Colleges Senior Staff Remuneration Code adopted by the Corporation on 5<sup>th</sup> March 2019.

### Audit & Assurance Committee

The Audit & Assurance Committee comprises three members of the Corporation (excluding the Principal and Chair and members of the Finance and Resources Committee) and two co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit & Assurance Committee normally meets at least three times per year and provides a forum for reporting by the College's internal auditors, reporting accountants 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.



## Kingston Maurward College

### Statement of Corporate Governance and Internal Control For the year ended 31 July 2023

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 & Assurance Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertake an annual follow up review to ensure such recommendations have been implemented.

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

The Audit & Assurance Committee met four times in the year to 31 July 2023. The members of the committee and their attendance are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Mr D Knight (Chair)	4/4
Miss H Crocker	4/4
Ms Nicola Newman	3/4
Miss R King (co-opted)	4/4
Mr J Tirrell (co-opted) (Resigned 31/7/23)	3/4
Ms D Elliot (from November 23)	N/A

#### 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 Funding Agreement between Kingston Maurward 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 of internal control has been in place in Kingston Maurward 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 the framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

## Statement of Corporate Governance and Internal Control For the year ended 31 July 2023

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;
- Regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Assurance Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### Risks faced by the Corporation

The Corporation has appointed an Audit & Assurance Committee which identifies, evaluates and manages risk by regularly reviewing the Corporate Risk Register which is updated by the College's Risk Management Group. The Corporation receives the Corporate Risk Register and is assured by the Audit & Assurance Committee that the risks are being appropriately managed. The Chair of the Audit and Assurance Committee attends the Risk Management Group meetings which are held on a termly basis to review the Corporate Risk Register in detail. Going forward the Risk Register will be linked to the strategic aims of the College with each risk being mapped to different Corporation committees to review the relevant risks. The main risks to the College are identified under the Principal Risks and Uncertainties section of this report on page 8.

The Audit and Assurance Committee sets a programme of internal audit reviews, carried out by externally appointed auditors, to evaluate performance and risk for different areas of the College on an annual basis. All reports are reviewed by the Committee and an Annual Audit Committee report produced for submission to the Corporation.

### Control weaknesses identified

No control weaknesses were identified for 2022/23.

### Responsibilities under funding agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the College on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA Chief Executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The College has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which the DfE approval is required.

The specific areas of work undertaken by the Audit & Assurance Committee in 2022/23 and up to the date of approval of the financial statements are:

1. ESFA Mock Funding Audit	Reasonable Assurance Opinion
2. Financial Planning	Substantial Assurance Opinion
3. Compliance with the GDPR Regulation	Reasonable Assurance Opinion
4. Estate and Facilities Management	Substantial Assurance Opinion
5. Business Support Staff Cost Benchmarking	Advisory
6. Key Financial Controls, including Performance Reporting and Budgetary Control	Reasonable Assurance Opinion
7. Follow Up	Substantial Assurance Opinion

## Statement of Corporate Governance and Internal Control For the year ended 31 July 2023

8. Ground Source Heat Pump Project                      Advisory

2023/24

1. Corporate Governance	Substantial Assurance Opinion
2. Risk Management	Substantial Assurance Opinion
3. HR and Payroll	Substantial Assurance Opinion

### Statement from the Audit committee

The Audit & Assurance committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit & Assurance committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit & Assurance committee in 2022/23 and up to the date of the approval of the financial statements are:

Kingston Maurward College – Internal Audit Opinions and Recommendations 2022/23					No of recommendations & priority			
Ref	Audit Title	Design	Application/ Compliance	Overall Assurance	H	M	L	A
1.	ESFA Mock Funding Audit	Good	Adequate	Reasonable	-	3	2	-
2.	Financial Planning	Good	Good	Substantial	-	-	-	-
3.	Compliance with the GDPR Regulation	Adequate	Adequate	Reasonable	-	4	1	-
5.	Estate and Facilities Management	Good	Good	Substantial	-	-	-	-
6.	Business Support Staff Cost Benchmarking	Advisory	Advisory	Advisory	-	-	-	-
7.	Key Financial Controls, inc Performance Reporting and Budgetary Control	Adequate	Adequate	Reasonable	-	4	1	-
9.	Follow-up of Previous Internal Audit Recommendations	N/A	N/A	Substantial	-	3	-	-
10.	Ground Source Heat Pump Project	Advisory	Advisory	Advisory	-	-	-	-
2023/24								
2.	Corporate Governance	Good	Good	Substantial	-	-	2	-
3.	Risk Management	Adequate	Good	Substantial	-	-	-	-
6.	HR and Payroll	Good	Good	Substantial	-	-	-	-
<b>Total Number of Recommendations</b>					-	<b>14</b>	<b>6</b>	-

### 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 executive managers 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 & Assurance 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.

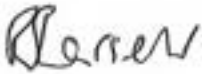
## Statement of Corporate Governance and Internal Control For the year ended 31 July 2023

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 & Assurance Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit & Assurance 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 & Assurance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its February 2024 meeting the Corporation will carry out the annual assessment for the year ended 31<sup>st</sup> July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31<sup>st</sup> July 2023.

