



North Kent College

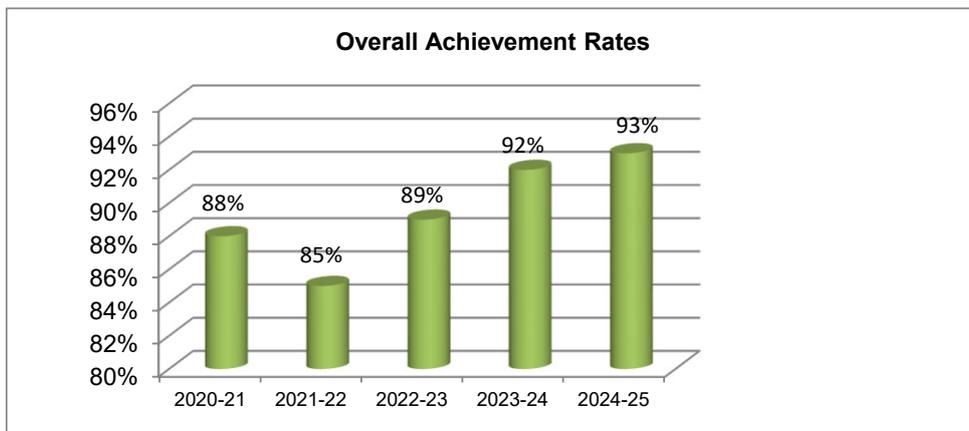
Annual Report and Financial Statements

For the year ended 31 July 2025

Key Performance Indicators from 2024-2025

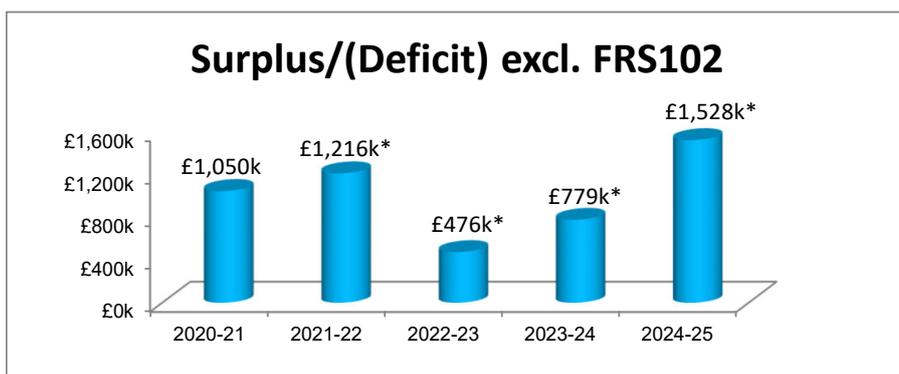
Positive success across the board

Student achievement is the key to the College's success.



Underlying operating surplus

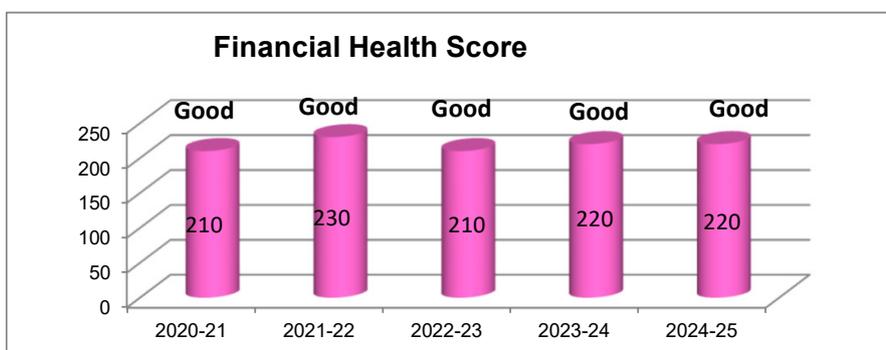
Positive operating result before restructuring and FRS102 delivering financial security.



*Includes deficit grant paid / recovered

Solid financial health

The financial health score as set by the Department for Education



* The College is required to complete the annual Finance Record for the Department for Education ("DFE"). The College is assessed by the DFE as having a "Good" financial health grading excluding the impact of the accounting of the grant funding agreement. The accounts have been prepared in 2024/25 on an FRS102 basis. FRS102 takes account of the non cash adjustments for Local Government Pension Scheme.

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Report of the Governing Body

OBJECTIVES AND STRATEGY

North Kent College is one of the leading education providers to the Thames Gateway and West Kent, ideally situated across the county in Dartford, Gravesend, Tonbridge and Hadlow which is an area of economic and social regeneration. The College successfully delivers training and education to around 5,384 students from South East London and Kent.

The members present their report and the audited financial statements 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 North Kent College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The College has one fully owned subsidiary company, NKC Business Services Limited which provides support staff services.

Mission

The College's mission as approved by its members is:

Provide high quality learning experiences that, through partnership working, enables young people and adults to achieve their potential, and contribute to the success of the community

Resources

The College has various resources that it deploys in pursuance of its Strategic Aims.

-Tangible

North Kent College has four main sites in Dartford, Gravesend, Tonbridge and Hadlow with three additional specialist sites; a Maritime and Fire Fighting facility on the bank of the River Thames in Gravesend, the Learning Shop at Bluewater, and SusCon at The Bridge, Dartford.

-Financial

The College has £118.57 million of net assets (after long term loans of £4.45 million).

-People

The College employs **625** people, of whom 257 are teaching staff.

The College has a good reputation locally and regionally, and nationally for its specialist maritime provision. It was last inspected in February 2024 when it was graded "Good" overall with outstanding features.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/Regional Development Agencies;
- The local community;
- Other FE institutions;
- Trade Union - University and College Unions (UCU);
- Professional bodies.
- South East Local Enterprise Partnership

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Report of the Governing Body (continued)

DEVELOPMENT AND PERFORMANCE

Implementation of Strategic Plan

The College implemented a new Strategic Plan covering the period 2025-29 built around six ambitions

Ambition 1 - Identity and Purpose

- Target - Each of our campuses has a clear local identity that provides a post 16 beacon for each of our local communities
- Target - Students are clear as to the opportunities that exist in their local area and the advantages of attending NKC
- Target - Each campus either increases demand by at least 5% a year or reaches full capacity
- Target - Each course has a positive destination of over 90% with 'vocationally relevant' destinations of over 80%

Ambition 2 - External Engagement Expectations Exceeded

- Target - The College enters at least 8 national competitions over the next 4 years and wins at least two of these
- Target - Key local authority leaders and local authority senior managers are engaged with the College and form part of local Advisory Boards, inputting into future strategic thinking and visiting on a regular basis
- Target - A network of key local employers also participate on each local Advisory Board ensuring the College is clearly responsive to local economic demands
- Target - The College develops a new and unique offer within the local education landscape that makes it stand out from other local providers

Ambition 3 - Staff Well Being at the Core of our Culture

- Target - Every staff member gets an opportunity to speak with a senior manager, either individually or in small teams once a Term
- Target - Staff Development opportunities become available for all staff to request with every member of staff able to benefit from specific job relevant development, personal to them, at least once during the lifetime of this Plan
- Target - Staff Well Being is assessed at least once a year with action plans for both individuals and teams drawn up, resourced, monitored and assessed
- Target - Staff entry and exit points are surveyed to assess motivation for both. Aim to see an increasing trend of positivity within the current staff base being a reputational factor that encourages staff to join and is mentioned as one of the regrets in leaving

Ambition 4 - Student Engagement and Enrichment – Beyond the Classroom

- Target - Every student on every campus has access to a wide range of enrichment activities that broaden their experience at NKC with participation rates in excess of 50% by 2029
- Target - Additional learning opportunities, outside of the main vocational qualifications, are considered for every course to create industry relevant and confident individuals ready to progress into work either immediately or after their chosen further study
- Target - The College develops a wide range of social action initiatives in each community and encourages students to participate in charitable and volunteering opportunities to broaden their education and awareness of the community beyond the college doors
- Target - Students are encouraged and supported to engage in activities that allow them to demonstrate their acquired talents, be that competitions (regional, national and perhaps beyond), showcases, events, etc
- Target - All students are supported to undertake work experience placements to increase their knowledge base and employability prospects

Ambition 5 - Inclusive Environment that removes Barriers

- Target - Review our current approach to the provision of Additional Learning Support and reflect upon whether a different methodology could have even greater success. Evidenced, if changed, by improved outcomes, retention and student feedback
- Target - Consider our current student support service teams, and indeed pastoral support within the curriculum, and reflect on whether alternative approaches, informed by examples from elsewhere within the Sector, could have greater impact, measured in the same way as above
- Target - Continue our proactive work as part of Kent County Council's Pathways for All initiative and consider whether this requires us to amend or alter our curriculum over the next 4 years to accommodate specific need or whether others would be better placed to do so
- Target - Ensure all external stakeholders, e.g. potential students and parents, other education providers, local authorities are fully informed of the enormous diversity of our offer through effective marketing and communications activities

Ambition 6 - Excellence in Our Delivery, Outstanding in our Outcomes

- Target - Annual Achievement rates on 90% of courses exceed 90% by 2029
- Target - High grade profiles continue to improve each year through to 2029 and, where national average data is available, always exceed national averages
- Target - Information, advice, guidance and taster sessions, coupled with a strong, supportive and pastoral start to the Academic Year, ensures attrition in the first 42 days reduces to below 5% each year and continues to fall year on year
- Target - Student satisfaction levels regular exceed 90% for all key questions surveyed with a forensic review of poorer performing courses and a rapid action plan implemented to ensure improvement where necessary

Financial Objectives

The College's financial objectives for 2024/25 were to:

- Achieve an underlying surplus in its operating result - Achieved
- Have an adjusted current ratio of at least 2.0 - Achieved
- Staff costs as % of income less than 65% - Achieved
- Achieve a Financial Health grade of Good - Achieved
- Maintain cash days of 100 or more at all times - Achieved
- Meet the College's loan covenants - Achieved

The College is required to complete the annual Finance Record for the Department for Education ("DFE"). The College is assessed by the DFE as having a "Good" financial health grading. The current rating of Good is considered above standard.

