

HEART OF YORKSHIRE EDUCATION GROUP

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

31 JULY 2025



Heart of Yorkshire
Education Group

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KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

Key management personnel

Key management personnel are represented by the following in 2024/25:

Post Title	Post Holder	Date Appointed	Leaving Date
Principal, Chief Executive and Accounting Officer	Sam Wright	01/03/2011	N/A
Group Executive Director: Finance and Resources	Jason Pepper	12/06/2017	05/01/2025
Group Executive Director: Finance and Resources	Caroline Carter	10/03/2025	N/A
Group Executive Director: Curriculum and Quality	Lisa Macdonald	01/02/2012	N/A
Group Executive Director: Student Experience and Student Support	Clare Allcock	14/05/2012	N/A
Group Executive Director: People	Karen Sykes	30/09/2002	N/A
Group Executive Director: External Partnerships, Skills Development and Apprentices	Lorraine Cross	01/10/2021	N/A
Head of Governance and Legal Services and Clerk	Sam Cremore	07/01/2019	N/A

Board of Governors

A full list of Governors is given on pages 26-28 of these financial statements.

Sam Cremore acted as Clerk to the Corporation throughout the year.

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2025

Professional Advisors

Financial Statements and

Regularity auditor:

RSM UK Audit LLP
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Internal auditors:

ICCA
McLaren House
46 Priors
Queensway
Birmingham
B4 7LR

Solicitors:

Eversheds Sutherland
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Insurance Brokers:

Arthur J Gallagher Insurance
Brokers Ltd
Spectrum Buildings
55 Blythwood Street
Glasgow
G2 7AT

Bankers:

Close Brothers Limited
10 Crown Place
London
EC2A 4FT

Lloyds Bank plc
2nd Floor
Lisbon House
116 Wellington Street
Leeds
LS1 4LT

REPORT OF THE GOVERNING BODY

The members present their report and the audited financial statements for the year ended 31 July 2025.

Key Developments

The Heart of Yorkshire Education Group (the Group) was formed in March 2022 following a merger with Selby College. Our three campuses are Castleford College, Selby College and Wakefield College. Whilst there are three campuses this is under one registration (UKPRN 10007289). The subsidiary company 'Heart of Yorkshire Education Group Ltd is dormant and therefore Group accounts are not required to be prepared.

Academic year 2024/25 has been the third complete year for the Group and covers the final year of our Strategic Plan 2022-25 that was agreed at the point of merger.

The Group has a good reputation locally and nationally. In our last Ofsted inspection in October 2023 the Group was rated 'Good' overall for every judgment and provision type with a 'Strong' rating for its contribution to meeting regional and national skills needs.

Our curriculum planning and provision reflects national, regional and local skills needs with a view to ensuring individuals secure positive destinations including employment.

The Group has delivered high levels of achievement rates as well as improved levels of retention with a high proportion of positive destinations for completing students.

Other key developments during the year include;

- The development of the Group new 5-year strategic plan which was created following input from partners, employers, students and staff across the Group.
- We successfully built on our existing T Level delivery and expanded our offer further to include more specialised pathways, tailored to meet career outcomes. The Group continued to grow our entry and level one provision to ensure greater levels of inclusion, participation and progression.
- The continuation and development of new apprenticeship standards in priority skills sectors such as the L3 Power Distribution. In addition, for adult skills, we delivered Skills Bootcamps and Sector-based Work Academy Programmes as well as developing blended and online learning delivery modes for key programmes at level 3 and above.
- We successfully delivered three Supported Internship Programmes in collaboration with large employer partners and continued to prioritise the progression of high needs and SEND learners into mainstream curriculum.

Key Developments (continued)

- We appointed 15 Digital Champions linked to curriculum areas to drive digital innovation.
- In the development of digital skills for our students we ensured that all 16–18 year olds received cyber safety training as part of their pastoral curriculum and offered digital skills enrichment activities such as Virtual Reality Club and Content Creation within our Innovation Pods.
- We have continued to manage our finances prudently and have secured growth in funding in a number of key areas, resulting in a ‘Good’ Department for Education financial health score.
- The Group has continued to take forward the three priorities set out in our Sustainability Strategy; the Development of our plan for Net Zero; Sustainable development within curriculum, green skills and partnerships; Education and visibility for a sustainable future. In addition, we have extensively worked on developing our Climate Action Plan as well as provided opportunities for staff and students to focus on sustainable skills development through a variety of initiatives and activities.