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

Approved by order of the members of the Corporation on 27<sup>th</sup> February and signed on its behalf by:



Robert Lasseter  
Chair of Governors



Luke Rake  
Accounting Officer

## 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.

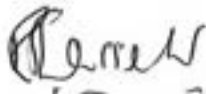
I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's 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 non-compliance, 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.



**Luke Rake**  
**Accounting Officer**  
**Date:** 27th February 2024

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.



**Robert Lasseter**  
**Chair of Governors**  
**Date:** 27th February 2024

## **Statement of Responsibilities of the Members of the Corporation For the year ended 31 July 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, 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); and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the corporation will continue in operation.

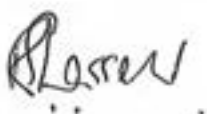
The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, 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 27<sup>th</sup> February 2024 and signed on its behalf by:



**Robert Lasseter**  
Chair of Governors

## **Independent auditors' report to the Corporation of Kingston Maurward College**

### **Opinion**

We have audited the financial statements of Kingston Maurward College (the 'parent corporation') and its subsidiaries (the 'group') for the year ended 31 July 2023 which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and the 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), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2022 to 2023.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 July 2023 and of the group's income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP, College Accounts Direction 2022 to 2023 and the Office for Students' Accounts Direction.

### **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 group 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.

### **Material uncertainty relating to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the College's ability to continue as a going concern.

The College entered into an Emergency Funding agreement with the DfE on the 20<sup>th</sup> December 2023. This provides for up to £1.5m of operational support, to be drawn as and when required.

The College is working with the ESFA and FE Commissioner in order to deliver a long-term solution to the College's challenges and this is to be secured through a business combination with another Further Education provider. Work is proceeding to bring this about for execution on the 1<sup>st</sup> August 2024. The Emergency Funding agreement also provides financial support for the College and with the business combination related costs. However, if the business combination were not to proceed, further emergency funding would be to be sought, for the college to remain a going concern.

These conditions along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty that may cause significant doubt about the College's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the College was unable to continue as a going concern.

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

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

## Independent auditors' report to the Corporation of Kingston Maurward College

### Other information

The other information comprises the information included in the Consolidated Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 ('ESFA') requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group, or returns adequate for our audit have not been received from branches not visited by us; or
- the group's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion:

- funds from whatever source administered by the corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Office for Students ('OfS') and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

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

### Responsibilities of the corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, 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 determines 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 corporation'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 corporation 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,



## **Independent auditors' report to the Corporation of Kingston Maurward College**

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the corporation's documentation of their policies and procedures relating to identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the group and parent corporation ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- the matters discussed among the audit engagement team and involving relevant internal corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, and the FE HE SORP.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and

## Independent auditors' report to the Corporation of Kingston Maurward College

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the corporation, in accordance with Article 22 of 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 it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation, for our audit work, for this report, or for the opinions we have formed.



**Bishop Fleming LLP**  
Salt Quay House  
Plymouth  
PL4 0BN

28 February 2024

### **Reporting accountant's assurance report on regularity to the Corporation of Kingston Maurward College and Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter dated 30 June 2021 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 Kingston Maurward College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified 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 Kingston Maurward 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 Kingston Maurward 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 Kingston Maurward College and ESFA for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Kingston Maurward College and the reporting accountant**

The Corporation of Kingston Maurward 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the 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 jointly by the 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 of the College's income and expenditure.

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Testing transactions with related parties;
- Sample testing of income to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and

## Kingston Maurward College

### Reporting accountant's assurance report on regularity to the Corporation of Kingston Maurward College and Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)

- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referenced to our regularity report.

The list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

#### 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.



**Bishop Fleming LLP**  
Salt Quay House  
Plymouth  
PL4 0BN

28 February 2024

## Kingston Maurward College

### Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	2	5,964	5,964	4,988	4,988
Tuition fees and education contracts	3	1,606	1,606	411	411
Other grants and contracts	4	-	-	1,067	1,067
Other income	5	3,281	2,638	4,176	3,650
Investment income	6	1	232	-	-
Donations and Endowments	7	-	-	18	18
<b>Total income</b>		<b>10,852</b>	<b>10,440</b>	<b>10,660</b>	<b>10,134</b>
<b>EXPENDITURE</b>					
Staff costs	8	6,241	5,991	6,790	6,508
Other operating expenses	9	5,648	5,229	4,691	4,446
Depreciation	12	769	769	606	606
Interest and other finance costs	10	180	180	283	283
<b>Total expenditure</b>		<b>12,838</b>	<b>12,169</b>	<b>12,370</b>	<b>12,125</b>
<b>Deficit before other gains</b>		<b>(1,986)</b>	<b>(1,729)</b>	<b>(1,710)</b>	<b>(1,991)</b>
Gain on disposal of assets	12	219	219	15	15
<b>Deficit before tax</b>		<b>(1,767)</b>	<b>(1,510)</b>	<b>(1,695)</b>	<b>(1,976)</b>
Taxation	11	-	-	-	-
<b>Deficit for the year</b>		<b>(1,767)</b>	<b>(1,510)</b>	<b>(1,695)</b>	<b>(1,976)</b>
Actuarial gain in respect of pension scheme	24	4,223	4,223	10,783	10,783
Part of actuarial gain not realised		(1,198)	(1,198)	-	-
<b>Total comprehensive income and expenditure for the year</b>		<b>1,258</b>	<b>1,515</b>	<b>9,088</b>	<b>8,807</b>

All items of income and expenditure relate to continuing activities.

