

# **North East Surrey College of Technology (Nescot)**

## **Annual Report and Financial Statements Year ended 31 July 2025**

# North East Surrey College of Technology (Nescot)

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# Nescot

## Reference and Administrative Details

The members who served the Corporation during the year and up to the date of signature of this report were as follows:

### Board of Governors

Please see the table at page 24.

### Clerk/Company Secretary

Susanne Wicks, Head of Governance

### Senior Management Team

Julie Kapsalis, Principal and CEO

Andrew Cowan, Deputy Principal

Sarah Watson, Chief Operating Officer

Donna Patterson, Chief People Officer

Daniel Thornton, Executive Director

### Principal and Registered Office

North East Surrey College of Technology (Nescot)

Reigate Road, Ewell

Epsom

Surrey KT17 3DS

### Professional advisors

External Auditors	MHA, 2 London Wall Place, London EC2Y 5AU
Internal Audit	RSM, 6th Floor, 25 Farringdon Street, London EC4A 4AB
Bankers	HSBC UK Bank plc, West London Corporate 2nd Floor, Space one, 1 Beadon Road, Hammersmith, London W6 0EA

## **Nescot Strategic Report**

### **OBJECTIVES AND STRATEGY**

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

#### **Legal status**

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

#### **Mission, Vision, Strategy and Objectives**

Nescot's vision is 'to be the college choice that enables and empowers every learner to achieve their goals and fulfil their potential'.

The college's mission is:

- To place the learner at the heart of everything we do, and
- To be a dynamic college for our community and its employers

Nescot's Strategic Plan 2023-26, sets out the following strategic objectives underpinning delivery of the vision:

1. Outstanding teaching and learning in an inspirational, innovative, inclusive and safe environment.
2. Deliver a curriculum that enables our learners to develop the skills, attitudes and qualifications to progress and succeed at work and in society.
3. Engage with employers and other stakeholders to offer and develop courses that are relevant and in demand.
4. Strong relationships with schools, other providers and community groups to generate growth in learner numbers.
5. Financial sustainability and a strategy to invest in the estate and our facilities to meet local needs.
6. An employer of choice with strong staff engagement and a commitment to support staff growth and development.

Specific objectives for 2024/25 were to:

Objectives	Outcomes
1. Outstanding teaching and learning in an inspirational, innovative, inclusive and safe environment.	
<p>Deliver outstanding teaching, learning and assessment that challenges and inspires our students to help them reach their goal</p> <p>Providing holistic support to keep our students safe</p> <p>Develop the use of technology to improve the way students learn and to prepare them for their future careers</p> <p>Continuing to invest in the college estate to support key priorities</p>	<p>Ofsted 'Good' Achieved in January 2023 Inspection and participated in the first pilot inspection of the new scorecard in February 2025 – receiving positive feedback.</p> <p>Increased investment in security – resources and infrastructure and close working with the Police, local authorities and Joint Action Group (JAG) focussing on community safety on and off campus.</p> <p>Further investment in IT and immersive technology across the campus.</p> <p>Phase 1 refurbishment of the Yorkon and Learning Resource Centre (LRC) completed. Reconfiguration and improvements to construction workshops completed.</p> <p>Increased CCTV to improve safety.</p> <p>Commenced development of the estate master plan.</p> <p>National Student Survey (NSS) returning score higher than the national average and, in the Learning Resources category, Nescot scored <b>94%</b>, compared to a sector average of <b>87.9%</b>.</p>
2. Deliver a curriculum that enables our learners to develop the skills, attitudes and qualifications to progress and succeed at work and in society.	

<b>Objectives</b>	<b>Outcomes</b>
<p>Develop the tutorial and enrichment programme to support our students' broader learning</p> <p>Deliver a strong careers education programme, with emphasis on employability skills</p> <p>Deliver a curriculum that successfully attracts and engages with a diverse student population</p>	<p>Progress made to develop the tutorial and enrichment programme with new clubs established (women's football, basketball and boxing) alongside a continued programme of enrichment talks 'NEStalks. This year they featured former Nescot student and award winner author, Jane Wilson-Howarth and Basil Meade founder of the UK's first community gospel choir.</p> <p>Refurbishment of the student common room.</p> <p>Introduced first cohorts of T Levels in health, digital and animal management.</p>
<p>3. Engage with employers and other stakeholders to offer and develop courses that are relevant and in demand.</p>	
<p>Develop Links with employers to source high quality and meaningful work experience placements that benefit our students and employers.</p> <p>Develop a forward thinking and cost-effective curriculum that meets Local Enterprise partnership (LEP) and local Authority priorities and skills gaps and reflects industry need.</p> <p>Work with employers of all sizes and types to increase the availability and quality of apprenticeships.</p> <p>Work with local authorities to deliver a comprehensive high needs provision.</p>	<p>Launch of the Cruise Career Springboard programme, a partnership with leading cruise ship operators.</p> <p>High level links with the Jockey Club established and the creation of increased work experience placements and apprenticeships.</p> <p>Increase in learners placed with high needs in college and growth of the supported internship programme working with employers who provide supported internships.</p> <p>Summer Construction Academy run with Wates targeting young people at risk of becoming NEET from local schools.</p> <p>Piloting an enhanced NEETs offer for 2026 in collaboration with Surrey</p>

Objectives	Outcomes
	<p>County Council and local schools, with the aim to support high levels of NEETs in parts of the region.</p> <p>Increased ESOL and digital skills offer to provide those essential skills needed by employers and better prepare students for work.</p> <p>Completed first year of pioneering Construction Skills for Highways course with Ringway and Surrey County Council.</p>
<p>4. Strong relationships with schools, other providers and community groups to generate growth in learner numbers.</p>	
<p>Deliver an effective school liaison offer through strong relationships with schools, aligning curriculum resource to support this activity .</p> <p>Create opportunities to work directly with young people to ensure they are receiving impartial information, advice and guidance</p> <p>Provide a wider college experience for young people.</p>	<p>Hosted over 20 visits from schools and attended over 60 events at schools or other events promoting school liaison and relationships.</p> <p>Hosted the third annual headteacher lunch attended by over 20 local schools leading to closer working and collaboration for example the provision of teacher training programmes.</p> <p>Hosted the third annual International Women’s Day lunch attended by women representing over 15 key large employers.</p> <p>Member of the Clear-Hold-Build pilot initiative in partnership with the police, local authority and county council departments. The initiative was instrumental in securing funds to deliver a community art project to paint the underside of a railway bridge.</p>

<b>Objectives</b>	<b>Outcomes</b>
	<p>Hosted Community Summer Schools to teach English as a second language to adult learners – including the local Ukrainian opportunity. This forms as ongoing partnership with Epsom &amp; Ewell Hub.</p>
<p>5. Financial sustainability and a strategy to invest in the estate and our facilities to meet local needs.</p>	
<p>Achieve sustainable growth and economies of scale in core business from increased student numbers.</p> <p>Achieve sustainable growth from joint venture partnerships and commercial activity.</p> <p>Maintain a sound contribution to overhead from teaching departments.</p> <p>Encourage innovation across the college.</p>	<p>Maintained ‘Outstanding’ Financial Health rating.</p> <p>Increased marketing activities attracting record numbers to our open days in 2024/25.</p> <p>Updated guidance for managers on curriculum and budget planning which introduced a more rigorous approach resulting in the identification of efficiencies and increased deployment of staff.</p> <p>Rolled out further investment in immersive and virtual reality technology across our spaces alongside training for curriculum and business support staff on AI.</p> <p>Exited non viable commercial ventures including theatre hire and hair salon.</p>
<p>6. An employer of choice with strong staff engagement and a commitment to support staff growth and development.</p>	
<p>Provide professional and personal development opportunities for all staff to improve their knowledge, skills and practice.</p> <p>Striving for a collaborative and inclusive workplace, where good</p>	<p>Secured 82% staff satisfaction in Autumn Term 2024 survey.</p> <p>Staff absence rate at 2.28% (target was &lt;2.8%).</p> <p>Introduced dedicated resource to coordinate staff wellbeing initiatives.</p>

<b>Objectives</b>	<b>Outcomes</b>
<p>practice is shared and staff are motivated and supported.</p> <p>Providing staff with the tools they need to do their jobs well.</p> <p>Delivering a clear and well - understood means of recognising and rewarding effort and achievement.</p>	<p>Signed the Armed Forces Covenant in November 2024 – achieving Silver status within the first year.</p> <p>Recognised as Employer of the Year at the Surrey Business Awards, November 2024.</p> <p>Held a series of talks and awareness events around World Sign Language Day.</p>

In July 2025, the Corporation approved a new Strategic Plan for 2025-2028.

### **Resources**

The college employs 585 people, of whom 178 are teaching staff.

The college has £60.2 million (2024: £59.8 of net assets including and no long-term debt.