Report of the Governing Body (continued)

Financial Results

The College achieved an operating surplus of £1,528,000 (2023/24: £779,000), before the effect of non cash adjustments of £813,000 for the local government pension scheme under FRS102. When taking account of this the college reported a surplus (excluding the accounting impact of taking on the colleges in educational administration) of £2,341,000 with total comprehensive income (excluding the accounting impact of taking on the colleges in educational administration) of £1,528,000 surplus (2023/24: £779,000 surplus).

The College has delivered a financial operating surplus since 2012.

The College has accumulated reserves and net assets of £ 118,568,000 (2023/24 : £118,982,000) and cash and short term deposit balances of £23,274,000 (2023/24: £23,746,000).

Tangible fixed asset additions during the year amounted to £5,166,000 (23/24 £1,914,000) to provide for high quality learning environments and infrastructure across all the college campuses.

The College has a strong reliance on funding from its main funding bodies for its principal funding source, largely from recurrent grants. For 2024/25, the funding bodies provided over 85% of the College's total income.

Treasury Management

The College has a treasury management policy in place to effectively manage the College's cashflows, its banking, money markets and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has borrowings related to the sites and developments, details of which are contained in the main body of the statutory accounts.

The College has actively placed funds in deposit accounts to maximise returns as interest rates have increased throughout the year.

Cash Flows

For 2024/25 the College had a cash inflow from operating activities of £3,939,000 (2023/24: (£1,916,000 outflow)). The movement mainly relates to funds received in advance for capital expenditure held in deferred income until expenditure plans are crystallised.

Liquidity

The College's liquidity remains positive, similar to last year, with cash and short term deposits balance at £23.27m (2023/24: £23.75m). £1.72m of the cash inflow relates to amounts due to be repaid to the funding bodies in relation to AEB clawback, Bursary funds and capital grant recovery. £4.17m of capital grants have been received but not spent at the end of July 2025. The college monitors liquidity closely due to the number and size of investments currently under way. The loan balance at the end of the year is £5.20m and the interest rate is fixed for the full term to July 2032.

Reserves Policy

The College's policy that the most appropriate basis for determining the College's reserves policy is the level of unrestricted cash and investments (Cash Reserves) net of capital grants received in advance and future expenditure commitments. The College will seek to hold free cash reserves of a minimum of 50 cash reserve days in hand for operational requirements.

As at 31 July 2025, the College has cash and short term investments of £23,274,000. There is £4,166,000 of Capital Grants received not yet spent and a further £12,953,000 of future expenditure commitments which includes clawback, loan commitments and future capital commitments. There are cash reserve days in hand of 54 as at 31 July 2025.

Current and Future Development and Performance

Financial health

The College's financial health remains very positive, in the good category. Long term banking facilities are in place and the college continues to have significant headroom within its covenants as a result of its financial position.

The financial health return and cashflow forecast submitted to the DFE in July 2025 updated the forecasts for 2024/25 and 2025/26 taking account of the budget for 2025/26 approved by the Governing Body. The plan indicated the College will remain in 'Good' financial health in 2025/26.

Report of the Governing Body (continued)

Current and Future Development and Performance (continued)

The College took over substantial parts of Hadlow College and West Kent and Ashford College sites in the Tonbridge and Malling local area under Education Administration on 15th August 2020. This included the Tonbridge Campus and Hadlow Campus sites and an equine facility in the London Borough of Greenwich.

As part of the complex transaction, whereby the College acquired certain activities, premises and staff of Hadlow and West Kent and Ashford Colleges in Education Administration, the College has secured additional funding under a Grant Funding Agreement with the Department of Education, this support ran to 31 March 2023.

Student numbers and Achievement

In 2024/25 16-18 recruitment saw an increase of 8% consolidating our increase in 2023/24, recognising the College is a key provider of post 16 education in West and North Kent.

Students continue to succeed at the College. In 2024/25 the College achievement rate was 93%, with the College on an improvement journey with its newly acquired sites in August 2020. For the prior year it was 92%.

Curriculum developments

The College was inspected by Ofsted in February 2024 and achieved a rating of Good with an addition of "Outstanding" for 'behaviours and attitudes'.

There are a number of IT improvement projects which run alongside the Strategic Plan and support the drive for improvements.

The College operates from four main sites at Dartford, Gravesend, Tonbridge and Hadlow. Further to the take over of parts of Hadlow College and West Kent and Ashford College in 2020, these have now been fully integrated into the wider curriculum strategy for the College.

The College continues to develop the curriculum offer to meet the local needs of students and stakeholders. With the introduction of an increasing number of T Level opportunities within the areas identified by the Government as Industrial Strategy priorities, the College is constantly evolving to create a relevant and purposeful suite of courses. The recent success of the College in being awarded by the DFE the status of the Construction Technical Excellent College for the South East Region, demonstrates the increasing reputation that the College has established in wider stakeholder groups.

Taxation

The College is an exempt charity and not liable to corporation tax.

Future Developments

The College continues to develop the curriculum in line with Government policy. In August 2025, the College was named as the South East Construction Technical Excellence College (CTEC), part of the government initiative to tackle construction skills shortages.

There will be further investment in maintaining the College estate over the next 3 years in line with the estates plan.

Going concern

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in existence for the foreseeable future. In making this assessment, the Governing Body has taken into account the College's current and projected position and principal risk, with reference to a period in excess of 12 months from the date of approval of these financial statements.

Report of the Governing Body (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The College has embedded a system of internal controls, which include financial, operational and risk management which is designed to protect the College's assets and reputation.

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

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding body and through the Office for Students (formerly Higher Education Funding Council for England ["HEFCE"]). In 2024/25, 85% of the College's revenue was ultimately sector funded and this level of dependency is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding,

- Future announcements on Government funding
- Increasing inflationary cost pressures across the College as a whole
- The importance of GCSE English and Mathematics as a key component for study programmes going forward.
- The continued uncertainty over government funding will continue to create a difficult market place to encourage growth in the sector including cost pressures for unfunded national minimum wage and additional National Insurance contributions.
- Reduction in HE recruitment across the sector, with lowering of university entrance requirements.

This risk is mitigated in a number of ways:

- Business Continuity Planning
- By ensuring the College is rigorous in delivering high quality education and training as can be seen in the College's year on year increase in success rates.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
- Continued review of curriculum planning to adapt to demand from and opportunity for positive student destination outcomes.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- College is responsive to changes within the Apprenticeship regime landscape.

Report of the Governing Body (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

2. Tuition fee policy

In line with the majority of other colleges, the College continues to review its tuition fees in accordance with the fee assumptions, which remains at 50% for Adult non loanable learners. This will impact on the growth strategy of the College.

Loans for Adults (i.e. Age 19 or over) for Further Education ("FE") and Higher Education ("HE") now make up the bulk of fees, which are regulated and fixed for FE. With existing competition in the HE market, rises in this area are not possible.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus by ensuring value for money for student.
- Close monitoring of the demand for courses as prices changes

OTHER INFORMATION

Public Benefit

North Kent College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 9.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy, including its Race Relations Policy and Transgender Policies, is published on the College's Internet site.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

Report of the Governing Body (continued)

Disability statement

North Kent College seeks to achieve the objectives set down in the Equality Act 2010:

- a as part of the redevelopment and provision of new buildings it has installed lifts and ramps so that most of the facilities allow wheelchair access to those who need it;
- b there is a list of specialist equipment, lighting for audio facilities, etc, which the College can make available for use by students;
- c the admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- d the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- e specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format; and
- f counselling and welfare services are available and are detailed in the College charter and the College's published Policy on Disability and Discrimination.

Trade union facility time

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

Numbers of employees who were relevant union officials in the relevant period	FTE employee number
3	2.4

Percentage of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

Total cost of facility time	£22,156
Total pay bill	£25,211,000
Percentage of total bill spent on facility time	0.088%

Time spent on paid trade union activities as a percentage of total paid	0%
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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 auditor is 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 auditor is aware of that information.