## Kingston Maurward College

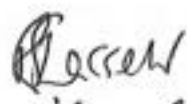
### Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance as at 1<sup>st</sup> August 2021</b>	<b>(10,875)</b>	<b>4,289</b>	<b>(6,586)</b>
Deficit from the income and expenditure account	(1,695)		(1,695)
Actuarial gain in respect of pension schemes	10,783	-	10,783
Transfer between revaluation and I&E reserves	19	(19)	-
Total comprehensive income/expenditure for the year	<u>9,107</u>	<u>(19)</u>	<u>9,088</u>
<b>Balance as at 31<sup>st</sup> July 2022</b>	<b>(1,768)</b>	<b>4,270</b>	<b>2,502</b>
Deficit from the income and expenditure account	(1,767)	-	(1,767)
Actuarial gain in respect of pension schemes	4,223	-	4,223
Transfer between revaluation and I&E reserves	19	(19)	-
Part of actuarial gain not realised	(1,198)	-	(1,198)
Total comprehensive income/expenditure for the year	<u>1,277</u>	<u>(19)</u>	<u>1,258</u>
<b>Balance as at 31<sup>st</sup> July 2023</b>	<b>(491)</b>	<b>4,251</b>	<b>3,760</b>
<b>College</b>			
<b>Balance as at 1<sup>st</sup> August 2021</b>	<b>(10,837)</b>	<b>4,289</b>	<b>(6,548)</b>
Deficit from the income and expenditure account	(1,976)	-	(1,976)
Actuarial gain in respect of pension schemes	10,783	-	10,783
Transfer between revaluation and I&E reserves	19	(19)	-
Total comprehensive income/expenditure for the year	<u>8,826</u>	<u>(19)</u>	<u>8,807</u>
<b>Balance as at 31<sup>st</sup> July 2022</b>	<b>(2,011)</b>	<b>4,270</b>	<b>2,259</b>
Deficit from the income and expenditure account	(1,510)	-	(1,510)
Actuarial gain in respect of pension schemes	4,223	-	4,223
Transfer between revaluation and I&E reserves	19	(19)	-
Part of actuarial gain not realised	(1,198)	-	(1,198)
Total comprehensive income/expenditure for the year	<u>1,534</u>	<u>(19)</u>	<u>1,515</u>
<b>Balance as at 31<sup>st</sup> July 2023</b>	<b>(477)</b>	<b>4,251</b>	<b>3,774</b>

Consolidated and College Balance Sheets as at 31<sup>st</sup> July

	Note	2023		2022	
		Group £'000	College £'000	Group £'000	College £'000
<b>Fixed assets</b>					
Tangible Fixed assets	12a	20,422	20,422	20,571	20,571
Intangible Fixed assets	12b	100	100	105	105
		<b>20,522</b>	<b>20,522</b>	<b>20,676</b>	<b>20,676</b>
<b>Current assets</b>					
Stocks	14	539	506	559	537
Trade and other receivables	15	1,362	1,349	1,592	1,531
Restricted cash	19	2,667	2,667	-	-
Cash and cash equivalents	19	456	379	452	354
		<b>5,024</b>	<b>4,901</b>	<b>2,603</b>	<b>2,422</b>
<b>Creditors – amounts falling due within one year</b>	16	<b>(4,495)</b>	<b>(4,358)</b>	<b>(3,865)</b>	<b>(3,927)</b>
<b>Net current assets/(liabilities)</b>		<b>529</b>	<b>543</b>	<b>(1,262)</b>	<b>(1,505)</b>
<b>Total assets less current liabilities</b>		<b>21,051</b>	<b>21,065</b>	<b>19,414</b>	<b>19,171</b>
<b>Creditors – amounts falling due after more than one year</b>	17	<b>(17,291)</b>	<b>(17,291)</b>	<b>(14,331)</b>	<b>(14,331)</b>
<b>Provisions</b>					
Defined benefit obligations	24	-	-	(2,581)	(2,581)
<b>Total net assets</b>		<b>3,760</b>	<b>3,774</b>	<b>2,502</b>	<b>2,259</b>
<b>Reserves</b>					
Income and expenditure account		(491)	(477)	(1,768)	(2,011)
Revaluation reserve		4,251	4,251	4,270	4,270
<b>Total unrestricted reserves</b>		<b>3,760</b>	<b>3,774</b>	<b>2,502</b>	<b>2,259</b>

The financial statements on pages 27 to 49 were approved and authorised for issue by the corporation on 27<sup>th</sup> February 2024 and were signed on its behalf on that date by:



Robert Lasseter  
Chair



Luke Rake  
Accounting Officer

## Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
<b>Cash flow from operating activities</b>			
(Deficit) for the year		(1,767)	(1,695)
<b>Adjustment for non-cash items</b>			
Depreciation		769	606
Deferred capital grants released to income		(438)	(267)
(Increase)/decrease in stocks		20	(57)
(Increase)/decrease in debtors		240	(980)
Increase/(decrease) in creditors due within one year		620	1,025
Pensions costs less contributions payable		363	1,075
<b>Adjustment for investing or financing activities</b>			
Investment income		(1)	-
Interest payable		180	283
Gain on sale of fixed assets		219	15
<b>Net cash flow from operating activities</b>		<u>205</u>	<u>5</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		220	11
Investment income		1	-
Capital grants received		2,914	5,248
Payments made to acquire fixed assets		(819)	(5,339)
<b>Net cash flow from investing activities</b>		<u>2,316</u>	<u>(80)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(99)	(92)
Interest element of finance lease rental payments		-	(2)
New secured loans		2,490	-
Early repayments of amounts borrowed		(2,155)	-
Repayments of amounts borrowed		(86)	(351)
Capital element of finance lease rental payments		-	(37)
<b>Net cash flow from financing activities</b>		<u>150</u>	<u>(482)</u>
<b>Increase/(decrease) in cash and cash equivalents in year</b>		<u>2,671</u>	<u>(557)</u>
Cash and cash equivalents at beginning of the year	19	452	1,009
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>2,671</u>	<u>(557)</u>
Cash and cash equivalents at end of the year	19	<u>3,123</u>	<u>452</u>



## Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

### 1. Accounting policies

#### Statement of accounting policies and estimation techniques

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

#### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice. Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022-23 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### Basis of accounting

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

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Kingston Maurward Enterprises Limited, controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

#### Going concern

The College's financial statements have been prepared on a going concern basis which assumes that the College will be able to realise its assets and discharge its liabilities in the normal course of business. However, as is evident from the accounts, the financial position of the College is weak. The College did not receive emergency funding during 2022/23, but its allocation was reprofiled by the ESFA to ease liquidity concerns during the year, with a balance owing at July 2023.

The College entered into an Emergency Funding agreement with the DfE on the 20<sup>th</sup> December 2023. This provides for up to £1.5m of operational support, to be drawn as and when required.

The College is working with the ESFA and FE Commissioner in order to deliver a long-term solution to the College's challenges and this is to be secured through a business combination with another Further Education provider. Work is proceeding to bring this about for execution on the 1<sup>st</sup> August 2024. The Emergency Funding agreement also provides financial support with the business combination related costs incurred up to the date of the execution of that solution.

The College has prepared forecasts to July 2025 which shows that, with the Emergency Funding support agreed with the DfE, the College will hold sufficient funds to operate and pay its liabilities as they fall due up to at least February 2025. Given this, the members of the Corporation have concluded that the College is a going concern, and the accounts should be prepared on a going concern basis. However, there is the existence of material uncertainty due to the possible collapse of the business combination solution. Although the existing Emergency Funding arrangement could sustain the College up to February 2025, a further arrangement would need to be sought for the following period, and that would cast a new doubt on the College's ability to continue as a going concern.

#### Recognition of income

##### *Revenue grant funding*

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

## **Notes to the Accounts for the year ended 31<sup>st</sup> July 2023**

funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

### *Capital grant funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental capital grants are recognised in when the College is entitled to the funds subject to any performance related conditions being met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

### *Fee income*

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

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

### **Agency arrangements**

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

### **Accounting for post-employment benefits**

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

#### *Teachers' Pension Scheme (TPS)*

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

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

#### *Dorset Local Government Pension Scheme (LGPS)*

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

## Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

Net interest on the 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 in 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 scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

### Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render services 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.

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

#### *Land and buildings*

Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Freehold buildings – 50 years
- Agricultural buildings – 20 years
- Leasehold buildings – 50 years or shorter dependent on the length of the lease
- Refurbishments – 5 or 10 years depending on the nature of the refurbishment

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.

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.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2015.

#### *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<sup>st</sup> 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 in the period it is incurred in, 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:

## Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

- Plant and equipment – 5 years on a straight-line basis
- Vehicles – 5 years on a straight-line basis
- Computer equipment – 5 years on a straight-line basis
- Furniture, fixtures and fittings – 10 years on a straight-line basis.

### *Intangible assets*

Intangible assets costing more than £1,000 are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

- Purchased computer software and software development costs – 5 years on a straight-line basis

### **Borrowing costs**

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

### **Leased assets**

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

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

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

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

### **Investments**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

### **Inventories**

Farm stocks consist of livestock and crops and have been valued by independent valuers using recognised valuation methods and included in the balance sheet at the percentages of market value as recommended by HMRC Business Income Manual (BIM55410 – Farming stock valuation IR232). Other stocks have been valued at the lower cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### **Restricted Cash**

Monies received in advance of expenditure and with clear attached contractual criteria of use, such as capital grants, are treated as restricted and the cash is identified separately to cash and cash equivalents, which represents cash available for unrestricted use.

### **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

## Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the college has calculated that the difference between the historical 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.