Tangible resources include the 60-acre campus in Epsom comprising sports pitches, a small farm and built campus. Recent capital investments include the Phase 1 exterior refurbishment of the Yorkon Building; reroofing of the South Block; Phase 1 refurbishment of the Learning Resources Centre (LRC) and the replacement of windows and doors throughout the refectory to improve condition and reduce the cost of heating.

The college has confirmed funding for improvement works which include Phase 2 of the Yorkon Building with construction works commencing in late 2025.

### **Key Funding Targets 2024/25**

ESFA 16-18 Funding	The college received a core allocation of £16.9m for 1974 students and retained 2,060 students at the census point. The funding is lagged and so the college will retain 100% of the allocation.
ESFA 19+ Funding	The college achieved 100% of its ESFA Core Adult Education Budget (AEB).

GLA 19+ Funding	The college achieved 92% of its GLA AEB funding, a significant increase on previous years.
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**Student numbers 2024-25**

	<b>Headcount</b>
ESFA funded 16-18 students	2062
- Of which high needs students	159 + 151 19+ EHCP
ESFA funded 19+ adult skills	630
Apprentices (ESFA and Levy)	746
ESFA advanced learner loan funded students	50
OfS funded students	207
GLA funded students	779
<b>Total funded students (excl. GLA)</b>	3695
<b>Total funded students (incl. GLA)</b>	4474
<b>Total non-funded students</b>	1302
<b>Total</b>	5776

The college has a good reputation locally and this is also growing nationally. At its last Ofsted inspection in 2023 it was rated Good in every area with the following areas highlighted:

- Leaders and managers have successfully planned a curriculum to meet the needs of learners and to enable their progression
- Staff are knowledgeable and well qualified
- Staff ensure learners make good progress against learning aims
- There are high levels of pride amongst learners and staff
- Careers events are effective and well organised
- Collaboration with employers is effective
- Staff feel supported – notably around wellbeing

Furthermore, the college's financial health remained Outstanding in 2024/25. Throughout 2024/25, Nescot was recognised, hosted and participated in several significant events and competitions and gained accreditations including:

- In September 2024 the new Skills Minister, Baroness Jacqui Smith, visited Nescot. It was her first official visit to an FE college and gave the college the opportunity to share the breadth and quality of programmes and importance of FE in the delivery of the skills agenda through meeting students and staff.
- Nescot was awarded employee of the Year at the Surrey Business Awards in November 2024.

- The college signed the Armed Forces Covenant in 2024 and was recognised with Silver in the Employer Recognition Scheme in 2025.
- The creative media team was awarded silver in the Pearson Teaching Awards for FE team of the year.
- One of our learners won silver in the Culinary Arts at WorldSkills UK and was selected for the UK squad for WorldSkills in Shanghai.
- In March 2025 the college hosted its inaugural ‘Nescot Loves Maths and Darts Day’ promoting arithmetic and numeracy skills across the college. We were honoured to host MC Paul Starr, Paul ‘The Asset’ Nicholson, Devon ‘the African Warrior’ Petersen and three times darts world champion Mighty Michael van Gerwen.
- World renowned author and zoologist (and ex-student) Jane Wilson-Howarth visited and gave a NesTalk in March 2025.
- Nescot hosted a SEND networking event for employers.
- The college launched its first Student Motorsport Team following the launch of its Level 2 motorsports programme in September 2024.
- Our student team placed in the finals of the Digital Media Production WorldSkills UK 2025.
- The college was proud to launch the Cruise Career Springboard Programme in partnership with leading cruise companies providing pathways into the cruise industry.
- One of our lecturers was awarded silver in the Pearson Future Education Lecturer of the Year Award for hairdressing.
- One of our distance learning students won the NCFE Aspiration Awards 2025 Against All Odds category.

In addition, our learners participated in four SurreyFE competitions across the year: Construction Skills; Digital Skills; Inter-college Ethical Skills and the Surrey SEN Bake-Off.

In July, the college hosted the second SurreyFE Annual Teaching and Learning Conference attended by over 250 staff from across the four Surrey colleges.

## Stakeholders

The college has a wide range of stakeholders:

Sector funding and commissioning bodies	<ul style="list-style-type: none"> <li>• Department for Education (DfE)</li> <li>• Department for Work &amp; Pensions (DWP)</li> <li>• ESFA/GLA</li> <li>• FE Commissioner</li> </ul>
Employer Partners	<ul style="list-style-type: none"> <li>• Large Businesses</li> <li>• SMEs and micro businesses</li> </ul>

	<ul style="list-style-type: none"> <li>• Business Representative Bodies (ERBs) including Chambers of Commerce, IoD, Federation of Small Business and Gatwick Diamond Business</li> </ul>
Other Civic Partners	<ul style="list-style-type: none"> <li>• Upper Tier Local Authorities</li> <li>• District &amp; Borough Councils</li> <li>• NHS</li> <li>• Police and blue light services</li> </ul>
Community Groups	<ul style="list-style-type: none"> <li>• Voluntary &amp; Community Sector</li> <li>• Charities</li> <li>• Local clubs and hirers</li> </ul>
Education and Training Partners	<ul style="list-style-type: none"> <li>• Schools</li> <li>• Other colleges including SurreyFE a consortium of the four Surrey Further Education colleges</li> <li>• Universities</li> <li>• Private Training Providers</li> <li>• Sussex &amp; Surrey Institute of Technology Consortium</li> </ul>
Alumni	<ul style="list-style-type: none"> <li>• Former students and staff</li> </ul>

### Public benefit

Nescot 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 24. 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 approximately 5,600 students, including over 250 students with high needs.

The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to around 700 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## DEVELOPMENT AND PERFORMANCE

### Financial Review

Financial results for the year ended 31 July 2025 are set out below:

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
<b>Total income</b>	<b>28,303</b>	<b>29,809</b>	<b>26,225</b>	<b>27,526</b>
<b>Total expenditure</b>	<b>27,535</b>	<b>29,378</b>	<b>25,504</b>	<b>27,035</b>
<b>Surplus before other gains and losses</b>	<b>768</b>	<b>431</b>	<b>721</b>	<b>491</b>
Gain/(Loss) on disposal of assets	(31)	(31)	-	-
Gain/(Loss) on investments	209	209	419	419
<b>Surplus/(deficit) before tax</b>	<b>946</b>	<b>609</b>	<b>1,140</b>	<b>910</b>
Taxation	-	-	-	-
<b>Surplus/ (deficit) for the year</b>	<b>946</b>	<b>609</b>	<b>1,140</b>	<b>910</b>

The financial statements comprise the results of the activities of Nescot Enterprise Ltd (NEL).

In line with the strategic priority to achieve a balanced budget by 2026 the college has continued to make great strides in achieving this objective. The college group made a surplus of £768k before other gains and losses for the year. This was driven by a further round of 'Fit for the Future' seeking efficiencies across pay and no pay costs as well through savings from vacant posts.

The college's capital programme included significant works and maintenance and the investment in infrastructure which will continue into 2025/26. Nescot has four subsidiary companies. Only one of these was active during the year ended 31 July 2024. NEL, which is 100% owned by the college. NEL's activities in the year encompassed the supply of administration staff to the college. Any surpluses generated by NEL are intended to be gift aided to the college.

In line with its revised Strategic Priorities published in July 2023, the college continued to plan and focus on stabilising and moving to a surplus budget by 2026. Nescot has made good progress and has achieved a surplus position thanks to the pension revaluation over the past two years. However,

Nescot wishes to continue to build reserves and increase its cash balances to create a contingency fund to meet future capital and investment requirements.

## **FUTURE PROSPECTS**

Building on the Ofsted Inspection in 2023 and subsequent reviews of all activities to ensure our curriculum and budget plan are fit for the future, Nescot continues to focus on achieving a balanced budget and to restructure to ensure resources are effectively allocated to deliver our strategic priorities - placing learners at the heart of everything we do. To this end the corporation approved a refreshed strategic plan for the period 2025-2028 to drive the next period of delivery. The refreshed strategic plan 2025-28 is framed around four key pillars: Product, Place, People and Profile with clear objectives for growth and the associated investment required into each pillar to achieve our objectives and plan for growth.

### **Future developments**

The college is on track to achieve and exceed its objective of delivering a balanced budget in 2026. Achievement of this is critical to the college continuing to invest in its facilities.

In 2024/25 work commenced on developing a new estates master plan which coupled with our refreshed strategic plan and focus on the improving the learner and teaching environment will inform investment priorities and decisions over the next three years.

In parallel, the college will continue to focus on its digital infrastructure to enhance digital and innovative teaching and learning.

Sustainability and implementing our climate action plan is a key priority for 2025/26 and our goals will be underpinned through the new estate master plan and associated works.

## **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 on Corporate Governance.

A risk register is maintained at the college level which is reviewed termly by the Audit Committee and monthly by the College Leadership Team (CLT). The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the college and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the college are outlined below. Not all the factors are within the college's control. Other factors besides those listed below may also adversely affect the college.