Approved by order of the members of the Governing Body/Corporation on 11 December 2025 and signed on its behalf by:



Mr D Martin

Chairman

Report of the Governing Body (continued)

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2024/25:

David Gleed	Chief Executive and Executive Principal; Accounting Officer
Rhiannon Hughes	Deputy Executive Principal
Lawrence Jenkins	Deputy Chief Executive
Yolanda Hughes	Clerk to the Corporation

Professional advisers

Financial statements auditors and reporting accountants	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
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Internal auditors:	Scrutton Bland Ltd Fitzroy House Crown Street Ipswich IP1 3LG
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Bankers:	Lloyds Bank Plc High Street Dartford Kent DA1 1BY
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Solicitors:	Thomson, Snell & Passmore LLP Heathervale House 2-4 Vale Avenue Tunbridge Wells Kent TN1 1DJ
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	Jones Chase Ltd 3 Waterhouse Square 138 Holborn London EC1N 2SW
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Statement of Corporate Governance and Internal Control

The Corporation

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

Table 1: Governors serving on the College board during 2024/25

Name	Date of Appointment/ re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees	Attendance				
						Board	SG&R	Q & S	Estates Strategy & Capital Projects	Audit
Mr D Martin	Dec-18	4 years		External Governor	Appointed as Chair of Corporation effective 23.5.2024. Chair of Quality & Standards Committee & Member of Search, Governance & Remuneration Committee, Lead Safeguarding Governor	83%	100%	75%	n/a	n/a
Mr D Gleed	Apr-10	Ex-officio		Chief Executive/Executive Principal	Member of Search, Governance & Remuneration Committee (not a member of Remuneration D Gleed only attends in his capacity as CEO/Exec Principal), Quality & Standards Committee & Estates Strategy & Capital Projects Committee	100%	75%	100%	100%	n/a
Mr T Biring	Mr Biring reappointed in May 2025 for a further 1 year term of office effective 1.8.25 to 31.7.25	4 Years		External Governor	Chair of the Estates Strategy & Capital Projects Committee & Member of Audit Committee	83%	n/a	n/a	100%	100%
Ms S Henwood	Re-appointed Jul 25 effective from Sept 25 to Sept 2029	4 years		External Governor	Chair of Search, Governance & Remuneration Committee	100%	100%	n/a	n/a	n/a
Ms M Sahota	Re-appointed Jul 25 effective from Sept 25 to Sept 2029	4 years		External Governor	Member of the Audit Committee	67%	n/a	n/a	n/a	100%
Mr L Jones	Re-appointed Jul 25 effective from Sept 25 to Sept 2029	4 years		External Governor	Vice Chair of Corporation effective 23 May 2024. Chair of Audit Committee, Member of Search, Governance & Remuneration Committee & Estates Strategy & Capital Projects Committee	100%	n/a	n/a	100%	100%
Dr S Hubble	Re-appointed Jul 25 effective from Sept 25 to Sept 2029	4 years		External Governor	Member of Audit Committee & Quality & Standards Committee as of Nov 2022	100%	n/a	100%	n/a	100%
Mr M Jenkins	May-23	4 years		External Governor	Member of the Audit Committee as of Sept 2023	67%	n/a	n/a	n/a	100%
Mrs I Redman	Nov-23	4 years		External Governor	Member of Estates Strategy & Capital Projects Committee from Nov 23	100%	n/a	n/a	100%	n/a
Mrs E Cosby	Nov-23	4 years	Resigned Sept 2025	External Governor	Member of Quality & Standards Committee from Nov 23	100%	n/a	100%	n/a	n/a
Ms J Spurgin	25.1.24	4 years		External Governor	Member of the Search, Governance & Remuneration Committee & Estates Strategy & Capital Projects Committee to (July 25) Appointed to Quality & Standards Committee effective July 2025	67%	100%	n/a	100%	n/a
Mr R Ogefere	22.5.24	4 years		External Governor	Member of the Audit Committee	100%	n/a	n/a	n/a	100%
Mrs J Grant	22.5.24	4 years		External Governor	Member of the Quality & Standards Committee	100%	n/a	100%	n/a	n/a
Mr P McGahan	22.5.24	4 years		External Governor	Member of the Estates Strategy & Capital Projects Committee	100%	n/a	n/a	100%	n/a
Mr E Barry	8.12.24	1 year		Student Governor	n/a	75%	n/a	n/a	n/a	n/a
Mr D Higbee	27.3.25	2 years		Staff Governor	Member of Quality & Standards Committee from March 25	67%	n/a	81%	n/a	n/a
Mr R King	27.3.25	2 years		Staff Governor	n/a	67%	n/a	n/a	n/a	n/a
Ms H King	Nov-23	4 years	Resigned June 2025	External Governor	Member of Quality & Standards Committee from Nov 23	40%	n/a	75%	n/a	n/a
Mr N Smith	Dec-20	4 years	Reached EoT of office Dec 24	Staff Governor	Member of Quality & Standards Committee	0%	n/a	0%	n/a	n/a
Ms N Moore	Mar-23	2 years	Reached EoT of office March 25	Staff Governor	None	33%	n/a	n/a	n/a	n/a

Corporation Board meetings (total of 6 meetings) – 74%
 Audit Committee meetings (total of 4 meetings) – 96%
 Search & Governance Committee meetings (total of 3 meetings held) – 93%
 Estates Strategy & Capital Projects Committee - (total of 8 meetings held) - 100%
 Quality & Standards Committee (Q&S) - (total of 5 meetings) - 78%
 Special Purposes Committee - no meetings held.

Statement of Corporate Governance and Internal Control (continued)

The following statement is provided to enable readers of the annual report and financial statements of North Kent College to obtain a clear understanding of the College's governance framework and legal structure. It covers the period from 1 August 2024 to 31 July 2025, and includes developments up to the date of approval of these financial statements.

The College is committed to conducting its business:

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

The Corporation has not adopted the UK Corporate Governance Code, as it is not considered applicable to the further education sector. Instead, the College's governance arrangements are fully aligned with the AoC Code and relevant statutory and regulatory requirements, reflecting best practice within the sector.

In the opinion of the Governors, the College has complied fully with the AoC Code throughout the year ended 31 July 2025. The Corporation recognises that, as a body entrusted with both public and private funds, it must uphold the highest standards of conduct, accountability, and governance at all times. This duty is discharged in line with the revised 2024 version of the AoC Code of Good Governance, which came into effect on 31 July 2024 and is structured around six core principles:

Determination of organisational aims and strategic oversight
Responsibility and accountability
Leadership and integrity
Collaboration and stakeholder engagement
Regulatory compliance
Board and organisational effectiveness

The College is an exempt charity under Part 3 of the Charities Act 2011. Governors, in their capacity as charity trustees, confirm they have had due regard to the Charity Commission's guidance on public benefit. Relevant statements regarding public benefit appear elsewhere in these financial statements.

The Corporation Board is responsible for setting the strategic direction of the College, monitoring performance, ensuring effective use of resources, and upholding high standards of ethical and professional conduct. It receives regular and timely reports on financial performance, key performance indicators, quality and safeguarding, health and safety, and human resources matters.

Corporation Meetings in 2024/25

During the academic year 2024/25, the Corporation met on the following occasions:

- 8 October 2024 – Corporation Board Strategy Day
- 24 October 2024 – Corporation Board Meeting 1
- 12 December 2024 – Corporation Board Meeting 2
- 27 March 2025 – Corporation Board Meeting 3
- 13 May 2025 – Corporation Board Training & Development
- 22 May 2025 – Corporation Board Meeting 4
- 3 July 2025 – Corporation Board Meeting 5

Committee Structure and Governance Framework

The Corporation carries out its responsibilities through a formal committee structure. Each committee operates under terms of reference approved by the Corporation. The standing committees are:

Audit Committee
Search, Governance and Remuneration Committee
Estates Strategy and Capital Projects Committee
Quality and Standards Committee

Minutes of Corporation and Committee meetings, excluding items designated as confidential, are available on the College's website or can be requested from the Clerk and Governance Advisor to the Corporation.

A register of financial and personal interests of Corporation Members is maintained by the Clerk and is available for public inspection at North Kent College, Oakfield Lane, Dartford, DA1 2JT.

Professional Advice and Governance Support

All Corporation members are entitled to seek independent professional advice, at the College's expense, in furtherance of their duties. Members also have direct access to the Clerk and Governance Advisor to the Corporation, who is responsible for ensuring compliance with relevant laws, regulations, and governance procedures. The appointment, appraisal, and (if necessary) removal of the Clerk are matters reserved for the Corporation.

Meeting papers and reports are circulated in advance of all Corporation and Committee meetings. Ad hoc briefings and training are provided as necessary to support members in discharging their responsibilities effectively.

The Corporation benefits from a strong and independent non-executive membership. No individual or group exercises undue influence over decision-making. All non-executive members are considered to be independent and free from relationships or circumstances that might compromise their ability to exercise objective and impartial judgment.

There is a clear division of responsibilities between the Chair of the Corporation and the Chief Executive Officer/Chief Accounting Officer, ensuring appropriate separation between governance and management.

Statement of Corporate Governance and Internal Control (continued)

Appointments to the Corporation

Appointments to the Corporation are considered by the Corporation as a whole. The Corporation is advised by its Search, Governance & Remuneration Committee, comprising five members, which is responsible for overseeing recruitment, selection, and nomination processes for new members.

Members are appointed for a term not exceeding four years and may serve up to two terms (a maximum of eight years), although this may be extended in exceptional circumstances in line with best practice and continuity considerations.

Members of the Corporation are appointed for a term of office not exceeding four years and may serve up to two terms of office, a maximum of eight years. This may be extended in exceptional circumstances.

Corporation Performance Internal Governance Self Assessment Summary

In March 2025, the Corporation Board approved the NKC Governance Self-Assessment approach for 2024/25. The consolidated report brings together: (i) Chair of Corporation 360° appraisal; (ii) Governor 1:1 outcomes; (iii) Corporation Board self-assessment against the AoC Code; and (iv) Committee self-assessments for Audit, Quality & Standards (Q&S), Estates Strategy & Capital Projects (ESCP), and Search, Governance & Remuneration (SG&R). The intent is to evidence effectiveness, identify improvements, and agree a cross-college governance action plan for 2025/26.