Nature, Objectives and Strategy

Legal Status

The Heart of Yorkshire Education Group Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Wakefield College. On 1 March 2022, the College merged with Selby College and following Secretary of State consent, the name of the new organisation was changed to the Heart of Yorkshire Education Group. The Group is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Group consists of Wakefield, Selby and Castleford Colleges and Heart of Yorkshire Education Ltd, a dormant company.

The Group’s registered address is Margaret Street, Wakefield, West Yorkshire, WF1 2DH.

Mission

The Group’s Mission is:

“We positively transform our students’ lives and the communities we serve by putting them at the heart of everything we do.”

Public Benefit

The Heart of Yorkshire Education Group is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 26-28.

In setting and reviewing the Group's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the Group provides identifiable public benefits through the delivery of education and training. In 2024/25, the Group had a total of 10,696 students, comprising:

16–19 year-olds	4,739
Adult student aged 19+	4,428
HE students	529
Apprentices	1,000

Included in the above are 461 high needs learners.

The Group is committed to inclusivity and providing effective information, advice and guidance to prospective students to enable them to develop their skills and progress into meaningful employment.

Implementation of Strategic Plan

The Strategic Plan 2022-25 was devised for the newly merged Group in summer 2022 and approved by the Group Board in October 2022.

This Plan was based around five strategic objectives, each of which was underpinned by a range of Key Performance Indicators (KPIs). The Corporation monitored performance against these strategic objectives and KPIs throughout the year via consideration of a performance dashboard at each Governing Body Board meeting, as well as more detailed scrutiny at the relevant Committee meetings.

The Group Board agreed the following strategic objectives for the period 2022-25:

SO1: Develop a skills offer that is aligned to the needs of the areas we serve through partnership and collaboration.

SO2: Ensure our curriculum delivery is high quality, inclusive and ambitious and we provide an outstanding student experience.

SO3: Develop a high performing culture and people who are effective and committed.

Implementation of Strategic Plan (continued)

SO4: Ensure our finances are strong to facilitate investment in our resources and our offer.

SO5: Commit wholeheartedly to the development of sustainability within our communities.

In the delivery of these objectives, the following key achievements were achieved in the year ending 31 July 2025:

- Continued delivery of an inclusive and ambitious curriculum responding to Wakefield / West Yorkshire and Selby / York and North Yorkshire skills priorities and labour market needs. Across our Group, provision has been offered in all the Government's priority skills sectors.
- Strong achievement rates. Pass rates continue to be high across all types of provision.
- Ongoing maintenance of our Matrix Accreditation demonstrating that the Group provides high quality and impartial advice and guidance services.
- As part of our commitment to creating an inclusive workplace the Group achieved the National Centre for Diversity, Investors in Diversity Bronze (March 2025) and Silver (July 2025) award.
- The Group achieved cyber essentials accreditation in January 2025. In addition, continued investment in IT infrastructure and the migration to Microsoft Teams for the majority of the Group.
- Our Children's University provided out of school learning opportunities to 1,124 children during the last academic year with 15,398 hours logged.
- We welcomed 2,037 prospective learners to our four rounds of open events and held 140 events across the Group including open events, prospect launches, careers events and taster days. In addition, we launched a new University Centre Instagram page.
- The Group had a Sustainability Week mid-March which continued the focus on our sustainability agenda and had positive engagement across the Group. In addition, the Group took part in Planet Earth Games with our individual colleges placing in 4th, 5th & 7th place nationally.
- Achieved the Carers Federation Quality Standard in Carer Support (QSCS) accreditation, which demonstrates our ongoing commitment to supporting Young Carers.
- Strong employer engagement to help inform curriculum planning with engagement sessions held in both February and April 2025.
- The National Student Satisfaction survey achieved a response rate of 76.3% which, whilst less than last year, continued to be above the average response rate across

Implementation of Strategic Plan (continued)

the whole sector (71.5%). The Group's positivity measure was above average in six of the seven themes.