<b>Key Risks</b>	<b>Actions to Mitigate</b>
1. HR Staff Recruitment, retention and use of agency staff	In addition to previous mitigation put in place which include a weekly recruitment panel reviewing all vacancies and requests for resource, annual staff surveys, Thank you bonuses scheme and after careful curriculum and budget planning annual pay award, other in year mitigation include the relaunch of staff voice seeking feedback from staff and using other methods to source candidates through wider marketing and or the use of agencies for specific roles.
2. Failure of IT systems	Cyber Essential Accreditation achieved alongside a termly update to governors on cyber and associated action plans. Working towards cyber-Essential Plus. Allocating additional investment in the rolling replacement of infrastructure e.g. Server and firewall replacement. Ongoing campaigns to raise awareness on phishing and scams. Investment in IT system resilience. Systems Group Terms of reference widened to include innovation.
3. Non-compliance with H&S, Safeguarding, Equalities etc	Recruitment of a new Head of Estates and Facilities with a refocus on compliance and rolling investment. Review of audit findings and outstanding actions. Risk Register reviewed on monthly basis by CLT and Strategic Risk Register reviewed weekly by ELT.

## KEY PERFORMANCE INDICATORS

The college's key performance indicators, targets and results are set out below:

Key performance indicator	Measure/Target	Actual for 2024/25
Student number targets (16-18)	1974+	2062
Student achievement	80%+	79%
Apprenticeships Achievement	57+%	55.5%
Operating surplus/EBITDA as % of income	6.55%	9.11%
Staff satisfaction (via survey)	78%	82%
Ofsted rating	Outstanding	Good
Financial rating	Outstanding	Outstanding

### Student achievements

Learner outcomes have improved from the previous years with performance over the past three years showing robust evidence of sustained improvement in key performance indicators, particularly retention, pass, and achievement rates. The table below shows the trend over three years:

Category / Level	Starts	Retained (%)	Pass (%)	Achieve (%)
Whole College (All)	15,149	87.3	89.7	78.3
16-18 (All Outcomes)	9,783	86.2	88.5	76.3
16-18 exc. E&M retakes	5938	87.4	92	80.5
19+ Adults	5366	89.3	91.7	81.8
19+ Adults exc. E&M	4661	89.3	93.5	83.5
Level 2 (16-18)	4,829	88.4	90.7	80.2
Level 3 (16-18)	1,769	83.9	88.9	74.6
Foundation (Entry)	682	94.4	96.4	91.1
English & Maths (All)	5,299	86.8	84.9	73.7
GCSE E&M	2,747	87.4	91.3	79.9
EHCP (16-18)	1,993	91.5	89.8	82.2
EHCP (19+)	1,176	95.2	92.8	88.3

However, work continues to ensure the college moves to exceed national rates as part of the college's strategic objectives. Young people achieve better than in previous years in all levels however there is inconsistency across qualification types.

### Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. During the accounting period 1 August 2024 to 31 July 2025, the college paid 73.5 per cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

### Trade Union Facility Time

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

Facility time is paid time taken by a relevant union official for trade union duties when acting as a representative of the union, for example, accompanying a worker to a hearing, attending union training courses or events etc. The government's explanation outlined that these requirements were designed to promote transparency and public scrutiny of facility time and to encourage public sector employers to moderate the amount of money spent on facility time considering that scrutiny. It is therefore a requirement that this information is available on an organisation's website which is adhered to by Nescot.

Numbers of employees who were in the relevant period	Trade union representatives and full-time equivalents
50 to 1,500 employees	Trade union representatives – 2 FTE trade union representatives - 2

Percentage of working hours spent on facility time	
0%	1 representative
1-50%	1 representative
51-99%	0 representative
100%	0 representative

Total cost of facility time	£2000
Total pay bill	£19000000.00
Percentage of total bill spent on facility time	0.01%

Time spent on paid trade union activities as a percentage of total paid facility time	66 hours
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## **EQUALITY AND DIVERSITY AND INCLUSION**

The college is committed to strive for equity and creates an inclusive culture in which all our staff, learners and communities can thrive. We work to ensure that equity and inclusion are reflected in our curriculum, and we put diversity and inclusion at the heart of our employment policies and practices. We listen to and reflect on our obligations to the communities we serve and encourage those with whom we contract to support our commitments.

We ensure equality and equity of opportunity for all who learn and work at Nescot. We respect and value positively differences in race; gender; sexual orientation; disability; religion or belief; and age. All forms of prejudice and discrimination are unacceptable and will not be tolerated at the college. This is monitored by the Equality, Diversity & Inclusion Management Group where progress against Equality and Diversity Impact Measures (EDIMs) are monitored on a planned basis.

The college's Equality and Diversity Policy is published on the college's website and staff intranet. The college ensures that its curriculum faculties and departments scrutinise and put in place actions in their own areas in response to any EDIM achievement gaps. This ensures that interventions are relevant, local and focused.

The college seeks to ensure that it meets its public sector equality duty to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity, and foster good relations between people who share a protected characteristic and those who do not. In particular:

1. Equality and diversity are central to all that we do, and fundamental to our mission and values. The college has prepared appropriate policies and action plans, which are monitored by the Equality, Diversity & Inclusion Management Group. The Equality and Diversity Policy has been developed and is reviewed to ensure that it meets the requirements of the Equalities Act 2010.
2. The college ensures that all staff receive training in equality and diversity and inclusion and are update trained as necessary. All teaching and assessment materials are regularly monitored to ensure that they promote equality and diversity and that all students receive training at induction. Opportunities to celebrate diversity are promoted throughout the year.
3. It is a legal requirement under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 for all organisations to publish every year the gender pay gap between male and female employees, based on the

difference between their average earnings. This is a key step in addressing the gender pay gap and ensuring that the workplace works for everyone. It is a legal requirement to publish this data by 31 March each year, on their own website and on a government website, which the college has adhered to. The benefits of being committed to reducing the gender pay gap includes developing a reputation for being a fair and progressive employer, attracting a wider pool of potential recruits for vacancies, and the enhanced productivity that can come from a workforce that feels valued and engaged in a culture committed to tackling inequality.

4. The college is a 'Disability Confident Employer' and has committed to the principles and objectives of the Disability Confident scheme. 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 support the employee and ensure that employment with the college continues. The college's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees. This was previously known as the 'Two Ticks' symbol ('Positive about Disabled People'), which the college has participated in since October 2004 and which has now transferred to the Disability Confident scheme. This is in recognition of the support that is provided for disabled job applicants, and for staff with disabilities, and is regularly reassessed against this standard and was last assessed in July 2022. This is assessed every three years and will be reviewed again in July 2025. As part of this commitment, the college has agreed the following:

- Actively looking to attract and recruit disabled people
- Providing a fully inclusive and accessible recruitment process
- Offering an interview to disabled people who meet the minimum criteria for the job
- Flexibility when assessing people so disabled job applicants have the best opportunity to demonstrate that they can do the job
- Proactively offering and making reasonable adjustments as required
- Encouraging our suppliers and partner firms to be Disability Confident
- The college's Equality, Diversity & Inclusion Management Group ensures that effective systems to monitor and evaluate equality and diversity practice are in place by:
  - Setting and monitoring equality and diversity and inclusion performance indicators
  - Monitoring and analysing data on student applications, enrolment, retention and achievement in terms of age, ethnicity, gender and disability

with a view to comparing trends and highlighting and improving or narrowing the gap of any imbalances identified

- Monitoring and analysing student progression and destinations in terms of age, ethnicity, gender and disability, including progression within the college, progression into other educational institutions and, where possible, progression to employment
- Monitoring and analysing staff recruitment, grievance and disciplinary, staff progression and gender pay gap in terms of age, gender, and disability
- Monitoring and analysing the take-up of staff training and development opportunities
- Ensuring college policies in relation to equality and diversity are regularly monitored reviewed and updated, in line with legal requirements
- Producing an Annual Equality and Diversity and Inclusion Report for approval by the Board of Governors and publication on the college website
- Signing up to the Association of College’s (AoC) Equity, Diversity and Inclusion Charter Pledge and committing to an action plan to continuously progress our pledge
- Part of the AoC’s EDI forum Equity Exchange where practitioners can come together to share, challenge and support one another. This collective effort enables a driving forward of innovation, transforming our approach to education and creating a more inclusive and dynamic learning environment for all
- Members of the Social Recruitment Advocacy Group and Surrey Cornerstone Employers Group

### Gender pay gap reporting

	Year ending 31 March 2025
Mean gender pay gap	7%
Median gender pay gap	13%
Mean bonus gender pay gap	n/a
Median gender bonus gap	n/a
Proportion of males/females receiving a bonus	n/a

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

	Males	Females
1 - Lower quartile	28.57%	71.43%
2 - Lower middle quartile	26.54%	73.46%

3 - Upper middle quartile	28.40%	71.60%
4 - Upper quartile	42.59%	57.41%

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

### **Disability Statement**

The college seeks to achieve the general and specific duties set down in the Equality Act 2010, and makes the following commitments:

- Following assessment, students may have access to assistive software such as Read and Write. CPens and laptops can also be made available.
- There are adjustable height furniture and other aids which can be used by students with learning difficulty/disabilities
- The admissions policy for all students is advertised on the college website and is clearly displayed in our Advice and Guidance area. Appeals against a decision not to offer a place are dealt with under the Complaints Policy
- There is a Higher Education Academic Skills Tutor who works to ensure HE students receive their learning support entitlement either through their DSA award or by the delivery of bespoke support delivered on a 1:1 or small group basis. They support students on programme by providing resources and strategies to assist teaching and learning
- There is a programme of staff development to ensure that staff are aware of appropriate support for students who have learning difficulties and/or disabilities
- Courses and their entry requirements are described in programme information guides, and achievements and destinations are recorded and published in the standard college format
- Support and Welfare services are described in the college Prospectus and other materials distributed to students at induction, together with the college's Complaints and Disciplinary Procedure

### **GOING CONCERN**

After making appropriate enquiries, the Corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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

There have been no post balance sheet events.