The review confirms a strong governance culture characterised by open debate, inclusive participation, and purposeful challenge. The Chair's appraisal evidenced high confidence in leadership, meeting management, and constructive Chair-CEO working. Governor 1:1s highlighted positive induction, valued support from the Clerk, and appetite for more in-person engagement with students. Committee self-assessments show mature assurance arrangements (Audit), robust quality oversight (Q&S), effective control of major estates programmes (ESCP), and transparent SPH governance/remuneration aligned to the AoC Code (SG&R). Targeted improvements are identified for high-grade attainment tracking, benefits realisation on projects, and clearer documentation of remuneration rationale. Assurance over financial stewardship remains strong: timely management information, improved Strategic Risk Register, internal/external audit engagement (with confidential sessions), and value-for-money focus in estates procurement and delegated approvals. SG&R confirms continued restraint on SPH pay (no increases beyond all-staff awards since 2020) with benchmarking and affordability considered.

Headline Findings

- Effective and ethical governance culture with open debate, inclusivity, and strong Chair-CEO working relationship.
- Strong assurance across finance, risk, and audit; improved clarity of the Strategic Risk Register and timely reporting.
- Robust oversight of estates strategy and major capital programmes with clear delegated authorities and legal compliance.
- Quality & Standards oversight is mature: SAR/QIP challenge is effective; focus for 2025/26 on high-grade attainment and longitudinal outcomes.
- SG&R operates transparently, aligned to AoC SPH Remuneration Code; scope to formalise remuneration decision logs and EDI indicators.

Governor Training & Development 2024/25

The Corporation is committed to building and maintaining a skilled, informed, and effective governing body. Governors are supported through a structured programme of induction, mandatory training, and ongoing development, aligned to College strategy, emerging risks, and changes in national policy.

Governor Induction Training and Briefing Sessions

A dedicated governance development budget is in place, and governors are regularly informed of external opportunities through the AoC, ETF, and legal and sector bodies.

The following internal/external developmental sessions were attended by governors:

KFE Governance Conference - Medway June 2025
AoC South East Chairs Conference
Data Protection UK
Avoiding Bribery Risks for Business
Immersive Curriculum Experience visits across all campuses
Governor Induction Training and Briefing Sessions
Cyber Security
Safeguarding & Vulnerable Adults Online Training Modules - all governors
Equality, Diversity & Inclusion
Prevent & Radicalisation Certificate
Audit Committee - Strategic Risk Management Development Session
AoC - Chair/ vice chairs' Q&A
AoC - AoC Finance & Audit Committee Chairs' Network Meeting attended by Chair of Audit Committee during 24/25
AoC - Curriculum & Quality Committee Chairs network meeting attended by Chair of Quality & Standards Committee during 24/25
AoC - Chair of Corporation Southeast Networking Meeting attended by Chair of Corporation during 24/25
Understanding Your Role and the Role of the Board
ETF -Trustee Duties (Core 1c)
ETF - Understanding Your Role and the Role of the Board

Internal Governor Development Half day

1. Understanding the culture, character and community of each Campus
2. What are the biggest challenges facing the College Estate over the next 10 years ?
3. Kent FE – what the 3 way partnership does (and what it doesn't !)
4. Mental Health Challenges and the NKC approach

The Clerk and Governance Advisor to the Corporation completed all internal mandatory training in 2024/25 and actively participated in a structured programme of external continuing professional development (CPD) to support the effective delivery of governance services and compliance with national expectations for FE governance professionals.

Eversheds Briefing - Generative AI in Education - Opportunities, Risks and Legal Issues

Eversheds Briefing – FE Legal update March 25

Statement of Corporate Governance and Internal Control (continued)

Search, Governance & Remuneration Committee (SG&R)

Throughout the year ended 31 July 2025, the College's Search, Governance & Remuneration Committee comprised the following Corporation members:

Ms Sarah Henwood – Chair of SG&R Committee (appointed as Chair in December 2022)
Mr David Martin – Corporation Chair
Ms Jane Spurgin
Mr Louis Jones
Mr David Gleed - Chief Executive/Executive Principal for Search & Governance element only

The Chief Executive/Executive Principal, Mr David Gleed, is not a member of the Remuneration Committee.

The Committee's core purpose is to make recommendations to the Corporation Board in relation to:

- * The nomination and appointment of new governors and co-optees to committees, in accordance with the Instrument and Articles of Government;
- * The oversight of governor performance and succession planning;
- * Advising on procedures that promote effective governance;
- * The determination and review of remuneration packages for Senior Post Holders (SPHs) and the Clerk & Governance Advisor to the Corporation; and
- * Providing strategic advice to the Chief Executive/Executive Principal on the composition and structure of the Senior Leadership Team.

The Corporation adopted the AoC Senior Post Holder Remuneration Code in December 2019 and remains committed to its core principles of fairness, transparency, independence, and value for money. SPHs within the remit of the SG&R Committee include:

The Chief Executive & Accounting Officer
Deputy Executive Principal (Teaching, Learning & Improvement)
Deputy Chief Executive
Clerk & Governance Advisor to the Corporation

Following the reclassification of FE colleges as public sector bodies on 29 November 2022, the Corporation Board revised the Committee's terms of reference to ensure that any remuneration decisions are demonstrably:

In the interests of learners;

Proportionate and reasonable;
A good use of public resources; and
Capable of being justified based on performance outcomes.

The Search, Governance & Remuneration Committee had 3 meetings during the academic period and again during formal interview processes. The Committee successfully conducted a recruitment campaign and made recommendation to the Corporation Board to appoint 4 new external governors based on the experience and skills required on the Board.

Details of remuneration for the year ended 31st July 2025 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee as at 31 July 2025 comprised of 7 independent governors of the Corporation. Mr Louis Jones - Chair of Audit Committee appointed May 2024, Dr Sue Hubble (appointed Nov 22), Ms Mandep Sahota, Mr Martin Jenkins (appointed as of July 2023), Mr Teja Biring (appointed 2023) and Mr Rocksea Ogefero (appointed May 2024).

The core function of the Audit Committee is to provide assurance to the Corporation Board on the adequacy and effectiveness of the College's systems of internal control, risk management, financial governance, and compliance. While executive management is responsible for maintaining the control framework, the Audit Committee, acting on behalf of the Corporation, ensures that this framework is effectively applied in practice.

As of 1 April 2024, the Education and Skills Funding Agency (ESFA) was dissolved and its responsibilities were absorbed into the Department for Education (DfE). Consequently, the College is no longer governed by the Joint Audit Code of Practice. Instead, the Audit Committee now operates in accordance with the requirements set out in the Department for Education's 2025 Framework and Guide for External Auditors and Reporting Accountants of Further Education Colleges and the updated Funding Agreements.

The Audit Committee meets at least once per academic term. It provides a forum for both internal and external auditors, who have direct access to the Committee and may meet privately without the presence of College management. The Committee considers audit reports, risk management updates, assurance mapping, and governance compliance reports. It also receives and reviews sector-relevant guidance issued by the Department for Education and other regulatory bodies.

During 2024/25, the Committee:

Oversaw the implementation of recommendations from the external governance review (Stone King, July 2023), including strengthened risk reporting and improved integration of assurance across the College's committees;

Conducted its annual self-evaluation, identifying further opportunities for development and confirming compliance with its revised Terms of Reference (approved June 2024);
Commissioned and reviewed cybersecurity assurance updates, reflecting sector risk alerts and AoC/DfE briefings;
Reviewed and approved the internal audit plan, risk register, and financial statements audit scope for 2024/25.

The Committee also advises the Corporation on the appointment, scope, and remuneration of the internal audit service and the financial statements auditors, including any non-audit work. It receives management's responses to audit recommendations and ensures follow-up reviews are undertaken by internal auditors to verify implementation.

The Audit Committee will continue to adapt its practices in 2025/26 to reflect further regulatory and funding framework developments, ensuring strong and independent oversight in a changing policy environment.

Estates Strategy & Capital Projects Committee

The Estates Strategy & Capital Projects Committee was formally established in August 2020 following the successful significant part acquisition of Hadlow College in Education Administration & West Kent and Ashford College in Education Administration in August 2020 to oversee the capital projects and estate works to be undertaken at the four college campuses. Membership comprises of 7 governors of the Corporation including the Chief Executive/Executive Principal. The committee consists of Mr Teja Biring (Chair of the ES&CP Committee as of 1 August 2021), Mr Keith Norman (retired May 2024 & Co-opted onto the ESCP Committee for a 1 year term of office effective from 23.5.24 to 22.5.2024 - the Board further extended his term of office to 22 May 2026), Mr Louis Jones (appointed May 2023), Ms Jane Spurgin (appointed January 2024), Mrs Irene Redman (appointed November 2023), Mr Peter McGahan (May 2024) and Mr David Gleed - Chief Executive/Executive Principal. The Estates Strategy & Capital Projects Committee oversee and consider key capital projects and act within their determined delegated authority and report all findings and recommendations to the Corporation Board.

Quality & Standards Committee

The Quality & Standards Committee was implemented by the Board in November 2022 and meets on average every half term and in summary, within the context of the educational character, mission and strategy of the College, the Committee: review, monitor and advise the Board on the quality of education (embracing teaching, learning and assessment, and students' achievements) quality review, and standards, including targets, across the College's provision. Membership comprises of 7 members. The committee consists of Mr David Martin (Chair of the Quality & Standards Committee as of November 2022), Mr David Gleed - Chief Executive/Executive Principa, Dr Sue Hubble (appointed November 2022), Mr Nicholas Smith (reached end of term of office Dec 24), Ms Heidi King (appointed November 2023), Mrs Emma Cosby (appointed November 2023), Ms Joanna Grant (appointed May 2024) and Mr Darren Higbee (appointed March 25).