### 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. 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.

The College's subsidiary company is subject to Corporation Tax and VAT in the same way as any commercial organisation.

### Provision 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 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 is not probable that an overflow 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.

### Judgement 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 College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generation unit, the viability and expected future performance of that unit.

#### *Other key sources of estimation uncertainty*

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives 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.

Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an annual actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact the carrying amount of the pension liability. For 2022/23 the pension plan asset has not been recognised, as the surplus is not considered recoverable through reduced contributions in the future or through refunds from the plan.

## 2 Funding body grants

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - 16-18	5,047	5,047	4,468	4,468
Education and Skills Funding Agency - AEB	132	132	173	173
Education and Skills Funding Agency - apprenticeships	149	149	(130)	(130)
Office for students	52	52	80	80
<b>Specific Grants</b>				
Teacher pension scheme contribution grant	146	146	130	130
Releases of government capital grants	438	438	267	267
<b>Total</b>	<b>5,964</b>	<b>5,964</b>	<b>4,988</b>	<b>4,988</b>

## 3 Tuition fees and education contracts

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees	2	2	49	49
Apprenticeship fees and contracts	5	5	-	-
Fees for FE loan supported courses	199	199	129	129
Fees for HE loan supported courses	191	191	223	223
<b>Total tuition fees</b>	<b>397</b>	<b>397</b>	<b>401</b>	<b>401</b>
Education contracts	1,209	1,209	10	10
<b>Total</b>	<b>1,606</b>	<b>1,606</b>	<b>411</b>	<b>411</b>

## 4 Other grants and contracts

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Other grant income	-	-	1,067	1,067
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,067</b>	<b>1,067</b>

Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

5 Other income	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Residencies and catering	138	138	163	229
Other income generating activities	2,694	2,051	2,549	1,675
Other income	449	449	1,464	1,746
<b>Total</b>	<b>3,281</b>	<b>2,638</b>	<b>4,176</b>	<b>3,650</b>

6 Investment income	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Receipt from subsidiary company	-	231	-	-
Other interest receivable	1	1	-	-
	<b>1</b>	<b>232</b>	<b>-</b>	<b>-</b>

7 Donations	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Unrestricted donations	-	-	18	18
<b>Total</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>18</b>

## 8 Staff costs - Group and College

The average number of persons (including key management personnel) employed by the College during the year was:

	Year ended 31 July 2023 No.	Year ended 31 July 2022 No.
Teaching staff	79	81
Non-teaching staff	158	176
	<b>237</b>	<b>257</b>

The full time equivalent for the above categories are teaching staff 64.6 FTE and non-teaching staff 114.2 FTE making a total of 178.8 FTE.

Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
<b>Staff costs for the above persons</b>				
Wages and salaries	4,524	4,305	5,665	5,383
Social security costs	369	359	362	362
Other pension costs	1,193	1,172	763	763
<b>Payroll sub total</b>	<b>6,086</b>	<b>5,836</b>	<b>6,790</b>	<b>6,508</b>
Contracted out staffing services	126	126	-	-
	<b>6,212</b>	<b>5,962</b>	<b>6,790</b>	<b>6,508</b>
Restructuring costs – contractual	29	29	-	-
<b>Total staff costs</b>	<b>6,241</b>	<b>5,991</b>	<b>6,790</b>	<b>6,508</b>

The corporation has salary sacrifice arrangements in place for both a health care cash plan and a cycle to work scheme.

**Severance payments for all staff**

The College paid 6 severance payments in the year, disclosed in the following bands:

£0 - £25,000	6
£25,001 - £50,000	0
£50,001 - £100,000	0
£100,001 - £150,000	0
£150,000+	0

Within these payments is one special severance payment of £7,184 (2022: £nil).

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Management Team which comprises the Principal, Deputy Principal, Chief Financial Officer and Assistant Principal.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	5	2

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



Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

	Key Management Personnel		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£20,001 to £25,000 p.a.	1	-		
£50,001 to £55,000 p.a.	1	-		
£65,001 to £70,000 p.a.	1	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	1	1	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	-	-	-	-
£100,001 to £105,000 p.a.	1	1	-	-
	<b>5</b>	<b>2</b>	<b>-</b>	<b>-</b>

There was one leaver and one new starter within the key management personnel during the year. If the new starter's salary were grossed up to a full year, they would have been paid in the £95,001 to £100,000 banding.

Key management personnel compensation is made up as follows:

	2023	2022
	£'000	£'000
Basic salary	330	237
Pension contributions	56	29
<b>Total key management personnel compensation</b>	<b>386</b>	<b>266</b>

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration are as follows:

	2023	2022
	£'000	£'000
Basic salary	101	101
Pension contributions	14	-
<b>Total compensation</b>	<b>115</b>	<b>101</b>

The governing body adopted the AoC's Senior Staff Remuneration Code in July 2019 and assess pay in line with its principles. The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Governance Remuneration & Search Committee of the governing body who undertake an annual review of performance against the college's overall objectives using both qualitative and quantitative measures of performance.