## **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    and signed on its behalf by:

A handwritten signature in black ink that reads "Chris Muller". The signature is written in a cursive, slightly slanted style with a long horizontal stroke at the end.

Chris Muller, Chair

# Nescot

## Statement of Corporate Governance and Internal Control

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 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

### GOVERNANCE CODE

The college endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”)
3. 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 2025. This opinion is based on an external review of Governance reported to the board on 5<sup>th</sup> July 2024. This external review was undertaken by Governance4FE.
4. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. 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 2023, which it formally adopted on 22<sup>nd</sup> March 2024.

## 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.

Committee Key:

- Audit & Risk Committee - AR
- Curriculum & Quality Committee - CQ
- Finance & General Purposes Committee - FGP
- Search & Governance Committee - SG
- Senior Staff Performance & Remuneration Committee - SSPR

Name	Date of Appointment / Reappointment	Term of office	Date of resignation	Committees served (see key)	Attendance in 2024-25
<b>External Governors</b>					
Chris Muller (Chair)	Reappointed on 22.03.2024	Two years	n/a	FGP SG SSPR	16/16 100%
Nick Vaughan-Barratt (Vice-Chair)	Reappointed on 22.03.2024	Two years	n/a	CQ SG SSPR	14/16 88%
Sean Ahearne	Reappointed on 20.05.2025	Four years	n/a	AR	7/7 100%
Mark Brunt	18.09.2023	Two years	n/a	AR	6/7 86%
Martin Butterfield	Reappointed on 28.05.2023	Four years	n/a	FGP	5/7 71%
Angela Cross-Durrant	Reappointed on 28.05.2023	Four years	02.03.2025	CQ SG SSPR	7/9 78%
Simon Enoch	Reappointed on 22.03.2024	Two years	n/a	AR SSPR	10/13 77%
Angela Green	19.02.2024	Two years	n/a	AR	5/7 71%
Jackie King	14.02.2025	Two years	n/a	AR	2/3 67%
Asaah Nkohkwo	Reappointed on 28.05.2023	Four years	n/a	AR	7/7 100%

Clive Palfreyman	Reappointed on 18.09.2025	Four years	n/a	FGP SSPR	12/13 92%
Giuliana Pieri	Reappointed on 18.09.2025	Four years	n/a	CQ	9/9 100%
Lynn Reddick	Reappointed on 22.03.2024	Two years	05.07.2025	CQ SG	6/10 60%
Jeremy Williams	20.05.2023	Two years	n/a	FGP	7/7 100%
<b>Chief Executive Officer / Principal</b>					
Julie Kapsalis	04.10.2022	n/a	n/a	CQ FGP SG	16/16 100%
<b>Staff Governors</b>					
Amber Watson (Non-Teaching)	13.12.2024	Two years	n/a	CQ	6/7 86%
Slavina Kalendzhieva (Teaching)	20.10.2023	Two years	n/a	CQ	6/7 86%
<b>Student Governors</b>					
Mikey Bertagna-Agozzino (FE)	13.12.2024	One year	n/a	CQ	4/6 67%
Oliver Martin (FE)	13.12.2024	One year	n/a	CQ	5/6 83%
Hannah Lealan (HE)	13.12.2024	One year	n/a	CQ	1/6 17%

### 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 meets termly, with an additional meeting in the spring term which serves as a strategy awayday.

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 Curriculum & Quality, Finance & General Purposes, Audit & Risk, Search & Governance and Senior Staff Performance & Remuneration.

The approved minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the [Nescot website](#). The clerk to the Corporation maintains a register of financial and personal interests of

the governors. The register is available for inspection by contacting [governance@nescot.ac.uk](mailto:governance@nescot.ac.uk)

All governors can take independent professional advice in furtherance of their duties at the college's expense and have access to the clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the clerk are matters for the Corporation as a whole. Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board and Committee meetings.

The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process.

The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

### **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 Search & Governance Committee, comprising five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

New members of the Corporation are appointed for a term of office not exceeding two years, then may be re-appointed for a four-year term. Whilst the Corporation is aware of the AoC's recommendation that governors are not appointed for more than eight years in total, governors reserve the right to do so where a governor's skills and experience are required to support the Corporation's effectiveness, or to fill a specific role, such as Chair, but makes significant efforts to avoid this via effective succession planning.

### **Corporation performance**

During the course of the year, governors undertook a range of development activities, including:

- An awayday in February, focussing on the college's new Strategic Plan and agreeing key priorities for the next three years.
- Regular virtual briefings, covering subjects including the new Procurement Act and updates on Funding Compliance in the college.

- Participation in a meeting with Governors from SurreyFE colleges, focussing on local skills needs, devolution and reflections on External Governance reviews.
- The SurreyFE Joint Teaching & Learning Conference included activity specific to governance, including a session on Positive Board Behaviours.
- Governors are also encouraged to attend the various network meetings organised by the AoC.

Governors have undertaken all mandatory learning and development for new and current governors, including annual Safeguarding Training, as well as Prevent, Health & Safety and GDPR.

The Head of Governance is subject to formal annual performance monitoring and is encouraged and supported to identify and participate in formal and informal CPD. In 2024/25 this included:

- Mandatory Safeguarding, Prevent, Cyber-Awareness and Bullying & Harassment training.
- Attendance at AoC Regional Governance Professional Network meetings
- GovernorHub Clerks Training Sessions
- AoC Governance Professionals Conference.

Following the external review of governance conducted in 2023-24, the Search & Governance Committee continues to monitor the implementation of the action plan emerging from the review. In addition, an internal audit was undertaken in July 2025 into the progress of recommendations emerging from the review, which received partial assurance. Whilst some of the recommendations have been completed, others are underway, or the deadline has been adjusted in accordance with the college's priorities.

Governors continue to review their own performance, undertaking a skills audit in spring/summer 2025. The Corporation has also focussed on succession planning during the year, for both the Chair and Chair of the Audit & Risk Committee whose terms of office will end during the academic year 2025-26. In both cases, a replacement has been identified to ensure a seamless handover, and appropriate CPD and support has been put in place.

### **Remuneration Committee**

Throughout the year ended 31 July 2025, the college's Senior Staff Performance & Remuneration Committee comprised: the Chair of the Corporation; the Vice Chair of the Corporation; and Chairs of the Finance & General Purposes, Curriculum & Quality, and Audit & Risk Committees. The Committee's

responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Chief Executive and Principal, and other senior post holders.

The college complies with the AoC Senior Staff Remuneration Code for Colleges. Details of remuneration for the year ended 31 July 2025 are set out in note 8 to the financial statements.

### **Audit Committee**

The Audit & Risk Committee comprises five members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference which the Committee reviews and approves annually.

The Audit & Risk Committee meets on a termly basis 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.

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 & Risk Committee.

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

The Audit & Risk 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 & Risk Committee met four times in the year to 31 July 2025. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Sean Ahearne	3/3
Mark Brunt	2/3
Simon Enoch	3/3
Angela Green	3/3

Jackie King**	n/a
Asaah Nkohkwo	3/3

\*\*Appointed to Audit & Risk Committee on 4<sup>th</sup> July 2025 .

## 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 and CEO, 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Nescot and the funding bodies. The Principal and CEO 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 Nescot for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

### Capacity to Handle Risk

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

## **The Risk and Control Framework**

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

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

The college has an internal audit service, which operates in accordance with the requirements of the DfE's College Finance Handbook. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit provides the Governing Body with a report on internal audit activity in the college, includes an independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

## **Risks Faced by the Corporation**

A central strategic risk register is maintained and overseen by the Risk Management and Audit Group, and underpinned by localised risk registers, these are regularly reviewed and updated to determine additional management interventions. The Corporation identifies risks through its analysis of data and reports by the executive, through internal and external audits and through evaluation of other external reviews of activities and analysis of opportunities and/or changes to the operating environment.