The Committee advise the Corporation on matters concerning the quality and effectiveness of education programmes for young people (including the 14-16 curriculum), adult learning programmes, apprenticeships, and higher education provision and the periodic review of the commercial provision. Of particular note will be the quality and effectiveness of provision for students with high needs.

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 Chief Executive/Executive Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding public funds and assets, for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control to the Corporation Board.

Clerk & Governance Advisor to the Corporation Board

North Kent College Corporation Board has an independent Clerk & Governance Advisor to the Corporation the current incumbent is employed on a full time contract. The Clerk has 23+ years experience within the FE&HE governance sector and has continued to increase her expertise through continued professional development.

Statement of Corporate Governance and Internal Control (continued)

Internal Control (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objects; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in North Kent College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

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

Risk and Control Framework

The College maintains a robust system of internal control designed to manage risk and safeguard public funds and assets. This framework supports the achievement of College objectives while ensuring compliance with regulatory and statutory obligations.

- Comprehensive annual budgeting process, approved by the Corporation Board;
- Regular monitoring and review of in-year and annual financial reports against budget and forecast by the Corporation and its committees;
- Clear performance targets for financial and non-financial outcomes, regularly reviewed at Board and executive level;
- Defined capital investment control processes, including formal approval thresholds and project oversight;

The College commissions an independent internal audit service, operating in line with sector standards and the DfE's 2025 Framework and Guide for External Auditors and Reporting Accountants of Further Education Colleges. Internal audit activity is guided by a rolling risk-based plan approved by the Audit Committee and endorsed by the Corporation Board. The plan is informed by the College's risk register, sector-wide threats, and internal assurance reviews.

At least annually, the Head of Internal Audit (HIA) provides an independent opinion to the Audit Committee and Corporation Board on the adequacy and effectiveness of the College's:

Risk management arrangements;

Systems of internal control;

Governance processes.

In 2024/25, the internal audit plan included thematic reviews on cybersecurity readiness, procurement controls, and learner data compliance, aligned to identified risks.

The Audit Committee has advised the Corporation Board that the College has in place an effective framework for governance, risk management, and internal control, and that appropriate measures are taken to mitigate emerging risks. The Committee continues to monitor and strengthen these arrangements in response to the evolving regulatory environment and external assurance expectations.

Statement from the Audit Committee

The specific areas of review undertaken by the Audit Committee in 2024/25 and up to the date of the approval of the financial statements were as follows:

- Budgetary Control and Cash Flow by IAS
- Income Diversification / Business Development by IAS
- Management Information by IAS
- Residential Provision by IAS
- T-Level Implementation by IAS
- Income and Debtors by IAS
- HE Recruitment and Retention by IAS
- Human Resources - Staff Retention by IAS
- Student Satisfaction and Complaints by IAS
- Funding Assurance Health Check by IAS
- Risk Management Advisory by IAS
- Follow up previous recommendations - update by IAS
- Teachers' Pension Annual Assurance Audit - by FSA
- IAS Assurance & Strategy for 2024/25
- Termly Report on Outstanding Audit Recommendations
- Termly Reports on College Risk Register
- Updates on sector developments and changes to Post 16 Audit Code of Practice
- Disclosure Reports

The Internal Audit Services (IAS) completed eleven assignment reports during the 2024/25 academic year, raising 1 Medium Risk, and 14 Low Risk recommendations. They also reviewed outstanding recommendations (7 Medium Risk, 7 Low Risk) from prior years in a follow up report where a Good progress assessment was derived by the IAS.

The Internal Audit Service Providers did not raise any high-risk recommendations during the year and did not assign any 'limited' or 'none' assurance levels.

Statement of Corporate Governance and Internal Control (continued)

Where low and medium risk recommendations have been made these have been followed up by management within the Outstanding Audit Recommendations tracker and reported to the Audit Committee on a termly basis.

Management Actions on Previous Recommendations:

The Internal Audit Service also reviewed the progress made with implementing the recommendations made by them in prior year audits and in their opinion, management have taken or have planned appropriate and timely action to implement the recommendations.

No significant control weaknesses were identified by internal audit.

Review of Effectiveness

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors and the reporting accountants for regularity assurance in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and 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, 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.

Based on the advice of the Audit Committee and the CEO/Executive Principal, 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"*.

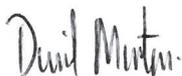
Going Concern

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 they continue to adopt the going concern basis in preparing the financial statements.

In making this assessment, the Governing Body has taken into account the College's current & projected position and principal risk, with reference to a period in excess of 12 months from the date of approval of these financial statements.

As part of the complex transaction, whereby the College acquired certain of the activities, premises and staff of Hadlow College in Education Administration & West Kent and Ashford College in Education Administration on 15 August 2020, the College has secured additional funding under a Grant Funding Agreement with the Department of Education.

Approved by order of the members of the Corporation on 11 December 2025 and signed on its behalf by:



Mr D Martin
Chairman



Mr D Gleed
Accounting Officer

Statement of Regularity, Propriety and Compliance

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

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



Mr D Gleed
Accounting Officer

11 December 2025

Statement of the Responsibilities of the Members of the Corporation

The members of the Corporation of the College, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the Corporation's grant funding agreements and contracts with DfE and any other relevant funding bodies, the Corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period.

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 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
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

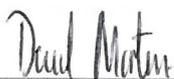
The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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 11 December 2025 and signed on its behalf by:



Mr D Martin
Chairman

Independent Auditor's Report to the Members of the Corporation of North Kent College

Opinion

We have audited the financial statements of North Kent College and its subsidiary (collectively the 'Group') for the year ended 31 July 2025 which comprise the Group statement of comprehensive income and expenditure, the Group statement of changes in reserves and Group balance sheet, the Group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the College Accounts Direction 2024 to 2025 issued by the Department for Education (DfE).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 July 2025 and of its financial performance and cash flows for the year then ended;
- have been prepared in accordance with UK Generally Accepted Accounting Practice, the Statement of Recommended Practice: Accounting for Further and Higher Education and the College Accounts Direction 2024 to 2025;
- in all material respects, funds from whatever source administered by the Group for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the Office for Students (OfS) and the DfE have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' Accounts Direction have been met.

Basis for opinion

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

Conclusion relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual report and financial statements, including the Report of the Governing Body, other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the Annual report and financial statements. 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.

Independent Auditor's Report to the Members of the Corporation of North Kent College (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governing Body.

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 DfE requires us to report to you if, in our opinion:

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

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

- The College's grant and fee income, as disclosed in note 2 to the financial statements has been materially misstated.

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation on page 16, the members of the Corporation are 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 members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Corporation are responsible for assessing the Group 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 members of the Corporation either intend to liquidate the Group and the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; ;
- we identified the laws and regulations applicable to the Group and the College through discussions with management, and from our knowledge and experience of the Further Education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the College, including the College Accounts Direction 2024 to 2025 issued by the DfE, the Accounts Direction issued by the OfS, Further and Higher Education Act 1992, funding agreements with the DfE and associated funding rules, DfE regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Independent Auditor's Report to the Members of the Corporation of North Kent College (continued)

We assessed the susceptibility of the Group and the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at 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 College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott Audit LLP

Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 12 December 2025

Buzzacott Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of North Kent College and Secretary of State for Education

In accordance with the terms of our engagement letter dated 6 June 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 Kent College and its subsidiary (collectively the 'Group') during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

This report is made solely to the Corporation of North Kent College 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 Kent College 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 Kent College and the Secretary of State for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Accounting Officer of North Kent College 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 our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's and its subsidiary's activities; Further testing and review of the areas identified through the risk assessment 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 to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Buzzacott Audit LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date 12 December 2025

**Group Statement of Comprehensive Income
for the year ended 31 July 2025**

Note

		Operating Surplus £'000	FRS102 Pension Adjustments £'000	Impact of Hadlow and Tonbridge Takeover* £'000	2025 Total £'000	Operating Surplus £'000	FRS102 Pension Adjustments £'000	Impact of Hadlow and Tonbridge Takeover* £'000	2024 Total £'000
Income									
Funding body grants	2	41,499	-	-	41,499	36,819	-	-	36,819
Tuition fees and education contracts	3	1,115	-	-	1,115	1,556	-	-	1,556
Other income	4	5,358	-	-	5,358	5,597	-	-	5,597
Investment income	5	896	929	-	1,825	509	930	-	1,439
Total income		48,868	929	-	49,797	44,481	930	-	45,411
Expenditure									
Staff costs	6	28,037	116	-	28,153	24,590	(33)	-	24,557
Other operating expenses	7	13,522	-	-	13,522	13,240	-	-	13,240
Depreciation and amortisation	10	5,568	-	1,942	7,510	5,457	-	1,942	7,399
Interest and other finance costs	8	168	-	-	168	190	-	-	190
Total expenditure		47,295	116	1,942	49,353	43,477	(33)	1,942	45,386
Surplus / (Deficit) before exceptional items		1,573	813	(1,942)	444	1,004	963	(1,942)	25
Exceptional Items:									
Deficit Recovery Grant		(45)	-	-	(45)	(225)	-	-	(225)
Surplus/(Deficit) before tax		1,528	813	(1,942)	399	779	963	(1,942)	(200)
Taxation	9	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		1,528	813	(1,942)	399	779	963	(1,942)	(200)
Actuarial (losses) in respect of pension scheme	20	-	(813)	-	(813)	-	(963)	-	(963)
Total Comprehensive Income/(Expenditure) for the year		1,528	-	(1,942)	(414)	779	-	(1,942)	(1,163)

The income and expenditure account is in respect of continuing activities.