- To support the embedding of mental health awareness into leadership practices, training sessions held for senior leaders on Mental Health First Aid to help foster a psychologically safe and supportive workplace.
- Participation in the annual staff survey in July 2025 was once again strong with completion rates of 44%. The results showed improvement in most areas but particularly with respect to how the group is well led and managed and having adequate resources for staff. Staff also reported increased satisfaction with wellbeing support, CPD and inclusion.

Following the progress made in delivering against the above objectives, the Group are excited to further develop and deliver on more, long-term ambitions. As such, on 1 July 2025 the Governing Body approved a new 5-year Strategic Plan for the Group covering the period 2025-2030.

The newly approved plan outlines the following four new strategic goals that the Group are committed to delivering and each of them will have rigorous objectives with clear key performance indicators set out that the Governing Body will monitor.

- Goal 1 – Developing skills and knowledge for the future
- Goal 2 – Delivering transformative outcomes
- Goal 3 – Nurturing, inclusion & belonging
- Goal 4 – Being future focussed, resilient and sustainable

Financial Objectives

The Corporation of the Heart of Yorkshire Education Group set the following strategic financial objectives for the Group in 2024/25.

(i) Achieve a calculated financial health score of 'Good'.

This target has been achieved. The Group has achieved a calculated financial health grade of 'Good'.

The Group achieved an ESFA financial health grade for the year ended 31 July 2024 of 'Good'.

(ii) To achieve an EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation) of at least £2.0m at 31 July 2025.

This target has been achieved. The Group achieved an EBITDA of £2.24m at 31 July 2025.

The Group achieved an EBITDA of £1.63m at 31 July 2024.

Financial Objectives (continued)

(iii) To ensure that staffing costs were no more than 74.1% of eligible income.

This target has been achieved. Group staffing costs (excluding restructuring, enhanced pension and FRS102 charges) were 72.0% for the year ending 31 July 2025.

Group staffing costs were 70.64% of eligible income for the year ended 31 July 2024.

Performance Indicators

The Group is committed to observing the importance of sector measures and indicators and uses the Qualification Achievement Rate report, National Achievement Rate Tables, and the DfE Performance Tables to compare performance in measures such as retention, pass and achievement rates and value added.

KPIs and other Performance Indicators (PIs) cover the Group's operations and include attendance, student numbers, lesson observation activity, funding and allocations, financial objectives, staff absence, staff utilisation and property condition. Certain performance indicators are reviewed cyclically according to the availability and currency of the data. These include student satisfaction, destination data and achievement rates. Financial performance key performance indicators are agreed annually as part of setting the budget.

Governors ensured all performance indicators were monitored and scrutinised throughout the year. Performance indicators that saw strong and/or improved performance included:

- Achievement rates
- Retention rates
- Financial Performance
- Student recruitment
- Staff survey participation and satisfaction

Financial Position

Financial Results

The Group produced an operating surplus in the year of £475,000 (2023/24: operating deficit of £115,000).

Tangible fixed asset additions during the year amounted to £2.65m (2023/24: £3.61m).

The Group relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2024/25, these funding bodies provided 84.10% of the Group's total income (2023/24: 84.54%).

Financial Results (continued)

The Group continues to have no LGPS liability in the year ending 31 July 2025. This was eliminated in 2022/23 due, in large part, to a change in the discount rate used to calculate scheme liabilities and a change in the demographic assumptions used by the actuary. The Group's share of the resulting net defined asset as at 31 July 2025 has been limited by the application of an asset ceiling and therefore the amount shown in the balance sheet is zero.

The Group has been subject to an ILR Funding audit in respect of Selby College for the period pre-merger from 2018/19 through to 2021/22. The Funding audit has been concluded in year and a repayment period agreed with the DfE over a period of nine months from June 2025-February 2026. The liability is included in Note 16.