The college's strategic risk register held 17 strategic risks on 31 July 2025 and assesses the impact and likelihood. The three highest net risks relate to:

1. HR - staff recruitment, retention and use of agency staff
2. Failure of key IT systems
3. Non-compliance with H&S, Safeguarding, Equalities etc.

### Control weaknesses identified

In 2024/25 six internal audits were planned and undertaken.

For the two assurance assignments, internal auditors concluded the Board could take substantial assurance (Health & Safety) and reasonable assurance (Key Financial Controls).

Internal auditors also undertook four advisory audits which were agreed in line with and based on strategic risk areas.

Overall, our auditors determined that the organisation has an adequate and effective framework for risk management, governance and internal control with further enhancements identified.

The following table shows each audit, assurance (where provided) and a summary of the agreed actions:

Assignment	Status / Opinion issued	Action Agreed			
		A	L	M	H
Learner Number Systems	No opinion/ Advisory	0	10	5	1
Key Financial Controls	Reasonable Assurance	0	3	2	0
Office for Students	No opinion / Advisory	0	3	1	0
Health & Safety	Substantial Assurance	0	0	0	0
Governance	Reasonable Progress	7	0	0	0
Apprenticeships	No opinion / Advisory	0	0	5	1

A total of 2 high, 13 medium and 16 low actions were identified. Many of which have been addressed or are in progress.

The two high level advisory actions relate to compliance, and an action plan was put in place to address these actions.

### Responsibilities under Accountability Agreements

The college has reviewed its policies, procedures and approval processes in line with the 2024/25 college finance handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

### Statement from the Audit Committee

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

The specific areas of work undertaken by the audit committee in 2024/25 and up to the date of the approval of the financial statements include internal and external audit reports; financial statements; risk management and controls and health and safety.

### **Review of effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Their 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 external auditor's auditor findings report (management letter) and other reports.
- The regularity self-assessment questionnaire.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its **December 2025** meeting, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering

documentation from the senior management team and internal audit and taking account of events since 31 July 2025.

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

**Approved by order of the members of the Corporation on 12 December and signed on its behalf by:**



Chris Muller  
Chair



Julie Kapsalis  
Accounting Officer

# Nescot

## **Statement of Regularity, Propriety and Compliance**

As Accounting Officer of the Corporation of Nescot I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the college's accountability agreement with DfE, and the requirements of the College Financial Handbook.

I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and noncompliance with terms and conditions of all funding. I confirm that I, and the Board of governors, can identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

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

[insert sig]

Julie Kapsalis  
Accounting officer  
12 December 2025

# Nescot

## Statement of responsibilities of the members of the Corporation

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

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

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report), and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will continue in operation
- The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant

accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities. The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

Approved by order of the members of the Corporation on 12 December and signed on its behalf by:

A handwritten signature in black ink that reads "Chris Muller". The signature is written in a cursive, slightly slanted style.

Chris Muller  
Chair of governors

# North East Surrey College of Technology (Nescot)

## Independent auditor's report to the Corporation of North East Surrey College of Technology

### Opinion

We have audited the financial statements of the Corporation of Nescot (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2025 which comprise which comprise the Consolidated and College Statements of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Group and College Balance Sheet, the Consolidated Statement of Cash Flows, and the notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2025 the Group's and College's surplus of income over expenditure for the year then ended; and
- Have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College 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 responsibilities for the audit of the financial statements section of our report. We are independent of the Group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

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

## **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Governing Body is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the Department for Education requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the 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.

## **Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)**

In our opinion, in all material respects

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.
- funds provided by the Office for Students and the Department for Education have been applied in accordance with the relevant terms and conditions.
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The College's grant and fee income, as disclosed in Note 2 to the financial statements, has been materially misstated; or
- The College's expenditure on access and participation activities for the financial year, as disclosed in Note 9 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

## **Responsibilities of the Governing Body of North East Surrey College of Technology**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, the Governing Body 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 Governing Body 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 Governing Body is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

## **Auditor responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;
- Enquiry of management, those charged with governance and the College's solicitors (or in-house legal team) around actual and potential litigation and claims;
- Enquiry of College staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

### **MHA**

Chartered Accountants and Registered Auditor  
London, United Kingdom

Date:

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

# **North East Surrey College of Technology (Nescot)**

## **Independent Reporting Accountant's Report on Regularity**

### **To: The corporation of North East Surrey College of Technology (NESCOT) and Secretary of State for Education**

In accordance with the terms of our engagement letter dated 21 August 2025 and further to the requirements of Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by North East Surrey College of Technology during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

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

### **Respective responsibilities of the accounting officer of North East Surrey College of Technology and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the extant Framework and Guide for External Auditors and Reporting Accountants of

Colleges. We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by DfE, which requires a limited assurance engagement, as set out in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure. The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

## **Conclusion**

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

**MHA**

Chartered Accountants and Registered Auditor  
London, United Kingdom

Date:

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

# Nescot Group

## Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2025		Year ended 31 July 2024	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Government grants	2	21,596	21,596	19,183	19,183
Tuition fees and education contracts	3	2,700	2,700	3,284	3,284
Other grants and contracts	4	1,316	1,316	1,270	1,270
Other income	5	2,112	2,196	2,070	2,189
Investment income	6	579	2,001	416	1,598
Donations and Endowments		-	-	2	2
<b>Total income</b>		<b>28,303</b>	<b>29,809</b>	<b>26,225</b>	<b>27,526</b>
<b>EXPENDITURE</b>					
Staff costs	7	18,093	19,935	16,640	18,171
Other operating expenses	8	6,592	6,593	6,156	6,156
Depreciation	11	2,850	2,850	2,706	2,706
Interest and other finance costs	10	-	-	2	2
<b>Total expenditure</b>		<b>27,535</b>	<b>29,378</b>	<b>25,504</b>	<b>27,035</b>
<b>Surplus before other gains and losses</b>		<b>768</b>	<b>431</b>	<b>721</b>	<b>491</b>
Gain/(Loss) on disposal of assets		(31)	(31)	-	-
Gain/(Loss) on investments	12	209	209	419	419
<b>Surplus before tax</b>		<b>946</b>	<b>609</b>	<b>1,140</b>	<b>910</b>
Taxation		-	-	-	-
<b>Surplus for the year</b>		<b>946</b>	<b>609</b>	<b>1,140</b>	<b>910</b>
Unrealised surplus on revaluation of assets		68	68	65	65
Actuarial loss in respect of pensions schemes	20	(396)	(396)	(140)	(140)

<b>Total Comprehensive Income</b>	<b>618</b>	<b>281</b>	<b>1,065</b>	<b>835</b>
<b>Represented by:</b>				
<b>Restricted comprehensive income</b>				
<b>Unrestricted comprehensive income</b>	<b>618</b>	<b>281</b>	<b>1,065</b>	<b>835</b>
	<b>618</b>	<b>281</b>	<b>1,065</b>	<b>835</b>
<b>Surplus for the year attributable to:</b>				
Non-controlling interest	-	-	-	-
Group	<b>618</b>	<b>281</b>	<b>1,065</b>	<b>835</b>
<b>Total Comprehensive Income for the year attributable to:</b>				
Non-controlling interest	-	-	-	-
Group	<b>618</b>	<b>281</b>	<b>1,065</b>	<b>835</b>

All items of income and expenditure relate to continuing activities.