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

	2023	2022
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	4.8	5.3
Principal and CEO's total remuneration as a multiple of the median of all staff	4.6	4.6

## Kingston Maurward College

### Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

#### 9 Other operating expenses

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	572	572	801	801
Non-teaching costs	1,308	1,294	1,404	1,417
Costs relating to other income generating activities	2,158	1,753	1,578	1,318
Premises costs	1,610	1,610	909	909
<b>Total</b>	<b>5,648</b>	<b>5,229</b>	<b>4,691</b>	<b>4,446</b>

#### Other operating expenses include:

	2023 Group £'000	2022 Group £'000
Auditors' remuneration:		
Financial statements audit*	43	41
Internal audit**	33	25
Other services provided by the external auditors	2	1
Hire of assets under operating leases	191	215

\* includes £37k in respect of the college (2022 £36k)

\*\* includes £31k in respect of the college (2022 £17k)

#### 10 Interest and other finance costs

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
On bank loans, overdrafts and other loans	99	99	92	92
On finance leases	-	-	1	1
	99	99	93	93
Net interest on defined pension liability	81	81	190	190
<b>Total</b>	<b>180</b>	<b>180</b>	<b>283</b>	<b>283</b>

#### 11 Taxation

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year.

Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

## 12a Tangible fixed assets (Group and College)

	Land and Freehold	Buildings Long leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2022	20,794	130	5,019	5,360	31,303
Additions	99	-	307	289	695
Assets brought into use	5,587	-	62	(5,649)	-
Disposals	-	-	(122)	-	(122)
<b>At 31 July 2023</b>	<b>26,480</b>	<b>130</b>	<b>5,266</b>	<b>-</b>	<b>31,876</b>
<b>Depreciation</b>					
At 1 August 2022	6,517	73	4,142	-	10,732
Charge for the year	522	2	215	-	739
Elimination in respect of disposals	-	-	(17)	-	(17)
<b>At 31 July 2023</b>	<b>7,039</b>	<b>75</b>	<b>4,340</b>	<b>-</b>	<b>11,454</b>
<b>Net book value at 31 July 2023</b>	<b>19,441</b>	<b>55</b>	<b>926</b>	<b>-</b>	<b>20,422</b>
Net book value at 31 July 2022	14,277	57	877	5,360	20,571

	Land and Freehold	Buildings Long leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Source of funds</b>					
Inherited	4,010	-	-	-	4,010
Financed by exchequer funds	3,851	-	190	-	4,041
Financed by other grant funds	8,398	-	11	-	8,409
College funded	3,182	55	725	-	3,962
<b>Net book value at 31 July 2023</b>	<b>19,441</b>	<b>55</b>	<b>926</b>	<b>-</b>	<b>20,422</b>

The freehold land and buildings inherited from the local education authority at incorporation were valued for the purpose of the 1994 financial statements at open market value in their existing use by a firm of independent chartered surveyors, Symonds and Sampson, in August 1992. If these fixed assets had not been revalued, they would have been included at their historical cost amount of £nil.

Should assets acquired with the use of Exchequer or other grant funding be sold, then the College may be liable under the terms of the award to surrender some or all of the sale proceeds.

## Kingston Maurward College

### Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

#### 12b Intangible fixed assets (Group and College)

	Software	Total
	£'000	£'000
<b>Cost or valuation</b>		
At 1 August 2022	392	392
Additions	35	35
<b>At 31 July 2023</b>	<b>427</b>	<b>427</b>
<b>Depreciation</b>		
At 1 August 2022	287	287
Opening balance adjustment	10	
Charge for the year	30	30
<b>At 31 July 2023</b>	<b>327</b>	<b>327</b>
<b>Net book value at 31 July 2023</b>	<b>100</b>	<b>100</b>
Net book value at 31 July 2022	105	105

#### 13 Non-current investments

The College has an investment of £1 (2022: £1) in its wholly owned subsidiary company Kingston Maurward Enterprises Limited.

#### 14 Stock

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Farm stocks including crops and livestock	498	498	519	519
Other stocks	41	8	40	18
<b>Total</b>	<b>539</b>	<b>506</b>	<b>559</b>	<b>537</b>

#### 15 Trade and other receivables

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Trade receivables	107	104	122	63
Prepayments and accrued income	188	178	169	167
Recoverable VAT	1,067	1,067	1,301	1,301
<b>Total</b>	<b>1,362</b>	<b>1,349</b>	<b>1,592</b>	<b>1,531</b>

Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

## 16 Creditors: amounts falling due within one year

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	56	56	365	365
Other loans	16	16	63	63
Trade payables	566	512	683	650
Amounts owed to Subsidiary undertaking	-	46	-	263
Other taxation and social security	116	85	190	190
Accruals and deferred income	766	673	541	373
Deferred income - government capital grants	432	432	311	311
Other creditors	287	282	232	232
Amounts owed to ESFA	2,256	2,256	1,480	1,480
<b>Total</b>	<b>4,495</b>	<b>4,358</b>	<b>3,865</b>	<b>3,927</b>