Treasury Policies and Objectives

Treasury management is the management of the Group's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Group generated £0.51m of investment income (2023/24: £0.47m) excluding endowments, from the management of its cash balances.

As set out in the College Financial Handbook any borrowing requires the authorisation of the Corporation and the ESFA/DfE following ONS reclassification. At 31 July 2025 the Group had no bank debt.

A key focus of treasury management activity for the Group is to ensure that resources are in place to support the property strategy and invest in other elements of the Group's operations. There has been significant investment in both teaching and learning infrastructure and staffing at the Group in recent years.

In November 2022, the statutory FE sector in England was reclassified into the central government sector, meaning that colleges must now meet the overall requirements in HM Treasury's document, 'Managing Public Money'. The ESFA initially published 6 'bite-sized guides' to aid colleges in meeting the requirements of the transition, however, guidance is included in the pertinent College Financial Handbook.

Cash Flows and liquidity

There was a net cash inflow on operating activities of £6,647,000 during the year (2023/24: £3,228,000).

The Group's cash and investment balances stood at £14,993,412 (31 July 2024: £13,440,023).

As well as providing necessary day to day cash requirements and sufficient cash reserves, the Group intends to invest resources as outlined in the Future Prospects section, below.

Reserves Policy

A key focus of the Corporation in recent years has been to ensure that the Group has adequate cash reserves to support its core activities as well as ensuring that the Group can meet unexpected costs and deal with income shortfalls. Monitoring and oversight of the reserves held by the Group is undertaken throughout the year. This is achieved through regular management accounts, cashflow monitoring and updates to our financial forecasts.

The Group's policy for cash reserves and unrestricted reserve balances is linked to, and part of, its formal consideration of the Going Concern presumption and an appropriate level of reserves underlies the forecasts and cashflow projections used by Governors to confirm that the Heart of Yorkshire Education Group is a going concern and that it is able to meet its liabilities as they arise.

An updated reserves policy was approved by the Group's Governing Body on 1 July 2025 following discussion at Finance, People and Resources Committee on 17 June 2025.

The Group currently has a small, restricted reserve, the result of a past legacy.

As at the balance sheet date, the Total Unrestricted Reserves stand at £53.52m (2023/24: £53.04m). Cash at bank balances include £2.04m in respect of capital funding received in advance of spend from the DfE.

Financial Health

The Group is required to complete the annual Finance Record for the Department for Education. The Finance Record produces a financial health grading. The Group expects to achieve a financial health grade of "Good" for the year ending 31 July 2025.

Through a careful approach to curriculum planning, budget setting and monitoring as well as cash flow management, the Group has maintained robust financial health. Significant investment in estates and infrastructure has been financed from a combination of capital grants and reserves. The Group has no debt and therefore has no debt financing costs to service. Reserves continue to be held at an appropriate level with a minimum reserve level monitored by the Board.

The current economic climate continues to present financial challenges for the Group and the communities we serve. Above target inflation means there is pressure on staffing costs as well as general operating across the Group

Group Companies

The Group comprises the former Wakefield and Selby Colleges and subsidiary company Heart of Yorkshire Education Ltd. Heart of Yorkshire Education Ltd is a dormant company therefore these accounts are for the College only.

Current and Future Development and Performance

Student Numbers

In 2024/25 the Group delivered activity that produced £38.6m in recurrent funding body main allocations from the ESFA/DfE, the Office for Students and the West Yorkshire Combined Authority (2023/24 - £34.2m).

Total student numbers in year were 10,696: this includes learners funded by our main funding bodies in addition to learners funded from other sources (2023/24 – 10,545).

Students' Achievements

The Group offers a wide range of academic, vocational and apprenticeship provision designed to meet both local and regional skills priorities. Provision is brought to life through industry projects, work placements, trips, visits, and competitions.