# Nescot Group

## Consolidated and College Statements of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1 August 2023</b>	45,962	12,708	58,670
Surplus/(deficit) from the income and expenditure account	1,140	-	1,140
Other comprehensive income	(140)		(140)
Transfers between revaluation and income and expenditure reserves	65	(65)	-
	<hr/>		
<b>Balance at 31 July 2024</b>	47,027	12,643	59,670
	<hr/>		
Surplus/(deficit) from the income and expenditure account	946	-	946
Other comprehensive income	(396)		(396)
Transfers between revaluation and income and expenditure reserves	68	(68)	-
	<hr/>		
<b>Total comprehensive income</b>	618	(68)	550
	<hr/>		
<b>Balance at 31 July 2025</b>	<b>47,645</b>	<b>12,575</b>	<b>60,220</b>
	<hr/> <hr/>		
<b>College</b>			
<b>Balance at 1 August 2023</b>	44,728	12,708	57,436
Surplus/(deficit) from the income and expenditure account	910	-	910
Other comprehensive income	(140)		(140)
Transfers between revaluation and income and expenditure reserves	65	(65)	-
	<hr/>		
<b>Balance at 31 July 2024</b>	45,563	12,643	58,206
	<hr/>		
Surplus/(deficit) from the income and expenditure account	609	-	609
Other comprehensive income	(396)		(396)
Transfers between revaluation and income and expenditure reserves	68	(68)	-
	<hr/>		
<b>Total comprehensive income</b>	281	(68)	213
	<hr/>		
<b>Balance at 31 July 2025</b>	<b>45,844</b>	<b>12,575</b>	<b>58,419</b>
	<hr/> <hr/>		

# Nescot Group

## Group and College Balance Sheet as at 31 July 2025

	Notes	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
<b>Non current assets</b>					
Tangible Fixed assets	11	62,388	62,388	62,178	62,178
Investments	12	4,756	4,756	4,547	4,547
		<b>67,144</b>	<b>67,144</b>	<b>66,725</b>	<b>66,725</b>
<b>Current assets</b>					
Stocks		6	6	12	12
Trade and other receivables	13	3,451	3,411	3,731	3,731
Cash and cash equivalents	17	12,590	11,286	11,880	10,361
		<b>16,047</b>	<b>14,703</b>	<b>15,623</b>	<b>14,104</b>
Creditors – amounts falling due within one year	14	(4,440)	(4,838)	(5,431)	(5,318)
<b>Net current assets</b>		<b>11,607</b>	<b>9,865</b>	<b>10,192</b>	<b>8,786</b>
<b>Total assets less current liabilities</b>		<b>78,751</b>	<b>77,009</b>	<b>76,917</b>	<b>75,511</b>
Creditors – amounts falling due after more than one year	15	(16,025)	(16,083)	(14,711)	(14,769)
<b>Provisions</b>					
Defined benefit obligations	16			-	-
Other provisions	16	(2,506)	(2,506)	(2,536)	(2,536)
<b>Total net assets</b>		<b>60,220</b>	<b>58,420</b>	<b>59,670</b>	<b>58,206</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		47,645	45,844	47,027	45,563
Revaluation reserve		12,575	12,575	12,643	12,643
<b>Total unrestricted reserves</b>		<b>60,220</b>	<b>58,419</b>	<b>59,670</b>	<b>58,206</b>
<b>Total reserves</b>		<b>60,220</b>	<b>58,419</b>	<b>59,670</b>	<b>58,206</b>

The financial statements on pages 43 to 47 were approved and authorised for issue by the Corporation on 12<sup>th</sup> December 2025 and were signed on its behalf on that date by:



Chris Muller, Chair



Julie Kapsalis, Accounting Officer

# Nescot Group

## Consolidated Statement of Cash Flows

	Notes	2025 £'000	2024 £'000
<b>Cash flow from operating activities</b>			
Surplus/(Deficit) for the year		946	1,140
<b>Adjustment for non-cash items</b>			
Depreciation		2,850	2,706
(Increase)/decrease in stocks		6	6
(Increase)/decrease in debtors		280	(162)
Increase/(decrease) in creditors due within one year		(991)	(17)
Increase/(decrease) in creditors due after one year		1,314	1,398
Increase/(decrease) in provisions		(30)	(102)
Pensions costs less contributions payable			61
Interest on LGPS and Enhanced Pension		(396)	(202)
Donated asset			(2)
Revaluation of fixed asset investments		(209)	-
<b>Adjustment for investing or financing activities</b>			
Investment income		(579)	(414)
Loss on sale of fixed assets		31	(419)
<b>Net cash flow from operating activities</b>		<u>3,222</u>	<u>3,993</u>
<b>Cash flows from investing activities</b>			
Investment income		579	414
Payments made to acquire fixed assets		<u>(3,091)</u>	<u>(2,315)</u>
		<u>(2,512)</u>	<u>(1,901)</u>
<b>Cash flows from financing activities</b>			
Capital element of finance lease rental payments		<u>-</u>	<u>(14)</u>
		<u>-</u>	<u>(14)</u>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<u><b>710</b></u>	<u><b>2,078</b></u>
Cash and cash equivalents at beginning of the year	17	11,880	9,802
Cash and cash equivalents at end of the year	17	12,590	11,880

# Nescot Group

## Notes to the Accounts

### 1. Statement of accounting policies and estimation techniques

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

#### **Basis of preparation**

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

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

#### **Basis of accounting**

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

#### **Basis of consolidation**

The consolidated financial statements include the college, its active subsidiary Nescot Enterprises Limited, and its dormant subsidiaries North East Surrey College of Technology Trust Limited, Nescot Holdings Limited and Epsom Downs Business Centre 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. Intra-group sales and profits are eliminated fully on consolidation.

#### **Going concern**

The financial statements are prepared on a going concern basis.

The activities of the college group, together with the factors likely to affect its future development and performance are set out in the Report of the Members of the Corporation. The financial position of the college, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The college group currently has £12.6m of cash balances; £4.8m of investment funds and £48m of reserves. The college's forecasts and financial projections indicate that it will be able to operate for the foreseeable future.

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

## **Recognition of income**

### *Revenue grant funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are recognised in line with the latest estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget (AEB) is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year-end reconciliation process with the funding body following the year-end, and the results of the funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the ESFA or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

The recurrent grant from the Office for Students (OfS) represents the funding allocation attributable to the current financial year and is recognised within 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. Income from the sale of goods or services is recognised within the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

### *Capital grant funding*

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

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

The SORP identifies three types of government grant as being capital grants for land, other capital grants and revenue grants. It also allows a choice of accounting policy for these grants, namely the accrual model or the performance model, although it specifies that grants for land must be accounted for under the performance model.

Under the accrual method, income and other capital grants are recognised in income on a systematic basis over the period in which the related costs are recognised (income) or over the expected useful life of the asset (capital). Under the performance method, income and other capital grants are recognised in income when performance-related conditions are met.

The college has adopted the accrual method of accounting for capital grants.

#### *Fee income*

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised within the Statement of Comprehensive Income in the period for which it is received. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as gross expenditure and not deducted from income.

#### *Investment income*

All income from short-term deposits is recognised in the Statement of Comprehensive Income in the period in which it is earned. Investment income is recognised within the Statement of Comprehensive Income on a receivable basis.

#### **Agency arrangements**

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

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

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

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### *Surrey Pension Scheme (LGPS)*

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

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

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £15.41m. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being "An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that

it is able to recover the surplus either through reduced contributions in the future or refunds from the plan.” In using the word “shall”, the emphasis is placed upon the college to consider the value of such an asset, rather than whether an asset should be recognised in the first instance.

Accordingly, the college has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the college intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable. Secondly, the college has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the prevailing primary rate. The outcome of this calculation has shown that the college is unlikely to gain economic benefit from a reduction in future contributions.

Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2025 to £Nil. Therefore, no defined benefit pension asset has been included in the financial statements.

### **Short-term Employment benefits**

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

### **Employee Termination Benefits**

Termination benefits are employee benefits provided in exchange for termination of an employee’s employment. Expenses and liabilities are recognised when the college has committed to terminate the employment of an employee or group of employees before the normal retirement date, and are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

### **Enhanced Pensions**

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

### **Operating Leases**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

### **Inventories**

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

### **Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

#### *Land and buildings*

Land and buildings inherited from the Local Education Authority (LEA) and buildings acquired since incorporation are stated in the Balance Sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Land and buildings acquired, and building improvements made, since incorporation are included in the Balance Sheet at cost. 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 5 and 60 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.

The college land was revalued as at 1st August 2014 in preparation for FRS102, which has been taken as 'deemed cost' and frozen. This now removes the need for any future revaluations.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

### *Assets under construction*

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

### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the college, in which case it is capitalised and depreciated on the relevant basis.

### *Equipment*

Non-computer equipment costing less than £1,000 per individual item is written off to the Statement of Comprehensive Income in the period of acquisition. Computer equipment costing less than £500 per individual item is written off to the Statement of Comprehensive Income in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority (LEA) is included in the balance sheet at valuation. Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the college of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- Computer equipment – 5 years
- Other equipment – 5 years
- Furniture and fittings - 10 to 15 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet. Where equipment is acquired with the aid of grants designated for capital purposes, it is capitalised and depreciated in accordance with the above policy, with the related grant being treated as a liability in the Balance Sheet and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment.

### **Investments**

Listed investments held as non-current assets and current asset investments are stated at fair value, with movements recognised in the income statement. Investment comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the college's accounts.