## 17 Creditors: amounts falling due after one year

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	2,434	2,434	1,814	1,814
Other loans	-	-	15	15
Deferred income - government capital grants	14,857	14,857	12,502	12,502
<b>Total</b>	<b>17,291</b>	<b>17,291</b>	<b>14,331</b>	<b>14,331</b>

## 18 Maturity of debt - bank and other loans

Bank and other loans are repayable as follows:

	2023		2022	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	72	72	428	428
Between one and two years	72	72	395	395
Between two and five years	245	245	728	728
In five years or more	2,117	2,117	706	706
<b>Total</b>	<b>2,506</b>	<b>2,506</b>	<b>2,257</b>	<b>2,257</b>

The College had the following loans at the balance sheet date:

- A Dorset Local Enterprise Partnerships loan of £250k, drawn down in November 2018 and repayable by quarterly instalments over 5 years. Interest is charged at a variable rate at 0.75% p.a. over the Bank of England base rate. This is an unsecured loan.
- A bank loan of £2,490,000 drawn down in September 2022 and repayable by quarterly instalments over 20 years. The first year was a repayment holiday with repayments starting in October 2023. Interest is charged at a fixed rate of 6.44% p.a. for 15 years before moving to a variable rate of 2.85% p.a. over the Bank of England base rate. This loan is secured against the whole the College's freehold estate. The loan was a consolidating loan which was used to repay all other existing loans (except the LEP loan above) as at September 2022.

Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

19 Cash and cash equivalents	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Restricted cash	-	2,667	2,667
Cash and cash equivalents	452	4	456
Overdrafts	-	-	-
<b>Total</b>	<b>452</b>	<b>2,671</b>	<b>3,123</b>

20 Capital commitments – group and college

	2023 £'000	2022 £'000
Commitments contracted at 31 July	-	102

The commitments in the previous year were with regard to two capital projects; the construction of the University Centre and Rural Hub (funded by Dorset LEP) and the installation of a Ground Source Heat Pump (funded by Salix). Both projects completed in Autumn 2022.

21 Lease Obligations

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

	Group and College	
	2023 £'000	2022 £'000
<b>Future minimum lease payments due - Other</b>		
Not later than one year	168	159
Between two and five years	89	126
In five years or more	-	-
<b>Total lease payments due</b>	<b>257</b>	<b>285</b>

22 Contingencies

The College does not have any contingent liabilities to report.

23 Events after the reporting period

The College is currently undertaking detailed scenario planning, modelling and cost forecasting work with another local Further Education Provider with a view to combining the two colleges from the 1<sup>st</sup> August 2024. This proposition would continue to see the delivery of specialist land-based education at the Kingston Maurward campus.

The College entered into an Emergency Funding agreement with the DfE on the 20<sup>th</sup> December 2023. This provides for up to £1.5m of operational support, to be drawn as and when required. The agreement also provides financial support with the business combination related costs incurred up to the date of the execution of that solution.

Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

**24 Defined benefit obligations**

The College's employees belong to two principal post-employment benefit plans: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Dorset Local Government Pension Scheme (LGPS) for non-teaching staff. 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 2019 and of the LGPS 31 March 2019.

**Total pension cost for the year**

	2023		2022	
	£000	£000	£000	£000
Teachers' Pension Scheme: contributions paid		417		381
Local Government Pension Scheme:				
Contributions paid	413		401	
FRS 102 (28) charge	<u>363</u>		<u>1,075</u>	
Charge to the Statement of Comprehensive Income		776		1,476
<b>Total Pension Cost for Year within staff costs</b>		<u><b>1,193</b></u>		<u><b>1,857</b></u>

**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.

The latest actuarial review of the TPS was carried out as at 31st March 2019. 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 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022/23 academic year.

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

The total pension costs paid to TPS in the year amounted to £417k (2022: £381k).

## Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Dorset Local Authority. The total contributions made for the year ended 31 July 2023 were £556k, of which employer's contributions totalled £413k and employees' contributions totalled £143k. The agreed contribution rates for future years are 19.3% for the college 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 2022 updated to 31 July 2023 by Barnett Waddingham.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.80%	1.50%
Future pensions increases	2.80%	2.80%
Discount rate for scheme liabilities	5.15%	3.40%
Inflation assumption (CPI)	2.80%	2.80%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2023 Years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	21.8	22.1
Females	23.9	24.6
<i>Retiring in 20 years</i>		
Males	23.1	23.4
Females	25.3	25.6

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

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equity instruments	9,980	8,508
Debit instruments	4,465	5,438
Property	1,387	1,610
Cash	233	206
	<hr/> 16,065	<hr/> 15,762
<b>Weighted average return on fund assets</b>	<b>1.86%</b>	<b>(1.17)%</b>
<b>Actual return on plan assets</b>	<b>292</b>	<b>(186)</b>



Notes to the Accounts for the year ended 31<sup>st</sup> July 202324 Defined benefit obligations (continued)  
Local Government Pension Scheme (continued)

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

	2023 £'000	2022 £'000
Fair value of plan assets	16,065	15,762
Present value of defined benefit obligations	<u>(14,867)</u>	<u>(18,343)</u>
<b>Net pensions asset/(liability)</b>	<b>1,198</b>	<b>(2,581)</b>
Less notional surplus not recognised	<u>(1,198)</u>	<u>-</u>
<b>Net pensions asset/(liability) as recognised in these financial statements</b>	<b>-</b>	<b>(2,581)</b>

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 FRS 102.