*The College took over substantial parts of Hadlow College in Education Administration & West Kent and Ashford College in Education Administration sites in the Tonbridge and Malling local area on 15th August 2020. This included the Tonbridge Campus and Hadlow Campus sites. The analysis relates to depreciation on fixed assets inherited by North Kent College on the transfer.

**Group Statement of Changes in Reserves
for the year ended 31 July 2025**

	Income and Expenditure Reserve before Exceptional Items £'000	FRS102 Pension Adjustments £'000	Impact of Hadlow and Tonbridge Takeover* £'000	Total Income and Expenditure Reserve £'000	Revaluation reserve £'000	Restricted reserve £'000	Total £'000
Balance at 1st August 2023	18,857	-	98,928	117,785	2,263	97	120,145
Surplus for the year	779	963	-	1,742	-	-	1,742
Exceptional Depreciation due to Educational Administration	-	-	(1,942)	(1,942)	-	-	(1,942)
Other comprehensive expenditure	-	(963)	-	(963)	-	-	(963)
Transfers between revaluation and income and expenditure reserves	144	-	-	144	(144)	-	-
Total comprehensive income/(expenditure) for this year	923	-	(1,942)	(1,019)	(144)	-	(1,163)
Balance at 31st July/1 August 2024	19,780	-	96,986	116,766	2,119	97	118,982
Surplus for the year	1,528	813	-	2,341	-	-	2,341
Exceptional Depreciation due to Educational Administration	-	-	(1,942)	(1,942)	-	-	(1,942)
Other comprehensive expenditure	-	(813)	-	(813)	-	-	(813)
Transfers between revaluation and income and expenditure reserves	144	-	-	144	(144)	-	-
Total comprehensive income/(expenditure) for this year	1,672	-	(1,942)	(270)	(144)	-	(414)
Balance at 31st July 2025	21,452	-	95,044	116,496	1,975	97	118,568

*The College took over substantial parts of Hadlow College in Education Administration & West Kent and Ashford College in Education Administration sites in the Tonbridge and Malling local area on 15th August 2020. This included the Tonbridge Campus and Hadlow Campus sites. The analysis relates to depreciation on fixed assets inherited by North Kent College on the transfer.

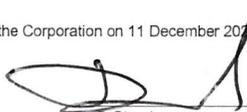
**Group Balance Sheet
at 31 July 2025**

	Note	Balance Sheet before Exceptional Items £'000	Impact of Hadlow and Tonbridge Takeover* £'000	2025 Total £'000	Balance Sheet before Exceptional Items £'000	Impact of Hadlow and Tonbridge Takeover* £'000	2024 Total £'000
Non-current assets							
Tangible fixed assets	10	98,687	95,044	193,731	99,089	96,986	196,075
Investments	11	1	-	1	1	-	1
		98,688	95,044	193,732	99,090	96,986	196,076
Current assets							
Stocks		329	-	329	290	-	290
Trade and other receivables	12	1,503	-	1,503	1,820	-	1,820
Short Term Deposits		13,000	-	13,000	10,000	-	10,000
Cash and cash equivalents	17	10,274	-	10,274	13,746	-	13,746
Total current assets		25,106	-	25,106	25,856	-	25,856
Less creditors: Amounts falling due within one year	13	(16,007)	-	(16,007)	(13,481)	-	(13,481)
Net current assets		9,099	-	9,099	12,375	-	12,375
Total assets less current liabilities		107,787	95,044	202,831	111,465	96,986	208,451
Less creditors: Amounts falling due after more than one year	14	(80,231)	-	(80,231)	(85,318)	-	(85,318)
Provisions							
Other provisions	16	(4,032)	-	(4,032)	(4,151)	-	(4,151)
Total net assets		23,524	95,044	118,568	21,996	96,986	118,982
Restricted Reserves							
Restricted Reserves	23	97	-	97	97	-	97
Unrestricted Reserves							
Revaluation reserve		1,975	-	1,975	2,119	-	2,119
Income and expenditure account		21,452	95,044	116,496	19,780	96,986	116,766
Total unrestricted reserves		23,427	95,044	118,471	21,899	96,986	118,885
Total reserves		23,524	95,044	118,568	21,996	96,986	118,982

*The College took over substantial parts of Hadlow College in Education Administration & West Kent and Ashford College in Education Administration sites in the Tonbridge and Malling local area on 15th August 2020. This included the Tonbridge Campus and Hadlow Campus sites.

The financial statements on pages 21 to 41 were approved by the Corporation on 11 December 2025 and were signed on its behalf by:


Mr D Martin
Chairman


Mr D Gleed
Accounting Officer

Group Statement of Cash Flows for the year ended 31 July 2025

		2025	2024
		£'000	£'000
	Note		
Cash outflow from operating activities			
Surplus/(Deficit) for the year		399	(200)
Adjustment for non cash items			
Depreciation	10	7,510	7,399
Increase in stocks		(39)	(30)
Decrease/(Increase) in Debtors		316	(207)
Increase/(Decrease) in creditors due within one year		2,563	(3,180)
(Decrease)/Increase in provisions		(119)	663
Pensions costs less contributions payable	20	(813)	(963)
Release of deferred capital grants	2	(4,218)	(4,149)
Adjustment for investing or financing activities			
Investment income	5	(1,825)	(1,439)
Interest payable	8	168	190
		<u>3,942</u>	<u>(1,916)</u>
Net cash inflow/(outflow) from operating activities			
Cash flows from investing activities			
Capital funding received		(159)	4,045
Investment income		1,825	1,439
Increase in short term deposits		(3,000)	(10,000)
Payments made to acquire fixed assets		(5,166)	(1,915)
		<u>(6,500)</u>	<u>(6,431)</u>
Cash flows from financing activities			
Interest paid		(168)	(190)
Repayments of amounts borrowed		(743)	(742)
		<u>(911)</u>	<u>(932)</u>
Decrease in cash and cash equivalents in the year			
		(3,469)	(9,279)
Cash and cash equivalents at beginning of the year		<u>13,746</u>	<u>23,025</u>
Cash and cash equivalents at end of the year	17	<u>10,277</u>	<u>13,746</u>
Movement in net (debt) funds			
	At 1 August	Cash flows	At 31 July
	2024		2025
	£'000	£'000	£'000
Cash and Cash Equivalents	13,746	(3,469)	10,277
Short Term Deposits	10,000	3,000	13,000
Bank Loan and Overdraft	(5,942)	743	(5,199)
	<u>17,804</u>	<u>274</u>	<u>18,078</u>

Notes to the Accounts

1 Accounting policies

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024-25 financial statements and in accordance with Financial Reporting Standard 102 - "The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirement of FRS102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting principles.

Basis of accounting

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

For greater transparency, the Statement of Comprehensive income shows separate analysis of adjustments relating to the LGPS pension liability. Furthermore due to the transfer of net assets of Hadlow College in Education Administration and West Kent and Ashford College in Education Administration during the year ended 31 July 2021, the impact of administrating these have been shown separately from the main operating activities of the College. The latter relates to depreciation on fixed assets inherited by North Kent College on the transfer.

Basis of consolidation

The consolidated group financial statements incorporate the financial statements of North Kent College and its subsidiary NKC Business Services Ltd.

No separate College statement of comprehensive income and balance sheet has been prepared as there are no material differences from the consolidated statement of comprehensive income and balance sheet.

The results of the College's subsidiary are disclosed in note 25.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the report of the Governing Body. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £5.942m of loans outstanding with its bankers with terms that were renegotiated in August 2020, when a legal charge was taken over the Gravesend Campus with a fixed rate of interest until its maturity date in July 2032. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Notes to the Accounts

1 Accounting policies (continued)

Recognition of income

Revenue grant funding

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

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the 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 any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Capital grant funding

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

Tuition fee income

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

Investment income

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

Accounting for post employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P).

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. As stated in Note 20, 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 scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Kent County Council 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 liability. 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 income or interest and other finance costs.

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

Notes to the Accounts

1 Accounting policies *(continued)*

Short term employment benefits

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

Enhanced pensions

The 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 of the ongoing pension of a former member of staff is charged in full to the college's Statement of Comprehensive Income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

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

Land and buildings

Land and buildings inherited from the Local Education Authority 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. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the Statement of Comprehensive Income on an annual basis. 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. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 2 and 50 years. On adoption of FRS102, the College followed the transitional provision to retain the book value of land and buildings, but not to adopt a policy of revaluations of these properties in the future.

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.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

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 assets may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income.

Land and buildings acquired from Hadlow College in Education Administration and West Kent and Ashford College in Education Administration were included at fair value on the date of acquisition of 15 August 2020 and then treated as deemed cost.

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.

Notes to the Accounts

1 Accounting policies (continued)

Tangible fixed assets (continued)

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Such expenditure termed short life accommodation will have an expected useful life of 10 years.

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

Equipment

Individual equipment costing £1,000 and above is capitalised, from 1 August 2025 this will increase to £1,500 to recognise inflation over the last 13 years.