### **Cash and cash equivalents**

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

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

### **Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the college has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Balance Sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### **Taxation**

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

The college is partially exempt in respect of Value Added Tax, so that it can only recover around 6.6% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The college's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

## **Provisions and contingent liabilities**

Provisions are recognised when:

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

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

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

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

## **Judgements in applying accounting policies and key sources of estimation uncertainty**

### *Judgements in applying accounting policies*

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the college either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

### *Other key sources of estimation uncertainty*

- Tangible fixed assets -Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account

residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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

## 2 Government grants

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
<b>Recurrent grants</b>				
ESFA – 14-16	15	15	23	23
ESFA – 16-18	15,514	15,514	13,577	13,577
ESFA – AEB	1,003	1,003	927	927
ESFA – Apprentices	2,246	2,246	2,222	2,222
Greater London Authority – AEB	926	926	712	712
Office for students	155	155	197	197
<b>Specific grants</b>				
Teacher Pension Scheme contribution grant	760	760	532	532
Releases of government capital grants	716	716	603	603
Other grants	261	261	390	390
<b>Total</b>	<b>21,596</b>	<b>21,596</b>	<b>19,183</b>	<b>19,183</b>

## HE income (Group)

Grant income from OfS	156	156	197	197
Fees from HE loans	1,327	1,327	1,579	1,579
<b>Total HE income</b>	<b>1,483</b>	<b>1,483</b>	<b>1,776</b>	<b>1,776</b>

**3 Tuition fees and education contracts**

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees		-	263	263
Apprenticeship contracts		-	1	1
Fees for FE loan supported courses	394	394	182	182
Fees for HE loan supported courses	1,327	1,327	1,580	1,580
Full cost fees	979	979	1,258	1,258
<b>Total tuition fees</b>	<b>2,700</b>	<b>2,700</b>	<b>3,284</b>	<b>3,284</b>
Education contracts		-		-
<b>Total</b>	<b>2,700</b>	<b>2,700</b>	<b>3,284</b>	<b>3,284</b>

**4 Other grants and contracts**

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Local authorities High Needs	1,230	1,230	1,167	1,167
Other grant income	86	86	103	103
	<b>1,316</b>	<b>1,316</b>	<b>1,270</b>	<b>1,270</b>

**5 Other income**

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	406	406	428	428
Other income generating activities	1,634	1,718	1,555	1,674
Miscellaneous income	72	72	87	87
	<b>2,112</b>	<b>2,196</b>	<b>2,070</b>	<b>2,189</b>

**6 Investment income**

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000

Gift-aid from subsidiary investment	-	1,425	-	1,182
Bank interest	221	218	214	214
	<b>221</b>	<b>1,643</b>	<b>214</b>	<b>1,396</b>
Net interest on pension scheme (note 20)	358	358	202	202
	<b>579</b>	<b>2,001</b>	<b>416</b>	<b>1,598</b>

## 7 Staff costs

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

	<b>2025</b>	<b>2024</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	178	172
Non-teaching staff	406	403
	<b>585</b>	<b>575</b>

### Staff costs for the above persons

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	13,434	12,725
Social security costs	1,246	1,047
Other pension costs	2,230	2,126
Employer levy	52	49
	16,962	15,947

### Payroll sub total

Contracted out staffing services	1,054	546
	18,016	16,493
Restructuring costs - Contractual	77	123
Restructuring costs - Non Contractual		24

### Total Staff costs

	<b>18,093</b>	<b>16,640</b>
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The corporation has a salary sacrifice arrangement in place for childcare vouchers.

### 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 leadership team which comprises the Accounting Officer, Deputy Principal (Curriculum and Quality) and Chief Operating Officer.

### Emoluments of Key Management Personnel, Accounting Officer and other Higher Paid Staff

	<b>2025</b>	<b>2024</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	3	4

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

	<b>Key management personnel</b>		<b>Other staff</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£15,001 to £20,000 p.a.		1		
£40,001 to £45,000 p.a.				
£45,004 to £50,000 p.a.				
£50,001 to £55,000 p.a.				
£55,001 to £60,000 p.a.				
£60,001 to £65,000 p.a.			1	3
£65,001 to £70,000 p.a.			3	2
£70,001 to £75,000 p.a.			2	1
£75,001 to £80,000 p.a.				
£80,001 to £85,000 p.a.				
£105,001 to £110,000 p.a.		1		
£115,001 to £120,000 p.a.	1			
£125,001 to £130,000 p.a.	1	1		

£135,001 to £140,000 p.a.

£140,001 to £145,000 p.a.

£170,001 to £175,001 p.a.

<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>
<b>3</b>	<b>4</b>	<b>6</b>	<b>6</b>

Key management personnel compensation is made up as follows:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary	429	422
Pension contributions	100	99
Total key management personnel compensation	<u><b>529</b></u>	<u><b>521</b></u>

The above compensation includes the below amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff.

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary	175	171
Pension contributions	37	38
	<u><b>212</b></u>	<u><b>209</b></u>

The governing body has adopted the AoC's Senior Staff Remuneration Code and assesses pay in line with its principles. The remuneration package of key management personnel is subject to annual review by the Remuneration Committee of the Governing Body who use benchmarking information to provide objective guidance. The Remuneration Committee assesses performance against achievement of targets and progress against the college's long-term strategic objectives when reviewing the remuneration package of the key management personnel and Chief Executive and Principal.

The level of pay is benchmarked against the pay of similar colleges in the prior financial year, taken from the DfE financial benchmarking tool, and the general trend within the sector is also considered.

In 2025, the Governing Body agreed to a 2.5% pay award for the Principal, COO and Deputy Principal in line with the pay award for all staff.

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

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Principal's basic salary as a multiple of the median of all staff	6.7	6.5
Principal and CEO's total remuneration as a multiple of the median of all staff	7.0	7.2

During 2025, a review was undertaken to ensure that the college was fit to meet future challenges. As a result of this, and other adjustments to the staffing structure, severance payments were made to 14 staff, totalling £79,000.

Included in these costs were special severance payments totalling £1,270, £9,379 and £9,800.

### 8 Other operating expenses

	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Teaching costs	922	922	860	860
Non-teaching costs	3,762	3,763	3,433	3,433
Premises costs	1,908	1,908	1,863	1,863
<b>Total</b>	<b>6,592</b>	<b>6,593</b>	<b>6,156</b>	<b>6,156</b>

#### Other operating expenses include:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	62	41
Internal audit fees	42	50
Hire of assets under operating leases	76	65
	<u>180</u>	<u>156</u>

<b>9 Access and Participation Expenditure</b>	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Access investment	79	149
Financial support to students	2	3
Disability support	21	21
Research and evaluation	7	7
<b>Total</b>	<b>108</b>	<b>180</b>

**10 Interest and other finance costs**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Net interest on enhanced pension liability	-	2
	-	2

**11 Tangible Fixed assets**

	<b>Land and Buildings (Freehold)</b>	<b>Equipment</b>	<b>Assets in Course of Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>				
At 1 August 2024	82,214	15,039	19	97,272
Transfers	12		(12)	0
Additions	1,390	1,427	273	3,090
Disposals	(2)	(139)		(141)
<b>As at 31 July 2025</b>	<b>83,614</b>	<b>16,327</b>	<b>280</b>	<b>100,221</b>
<b>Depreciation</b>				
At 1 August 2024	22,400	12,694	0	35,094
Charge for the year	1,522	1,328	0	2,850
Disposals	(0)	(111)	0	(111)
<b>As at 31 July 2025</b>	<b>23,922</b>	<b>13,911</b>	<b>0</b>	<b>37,833</b>
<b>Net Book Value at 31 July 2025</b>	<b>59,692</b>	<b>2,416</b>	<b>280</b>	<b>62,388</b>
Net Book Value at 31 July 2024	59,814	2,345	19	62,178

We appreciate there are a number of assets with a zero net book value that may no longer be in existence at the college. A project is currently being undertaken

to identify these assets, subsequent disposal of such assets will be processed in the next financial year. The approximate value of these assets is £5m.

## 12 Investments

	<b>College 2025 £'000</b>	<b>College 2024 £'000</b>
Brought forward	4,547	4,128
Fair value adjustment	209	419
<b>Total</b>	<b><u>4,756</u></b>	<b><u>4,547</u></b>

Between January 2019 and September 2021, the college invested a total of £4m in a fund, managed by Evelyn Partners. The fund is invested in a mixture of equities, bonds and currencies over a period of between one and five years with a view to achieving a balance between income and growth. The college has accepted a medium risk in order to seek to increase the value of the portfolio over the longer term, which assumes that a higher proportion of investments will be made in equities and alternative investments than in cash and bonds. The level of investment is set such that the day-to-day operations of the college will not be affected by any volatility in its value.

The college has 100% ownership of Nescot Enterprises Limited, which supplies staffing services to the college. The college charges Nescot Enterprises for office space and management time. A covenant is in place which requires the subsidiary to gift-aid the profit for the year to the college in the following year. The college also has 100% ownership of three dormant companies; North East Surrey College of Technology Trust; Nescot Holdings Ltd and Epsom Downs Business Centre Ltd.

Transactions are detailed in note 21 Related Party Disclosures.