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

	2023 £'000	2022 £'000
<b>Amounts included in staff costs</b>		
Current service cost	766	1,465
Administration expenses	<u>10</u>	<u>11</u>
<b>Total service cost</b>	<b>776</b>	<b>1,476</b>
Less employer contributions	<u>(413)</u>	<u>(401)</u>
<b>FRS 102 (28) charge</b>	<b>363</b>	<b>1,075</b>
<b>Amounts included in net interest and finance costs</b>		
Interest income on plan assets	(536)	(255)
Interest cost on defined benefit obligation	<u>617</u>	<u>445</u>
<b>Total net interest</b>	<b>81</b>	<b>190</b>
<b>Amount recognised in Other Comprehensive Income</b>		
Return on pension plan assets	(244)	(441)
Experience losses arising on defined benefit obligations	<u>(2,829)</u>	<u>(63)</u>
Other actuarial losses	7	-
Changes in assumptions underlying the present value of plan liabilities	<u>7,289</u>	<u>11,287</u>
<b>Other comprehensive income</b>	<b>4,223</b>	<b>10,783</b>

Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

24 Defined benefit obligations (continued)  
Local Government Pension Scheme (continued)

Movement in net defined benefit asset/(liability) during year

	2023 £'000	2022 £'000
Net defined benefit asset/(liability) in scheme at 1 August	(2,581)	(12,099)
Current Service cost	(766)	(1,465)
Employer contributions	413	401
Administration expenses	(10)	(11)
Net interest on the defined asset/(liability)	(81)	(190)
Actuarial gain or loss	4,223	10,783
<b>Net defined benefit asset/(liability) at 31 July</b>	<b>1,198</b>	<b>(2,581)</b>

Asset and Liability Reconciliation

	2023 £'000	2022 £'000
<b>Changes in the present value of defined benefit obligations</b>		
Defined benefit obligations at start of period	18,343	27,990
Current service cost	766	1,465
Interest cost	617	445
Contributions by Scheme participants	143	146
Experience gains and losses on defined benefit obligations	2,829	63
Changes in financial assumptions	(7,031)	(10,356)
Estimated benefits paid	(542)	(479)
Change in demographic assumptions	(258)	(931)
<b>Defined benefit obligations at end of period</b>	<b>14,867</b>	<b>18,343</b>

	2023 £'000	2022 £'000
<b>Changes in fair value of plan assets</b>		
Fair value of plan assets at start of period	15,762	15,891
Interest on plan assets	536	255
Return on plan assets	(244)	(441)
Other actuarial losses	7	-
Administration expenses	(10)	(11)
Employer contributions	413	401
Contributions by Scheme participants	143	146
Estimated benefits paid	(542)	(479)
<b>Fair value of plan assets at end of period</b>	<b>16,065</b>	<b>15,762</b>

## Notes to the Accounts for the year ended 31<sup>st</sup> July 2023

### 25 Related Party Transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that some transactions will take place with organisations in which a member of the board of governors 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.

A Davies & R Williamson are directors and D Knight is the independent chair of Synergy Farm Health. The College transacts with this organisation. During the year, the College procured services totaling £36k from Synergy Farm Health, whilst Synergy Farm Health hired facilities from the College costing £47k. At the 31st July 2023, the College owed Synergy Farm Health £8k for the procured services and Synergy Farm Health owed £4k to the College for the facilities hire.

A Minard was during the year, the Principal of and L Rake is a member of the board of Dorset Studio School. The College provides transport services for and allows use of its facilities by the Studio School, negotiated at commercial rates. During the year, the College invoiced the Studio School £286k and as at 31st July 2023, the Studio school owed the College £59k.

Both L Rake and N Newman are directors and board members of the Dorset Local Enterprise Partnership. The College holds a pre-existing loan with the DLEP, as detailed under the debt note. During the year the College paid £2k in interest charges and repaid £63k in capital. As at the 31st July 2023, there was an outstanding capital amount of £16k.

L Rake is a director of Landex. During the year the College procured services from Landex totaling £8k. As at the 31st July 2023, the College owed Landex £0.4k.

The College owns 100% of its subsidiary company, Kingston Maurward Enterprises Ltd. During the year, Kingston Maurward Enterprises Ltd procured services from the College totaling £333k. As at the 31st July 2023, Kingston Maurward Enterprises owed the College £24k.

The total expenses paid to or on behalf of the Governors during the year was £838 for 1 governor (2022: £0). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

### 26 Amounts disbursed as agent - Learner support funds and bursaries

	2023 £'000	2022 £'000
Funds brought forward	113	180
Bursary grants received in-year	354	186
	<u>467</u>	<u>366</u>
Repaid	(88)	(64)
Disbursed to students	(184)	(180)
Administration costs	(11)	(9)
	<u>184</u>	<u>113</u>
Balance unspent as at 31 July, included in creditors		

Funding body grants and charitable gifts 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.