Equipment is depreciated over its useful economic life as follows:

Plant	15-25 years
Motor vehicles and general equipment	10 years
Computer equipment	4-6 years
Furniture and fittings	10 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Borrowing Costs

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

Leased assets

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

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Stocks

Stocks are stated at the lower of their cost (using the first in first out method) and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Notes to the Accounts

1 Accounting policies *(continued)*

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

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

Foreign currency translation

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

Taxation

The College is considered to pass the test 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 a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Notes to the Accounts

1 Accounting policies (continued)

Agency Arrangements

The College acts as an agent in the collection and payment of certain Bursary and Learner Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and are shown separately in Note 22, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty are:

- Tangible fixed assets

Tangible fixed assets 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. 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.

- Dilapidations provision

The provision is an estimate of the College's liabilities in respect of certain properties used by the College.

- Transfer value of assets acquired from Hadlow College in Education Administration and West Kent and Ashford College in Education Administration. These were valued on a fair value basis at date of transfer of 15 August 2020.

Notes to the Accounts

2 Funding body grants

	2025 £'000	2024 £'000
Recurrent grants:		
DfE (Education and Skills Funding Agency) - adult skills fund	1,046	1,202
DfE (Education and Skills Funding Agency) - 16 - 18	33,152	28,940
DfE (Education and Skills Funding Agency) - apprenticeships	1,308	1,019
Greater London Authority - adult skills fund	81	76
Higher Education Funding Council	60	62
Work Placement Pilot	35	30
Specific grants:		
Teacher Pension Scheme Contribution Grant	1,420	1,194
Post 16 National Insurance Grant	179	-
16-19 Tuition Fund	-	147
Release of deferred capital grants	4,218	4,149
	<hr/>	<hr/>
Total	41,499	36,819
	<hr/> <hr/>	<hr/> <hr/>

Income relating to students studying Higher Education courses at Level 4 and above is as follows:

	2025 £'000	2024 £'000
Grant income from the Office for Students (included in note 2)	60	62
Fee income for taught awards (included in note 3 below)	667	978

3 Tuition fees and education contracts

	2025 £'000	2024 £'000
Tuition fees	401	484
Education contracts	252	279
HE Franchised Income	462	793
	<hr/>	<hr/>
	1,115	1,556
	<hr/> <hr/>	<hr/> <hr/>

4 Other income

	2025 £'000	2024 £'000
Residences, catering and conferences	1,845	1,874
Other income generating activities	500	596
Other income (see below)	3,013	3,127
	<hr/>	<hr/>
	5,358	5,597
	<hr/> <hr/>	<hr/> <hr/>

	2025 £'000	2024 £'000
Other income comprises:		
Other grants	34	266
Nursery income	1,944	1,560
Examination and registration fees	89	87
Maritime income	257	285
Miscellaneous income	689	929
	<hr/>	<hr/>
	3,013	3,127
	<hr/> <hr/>	<hr/> <hr/>

5 Investment income

	2025 £'000	2024 £'000
Other interest receivable	896	509
Net interest on defined pension asset (note 20)	929	930
	<hr/>	<hr/>
	1,825	1,439
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts

6 Staff numbers and costs

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

	2025 Number	2024 Number
Teaching staff	257	266
Non-teaching staff	368	349
	625	615

Staff costs for the above persons were as follows:

	2025 £'000	2024 £'000
Wages and salaries	20,595	18,126
Social security costs	2,155	1,787
Other pension costs - including LGPS adjustments of £116,000 2024:(-£33,000)	4,352	3,783
Payroll sub-total	27,102	23,696
Contracted out staffing services	977	749
Total Staff Costs	28,079	24,445
Fundamental restructuring costs - Contractual	74	112
	28,153	24,557

In 2024/25 the College made a pay rise ranging from 4% to 8% dependent on salary.
In 2024/25 the College paid a non-consolidated bonus of 3.5%.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Postholders which comprises the Chief Executive and Executive Principal, Deputy Chief Executive, Deputy Executive Principal - Teaching, Learning and Improvement and the Clerk to the Corporation.

	2025 Number	2024 Number
The number of key management personnel including the Accounting Officer was:	4	4

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

	2025		2024	
	Number of key management personnel	Number of other staff	Number of key management personnel	Number of other staff
£55,001 - £60,000 p.a.	-	N/A	1	N/A
£60,001 - £65,000 p.a.	1	2	-	1
£65,001 - £70,000 p.a.	-	7	-	-
£70,001 - £75,000 p.a.	-	-	-	1
£75,001 - £80,000 p.a.	-	2	-	-
£80,001 - £85,000 p.a.	-	-	-	1
£85,001 - £90,000 p.a.	-	1	-	3
£90,001 - £95,000 p.a.	-	-	-	-
£95,001 - £100,000 p.a.	-	3	-	1
£100,001 - £105,000 p.a.	-	1	-	-
£120,001 - £125,000 p.a.	-	-	2	-
£130,001 - £135,000 p.a.	2	-	-	-
£185,001 - £190,000 p.a.	-	-	1	-
£200,001 - £205,000 p.a.	1	-	-	-
	4	16	4	7

Notes to the Accounts

Emoluments of key management personnel including Accounting Officer

Key management personnel emoluments are made up as follows:

	2025	2024
	£'000	£'000
Salaries	517	481
Employers National Insurance	71	63
Benefits in kind	13	13
Pension contributions	70	63
	<u>671</u>	<u>620</u>

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid key management personnel)

	2025	2024
	£'000	£'000
Salaries	191	184
Non-consolidated bonus	7	-
Benefits in kind	6	6
Pension contributions	-	-
	<u>204</u>	<u>190</u>

The pension contributions in respect of Key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

The governing body adopted AOC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of key management staff, including the Chief Executive and Executive Principal, 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 the Corporation's performance against KPI's and the attainment of students in the year, as well as the progress against the college's long term strategic objectives when reviewing the remuneration package of the key management personnel, including the Chief Executive and Executive Principal. Qualitative measures of success, such as level of engagement of the staff and students are also considered.

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

No compensation was paid to former key management personnel or higher paid employees.

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

Relationship of Principal pay and remuneration expressed as a multiple

	2025	2024
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	6.5	6.5
Principal's total remuneration as a multiple of the median of all staff	5.4	5.6

7 Other operating expenses

	2025	2024
	£'000	£'000
Teaching costs	2,152	2,213
Non-teaching costs	4,855	3,948
Premises costs	6,515	7,079
Total	<u>13,522</u>	<u>13,240</u>
Other operating expenses		
Auditor's remuneration:		
Internal audit	40	33
Financial statements audit	54	50
Other services provided by the financial statements auditor	31	35
Hire of other assets – operating leases	39	39

Notes to the Accounts

8 Interest and other finance costs

	2025 £'000	2024 £'000
On bank loans, overdrafts and other loans:	168	190
	<u>168</u>	<u>190</u>

9 Taxation

The members of the Corporation do not believe that the College was liable for any corporation tax arising out of its activities during the year ended 31 July 2025 (2024 - £Nil).

10 Tangible fixed assets

	Land & Buildings Freehold £'000	Assets under Construction £'000	Plant and Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2024	199,108	1,701	68,332	269,141
Additions	-	4,188	978	5,166
Transfers	-	(1,332)	1,332	-
At 31 July 2025	<u>199,108</u>	<u>4,557</u>	<u>70,642</u>	<u>274,307</u>
Accumulated depreciation				
At 1 August 2024	43,171	-	29,895	73,066
Charge for year on assets acquired (EA)	1,942	-	-	1,942
Charge for year	2,022	-	3,546	5,568
At 31 July 2025	<u>47,135</u>	<u>-</u>	<u>33,441</u>	<u>80,576</u>
Net book value				
At 31 July 2025	<u>151,973</u>	<u>4,557</u>	<u>37,201</u>	<u>193,731</u>
At 31 July 2024	<u>155,937</u>	<u>1,701</u>	<u>38,437</u>	<u>196,075</u>

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by Lawrence Hewitt Partnership, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and Buildings acquired during 2020/21 in relation to the Hadlow and Tonbridge sites were valued at the date of acquisition by Gerald Eve LLP.

The Department for Education (DfE) hold a charge over the Land and Property assets acquired from Hadlow College in Education Administration and West Kent and Ashford College in Education Administration for a period of 40 years from 15 August 2020 and in the event of any being sold proceeds must be passed back to the DfE.

From August 2020, the Gravesend campus is subject to a legal charge in respect of the loan facility (see note 15).

11 Investments

	2025 £'000	2024 £'000
Investment in The Retail Academy	1	1
Total	<u>1</u>	<u>1</u>

The Retail Academy was set up to promote training within the retail sector. The shares were purchased in April 2004, the College being one of many participating training providers involved with the Retail Academy.

12 Trade and other receivables

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Trade receivables	220	382
Prepayments and accrued income	1,283	1,438
	<u>1,503</u>	<u>1,820</u>

Notes to the Accounts

13 Creditors: Amounts falling due within one year

	2025	2024
	£'000	£'000
Bank loans and overdrafts (note 15)	743	743
Trade creditors	566	1,658
Other taxation and social security	882	607
Accruals and deferred income	6,820	3,972
Other creditors	892	1,075
Deferred income - government capital grants	4,386	4,420
Amounts owed to the DfE	1,718	1,006
	16,007	13,481

The holiday pay accrual included above is £537k (2024: £521k).

14 Creditors: Amounts falling due after more than one year

	2025	2024
	£'000	£'000
Bank loans (note 15)	4,456	5,199
Other creditors	3	3
Deferred income - government capital grants	75,772	80,116
	80,231	85,318

15 Analysis of borrowings

Bank loans and overdrafts

	2025	2024
	£'000	£'000
Bank loans and overdrafts are repayable as follows:		
In one year or less	743	743
Between one and two years	743	743
Between two and five years	2,228	2,228
Over five years	1,485	2,228
	5,199	5,942

A new single fixed facility started on 31 January 2019 to 30 July 2032 which was agreed at a fixed interest rate of 2.759%. The College agreed in August 2020 to create a legal charge against the Gravesend campus for the facility with an agreed increase in rate to 2.779% from October 2020.