## 13 Trade and other receivables

	<b>2025 Group £'000</b>	<b>2025 College £'000</b>	<b>2024 Group £'000</b>	<b>2024 College £'000</b>
Amounts falling due within one year:				
Trade receivables	136	136	135	135
Prepayments and accrued income	840	801	920	920
Amounts owed by the ESFA			205	205
Other receivables	2,474	2,474	2,471	2,471
	<b><u>3,451</u></b>	<b><u>3,411</u></b>	<b><u>3,731</u></b>	<b><u>3,731</u></b>

**14 Creditors – amounts falling due within one year**

	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	-	-	-	-
Trade payables	850	850	681	681
Other taxation and social security	578	459	531	447
Accruals and deferred income	666	637	393	348
Accrual for annual leave owing	395	327	404	421
Amounts owed to group undertakings		615		-
Deferred income - government capital grants	830	830	618	618
Amounts owed to the ESFA	435	435	1,437	1,437
Amounts owed to GLA	637	637	1,275	1,275
Other payables	50	49	92	91
	<b>4,440</b>	<b>4,838</b>	<b>5,431</b>	<b>5,318</b>

**15 Creditors – amounts falling due after more than one year**

	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Loans from subsidiary	-	58	-	58
Deferred income - government capital grants	16,025	16,025	14,711	14,711
	<b>16,025</b>	<b>16,083</b>	<b>14,711</b>	<b>14,769</b>

**16 Provisions**

	<b>Group and College</b>				
	<b>Defined benefit obligations</b>	<b>Restructuring</b>	<b>Enhanced pensions</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2024	0	27	38	2,471	2,536
Expenditure in the period	0	(27)	(3)	0	(30)

Additions in  
period

0

<b>At 31 July 2025</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>2,471</b>	<b>2,506</b>
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Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in note 20.

The enhanced pension relates to the cost of staff who have already left the college's employ and commitments for reorganisation costs from which the college cannot reasonably withdraw at the balance sheet date.

The principle assumptions for this calculation are:

	<b>2025</b>	<b>2024</b>
Price inflation	5.50%	2.75%
Discount rate	2.70%	5.00%

The provision in "Other" relates to a £2,471k claim against the directors of a private training provider in liquidation, relating to funding paid to the provider but reclaimed by the ESFA due to the ineligibility of learners. The debt is included in receivables (note 13).

### 17 Cash and cash equivalents

	1 August 2024	Cash flows	31 July 2025
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	11,880	710	12,590
Overdrafts			
<b>Total</b>	<b>11,880</b>	<b>710</b>	<b>12,590</b>

### 18 Capital and other commitments

	<b>Group and College</b>	
	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	74	390

## 19 Lease obligations

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

	<b>Group and College</b>	
	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Other</b>		
Not later than one year	26	41
Later than one year and not later than five years	113	98
Later than five years	<u>139</u>	<u>139</u>
<b>Total lease payments due</b>	<b><u>139</u></b>	<b><u>139</u></b>

## 20 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 Surrey 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 2020 and of the LGPS 31 March 2022.

<b>Total pension cost for the year</b>	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	1,618	1,341
Local Government Pension Scheme:		
Contributions paid	548	642
FRS 102 (28) charge	<u>360</u>	<u>202</u>

Charge to the Statement of Comprehensive Income	908	844
Enhanced pension charge to Statement of Comprehensive Income	<u>4</u>	<u>5</u>
<b>Total Pension Cost for Year within staff costs</b>	<b><u>2,530</u></b>	<b><u>2,190</u></b>

### 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 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation)

As a result of the valuation, new employer contribution rates rose from 23.68% to 28.68% from April 2024.

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

The pension costs paid to TPS in the year amounted to £2,096,000 (2024: £1,785,000)

### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Surrey Country Council. The total contributions made for the year ended 31 July 2025 were £725,000, of which employer's contributions totalled £548,000 and employees' contributions totalled £177,000. The agreed contribution rates for future years are 17.8% for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale. The following information is based upon a full actuarial valuation of the fund at 31 March 2024 updated to 31 July 2025 by Hymans Robertson LLP

Employer and employee contributions amounting to £182,000 (2024: £169,000) payable to the TPS and £53,000 (2024: £67,000) payable to the LGPS are included in creditors.

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	3.75%	3.75%
Future pensions increases	2.75%	2.75%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption (CPI)	2.75%	2.75%
Commutation of pensions to lump sums	55%	55%

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

	<b>At 31 July 2025</b>	<b>At 31 July 2024</b>
	Years	Years
Retiring today		
Males	22.1	21.8
Females	24.3	24.2
Retiring in 20 years		
Males	22.0	21.7
Females	25.9	25.8

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

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	50,752	46,602
Present value of plan liabilities	(35,342)	(39,419)
Impairment charge	(15,410)	(7,183)
<b>Net pensions (liability)/asset</b>	<b><u>0</u></b>	<b><u>0</u></b>

**Sensitivity Analysis – increase in Defined Benefit Obligation**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Discount rate -0.1%	586	690
CPI rate +0.1%	588	688

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

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	538	622
Past service cost	23	179
<b>Total</b>	<b>561</b>	<b>801</b>
<b>Amounts included in investment income</b>		
Net interest income/(costs)	360	202
	<b>0</b>	<b>202</b>
<b>Amount recognised in Other Comprehensive Income</b>		
Return on pension plan assets	2,605	2,849
Experience losses arising on defined benefit obligations	398	(1,317)
Changes in assumptions underlying the present value of plan liabilities	4,827	1,478
<b>Amount in Other Comprehensive Income</b>	<b>7,830</b>	<b>3,010</b>
<b>Movement in net defined benefit (liability)/asset during year</b>		
	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit (liability)/asset in scheme at 1 August	0	0
Movement in year:		
Current service cost	(538)	(622)
Employer contributions	598	740
Past service cost	(23)	(179)
Net interest on the defined (liability)/asset	360	202
Actuarial gain or loss	7,830	3,010
Impairment charge	(8,227)	(3,151)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>0</b>	<b>0</b>

**Asset and Liability Reconciliation****Changes in the present value of defined benefit obligations**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined benefit obligations at start of period</b>	39,419	38,157
Current service cost	538	622
Interest cost	1,950	1,915
Contributions by Scheme participants	177	191
Experience gains and losses on defined benefit obligations	(398)	1,317
Changes in demographic assumptions	172	(79)
Changes in financial assumptions	(4,999)	(1,399)
Estimated benefits paid	(1,540)	(1,484)
Past Service cost	23	179
Defined benefit obligations at end of period	<b><u>35,342</u></b>	<b><u>39,419</u></b>
 <b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	46,602	42,189
Interest on plan assets	2,310	2,117
Return on plan assets	2,605	2,849
Employer contributions	594	734
Contributions by Scheme participants	177	191
Estimated benefits paid	(1,536)	(1,478)
<b>Fair value of plan assets at end of period</b>	<b><u>50,752</u></b>	<b><u>46,602</u></b>

## 21 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 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. In 2025, Governors received reimbursement for travel or subsistence expenses relating to college business of £90 (2024: None). No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2024: None). The CEO and Principal received reimbursement of £929 for expenses relating to college business (2024: £511), and incurred expenditure of £7,375 using the college credit card for wider college business (2024: £5,204). The Deputy Principal received reimbursement of £736 for expenses relating to college business (2024: £195). The Chief Operating Officer received reimbursement of £2,815 for expenses relating to wider college business (2024: £551). The college will review its credit card policy in 2026 as currently the college only has two credit cards.

Nescot Enterprises Limited – a wholly owned subsidiary of Nescot provided staffing services to the college with a value of £6,655,306 (2024: £5,355,084). The College made charges to Nescot Enterprises Limited for the use of premises and its share of administrative costs totalling £84,171 (2024: £72,423). A covenant is in place which requires Nescot Enterprises Limited to gift-aid its taxable profit for the year to the college in the following year. It paid the college £1,424,956 during the year (2024: £1,182,345). As at the year end, the college has an outstanding creditor owed to Nescot Enterprises of £615,000.

Nescot has a creditor balance of £57,903 owed to North East Surrey College of Technology Trust Limited – a wholly owned subsidiary of the college. Both debtor and creditor balances are eliminated in the Group accounts.

## 22 Amounts disbursed as agent - Learner support funds

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Carried forward from prior year	143,980	157,316
16-18 bursary grants	177,960	181,530
Other Funding body grants	11,578	11,163
Interest earned	<hr/>	<hr/>

Disbursed to students	(196,543)	(196,953)
Administration costs	(8,898)	(9,077)
Balance unspent as at 31 July, included in creditors	<u>128,077</u>	<u>143,979</u>

The college distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE. In the accounting period ended 31 July 2025, the college received a total of £189,538 and disbursed £196,543 from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £8,898 for administration costs. As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £128,077, of which £0 relates to funds that are in scope to be returned to DfE in March 2026. Comparatives for the accounting period ended 31 July 2024 are £192,693 received from DfE, £195,064 disbursed to learners after charging £9,076 for administration costs, and total cumulative unspent funds of £143,979, of which £0 was repaid to DfE.

### **23 Events after the reporting period**

There are no events after the reporting period.