Notes to the Accounts

16 Other Provisions

	Enhanced Pensions £'000	Building Dilapidations £'000	Other £'000	Total £'000
At 1 August 2024	853	3,198	100	4,151
Increase/(decrease) in Provision in the period	(40)	-	11	(29)
Expenditure in the period	(90)	-	-	(90)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2025	723	3,198	111	4,032
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The buildings dilapidations relates to the Thameside campus leased by the College.

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

The principal assumptions for this calculation are:

	2025	2024
Price inflation	2.7%	2.8%
Discount rate	5.5%	4.8%

17 Cash and cash equivalents

	At 1 August 2024 £'000	Cash flows £'000	At 31 July 2025 £'000
Cash and cash equivalents	13,746	(3,469)	10,277
Total	<hr/> 13,746 <hr/>	<hr/> (3,469) <hr/>	<hr/> 10,277 <hr/>

18 Lease obligations

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

Payable:	2025 £'000	2024 £'000
Not later than one year	39	39
Later than one year and not later than five years	39	79
	<hr/>	<hr/>
Total lease payments due	78	118
	<hr/> <hr/>	<hr/> <hr/>

19 Capital and other commitments

	2025 £'000	2024 £'000
Commitments contracted for at 31 July	1,905	1,081
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts

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 Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council. Both are defined-benefit schemes.

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

	2025	2024
	£'000	£'000
Total pension cost for the year		
Teachers Pension Scheme: contributions paid	2,879	2,446
Local Government Pension Scheme:		
Contributions paid	1,397	1,355
FRS 102 (28) adjustment	116	(33)
Enhanced pension charge to Statement of Comprehensive Income	(40)	15
	<hr/>	<hr/>
Total Pension Cost for Year	4,352	3,783
	<hr/> <hr/>	<hr/> <hr/>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools 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 FRS102 (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 FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution plan. The College has set out below the information available on the plan and the implications for the College in terms of the anticipated contributions 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 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 that valuation, new employer contribution rates have risen to 28.68% from April 2024 (compared to 23.68% since 2018/19).

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 £2,879,000 (2024: £2,446,000)

Notes to the Accounts

20 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Kent County Council. The total contribution made for the year ended 31 July 2025 was £1,856,000 (31 July 2024 £1,784,000) of which employer's contributions totalled £1,397,000 (2024: £1,355,000) and employees' contributions totalled £459,000 (2024: £429,000). The agreed contribution rate for future years is 18.4% for employers (which represents a discount of 2.1% from the underlying rate of 20.5% due to the pension fund surplus). Employee contribution rates are between 5.5% and 12.5%, depending on salary according to a national scale.

Principal Actuarial Assumptions:

The following information is based on a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2025 by a qualified independent actuary.

	31 July 2025	31 July 2024
Inflation assumption (CPI)	2.80%	2.90%
Rate of increase in salaries	3.80%	2.00%
Rate of increase in pensions	2.80%	2.90%
Discount rate for scheme liabilities	5.75%	5.05%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	31 July 2025	31 July 2024
Retiring today		
Males	21.4	20.7
Females	23.7	23.3
Retiring in 20 yrs.		
Males	23.0	22.0
Females	25.4	24.7

Sensitivity analysis - present value of plan liabilities

	31 July 2025 £'000	31 July 2024 £'000
As included in financial statements	81,373	87,000
Discount rate +0.1%	80,156	85,599
Discount rate -0.1%	82,619	88,438
Mortality assumption - 1 year increase	84,096	90,161
Mortality assumption - 1 year decrease	78,747	83,958
Long term salary increases +0.1%	81,410	87,039
Long term salary increases -0.1%	81,335	86,961
Pension increases and deferred revaluation +0.1%	82,617	88,428
Pension increases and deferred revaluation -0.1%	80,158	85,608

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

	Value at 31 July 2025 £'000	Value at 31 July 2024 £'000
Equities	65,548	59,570
Bonds	15,907	15,157
Property	8,711	9,298
Cash	2,851	3,293
Gilts	6,155	7,374
Target Return on Portfolio	5,460	5,271
Infrastructure	5,183	4,795
Total market value of assets	109,815	104,758
Actual return on plan assets	7,245	6,389

Notes to the Accounts

20 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

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

	2025 £'000	2024 £'000
Fair value of plan assets	109,815	104,758
Present value of plan liabilities	(81,373)	(87,000)
Asset restriction (see note below)	(28,442)	(17,758)
Net pensions liability	<u>-</u>	<u>-</u>

As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to nil by adjusting the actuarial gain.

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

	2025 £'000	2024 £'000
Amounts included in staff costs		
Current service cost	1,416	1,231
Administration expenses	97	91
Total	<u>1,513</u>	<u>1,322</u>

Amounts included in interest income

Net interest income	(929)	(930)
	<u>(929)</u>	<u>(930)</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	1,983	1,281
Changes in assumptions underlying the present value of plan liabilities	10,402	(2,395)
Changes in demographic assumptions	(1,695)	194
Experience (gain)/loss on defined benefit obligation	(819)	323
Asset restriction movement (see note above)	(10,684)	(366)
Amount recognised in Other Comprehensive Income	<u>(813)</u>	<u>(963)</u>

Movement in net defined benefit liability during the year

	2025 £'000	2024 £'000
Net defined benefit liability in scheme at 1 August	-	-
Movement in year:		
Current service cost	(1,416)	(1,231)
Employer contributions	1,397	1,355
Net interest on the defined benefit asset	929	930
Administration expenses	(97)	(91)
Actuarial loss	(813)	(963)
Net defined benefit liability at 31 July	<u>-</u>	<u>-</u>

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	2025 £'000	2024 £'000
Defined benefit obligations at start of period	87,000	82,509
Current Service cost	1,375	1,231
Interest cost	4,333	4,178
Contributions by Scheme participants	459	429
Changes in assumptions underlying the present value of plan liabilities	(8,707)	2,201
Estimated benefits paid	(4,457)	(3,225)
Experience loss/(gain) on defined benefit obligation	819	(323)
Liabilities assumed on settlements	551	-
Defined benefit obligations at end of period	<u>81,373</u>	<u>87,000</u>

Notes to the Accounts

20 Defined benefit obligations (continued)

Reconciliation of Assets

	2025	2024
	£'000	£'000
Fair value of plan assets at start of period	104,758	99,901
Interest on plan assets	5,262	5,108
Return on plan assets	1,983	1,281
Employer contributions	1,397	1,355
Contributions by Scheme participants	459	429
Estimated benefits paid	(4,457)	(3,225)
Administration Expenses	(97)	(91)
Settlement prices received	510	-
	<u>109,815</u>	<u>104,758</u>

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 arms length and in accordance with the College's financial regulations and normal procurement procedures.

No external Governing Body Member has received any remuneration or waived payments from the College or its subsidiaries during the year (2024: None). There are two staff Governing Body Members who are not paid for their role as a Governor but are remunerated for their role as College employees.

External Governing Body Member, Mrs S Henwood, was CEO of Thomson, Snell and Passmore (TSP) until March 2025. During the year the College paid TSP £19,223 (2024:£32,720) for legal advice.

External Governing Body Member until June 2025, Ms H King, was an employee of University of Greenwich until April 2025. During the year University of Greenwich paid the College in 2025:£456,417 (2024:£792,995) in relation to HE Franchised Income.

Mr L Jenkins, Deputy Chief Executive of the College was a Director of Hasilwood Management Services Limited until December 2024. During the year the College paid £282,575 (2024: £286,289) to Hasilwood Management Services Limited and its subsidiaries for insurance services.

No other transactions were identified which should be disclosed under UK Accounting Standards.

22 Amounts Disbursed as agent

Learner Support Funds

	2025	2024
	£'000	£'000
Balance brought forward	613	631
Grants	835	732
Disbursed to students	(797)	(716)
Administration costs	(38)	(34)
	<u>613</u>	<u>613</u>
Balance under spent as at 31 July, included in creditors	<u>613</u>	<u>613</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 £732,000 and disbursed £693,000 from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £38,000 for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £613,000, of which £nil 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 £659,000 received from DfE, £643,000 disbursed to learners after charging £34,000 for administration costs, and total cumulative unspent funds of £613,000, of which £nil was repaid to DfE.

The figures in the table above include holiday cover paid by Kent County Council.

23 Restricted Reserves

At the balance sheet date the College held £97,000 (2023: £97,000) of North West Kent College Training Trust monies in a restricted reserve.

24 Post Balance Sheet Event

The College disposed of the vacated western side of the Dartford campus on 19 September 2025.

Notes to the Accounts

25 NKC Business Services Limited

NKC Business Services Limited became operational from 1 March 2024.

A summary of the results of the subsidiary are shown below:

	2025	2024
	£'000	£'000
Turnover	810	55
Expenditure	(810)	(55)
Profit	<u>-</u>	<u>-</u>
Net assets	<u><u>-</u></u>	<u><u>-</u></u>

During the course of the year an average of 32 Non-teaching staff were employed, (2024: 4).

Transactions between the College and its subsidiary are:

Services provided by the subsidiary to the College £810,000 (2024: £55,000).