During the year ending 31 July 2025, the following curriculum developments and student achievements are particularly worthy of note:

- The Group ran five second year T Levels during 2024-25, these being: Education and Early Years, Health, Business, Construction and Engineering. We are delighted to report a 100% pass rate across all subjects coupled with a high-grade profile.
- 467 students undertook level 3 A Level subject qualifications with an overall pass rate of 98% (27 out of 32 courses achieved a 100% pass rate). The average points per entry at Wakefield was 26.3 and at Selby 30.9. High grades (A*/A/B) across the Group stood at a positive 26%.
- The Group offered a wide range of advanced technical and vocational level 3 qualifications across a number of awarding bodies and the pass rate has improved from 93.7% to 97%. 23% achieved high grades (an increase from 20.4%).
- In respect of GCSE English and Maths, the combined pass rate improved by 4%. Particularly pleasing was the Maths pass rate at both Wakefield and Castleford which improved from 89% to 95%.
- Open days across our 3 campuses throughout the year attracted 2,037 potential new students.
- The Group achieved a student positivity rating of 91% for course teaching in the National Student Survey.
- 9 students undertook a planned trip to Japan to participate in a planned structure programme of skills development in the hair and beauty sector. 100% of the students said this enhanced skills they would practice in the UK as well as further developing problem-solving skills and supporting their development for independence.
- There was strong attendance across the Group with an average of 82.9% up by 2.6%.

We are still experiencing a legacy from Covid-19, particularly in terms of mental health support and learner readiness to study. Student demand for mental health support remained high in 2024/25 and a significant proportion of students that enrolled with us this year disclosed significant mental health issues.

Students' Achievements (continued)

Economic drivers continue to impact both our learners and their families placing pressure on some to leave studies early to take up employment. Overall, 16-18 retention for the Group in 2024/25 was 93% which is an increase from 86.5% in 2023/24. Retention for high needs learners and those with EHCP's has also improved from 91.7% to 94%.

Future Prospects

The Group has seen a further increase in student numbers as we start the 2025/26 academic year. In relation to 16-19, the Group has received a funding allocation of £38.7m for the 2025/26 financial year. This is based on 4,756 students, including 346 T-Level students.

The Office for Students have confirmed a grant allocation of £223.4k for 2025/26 for higher education.

In relation to adult funding, total grant funding of £3.4m has been anticipated from DfE, West Yorkshire Combined Authority and York & North Yorkshire Combined Authority.

The Group operates across two combined authorities – West Yorkshire Combined Authority, which is well established and where adult funding has been devolved for a number of years, and York & North Yorkshire Combined Authority, which was established in February 2024. Devolution of adult funding in York & North Yorkshire will commence from 2025/26. In addition, the Group has an ESFA adult funding contract for non-devolved areas. Total grant funding of £3.4m has been anticipated from these funders for 2025/26 financial year.

Consistent with previous years, the Group will continue to face competition from a variety of sixth-form schools and colleges across both West and North Yorkshire, although feeder year cohort sizes are projected to remain strong in the short to medium term.

The Group has benefitted from Local Skills Improvement Funds within both combined authorities and has also secured Skills Boot Camp funding to further develop priority skills. The Group is committed to working to further grow this type of funding for adult provision.

Particularly at Selby, transport has become an increasingly important factor in respect of student recruitment. Bus services have been further rationalised, and this has added additional barriers to participation given the rural/semi-rural area of Selby. This has been raised with the local MP but any plans to address the transport infrastructure will be a longer-term development.

The Group will continue to develop its infrastructure to ensure all students have access to high quality and inclusive teaching and learning environments that are both flexible and efficient.

Key priorities for the immediate future are:

- To complete the post-16 construction facility at Castleford that is partly funded through the Post-16 Capacity Fund.

Future Prospects (continued)

- To develop specialist construction workshops at Wakefield to accommodate electrical installation, multi-use and brickwork workshops as well as dedicated classroom space.
- To continue to invest in our equipment and facilities, particularly in priority sectors such as construction, engineering, health & social care to ensure we are able to operate to industry standards and provide a high quality student experience.
- To invest in our IT and digital infrastructure to support the delivery of our IT & Digital Strategy and ongoing I-Innovate plans. This will include continuing to invest in tools to safeguard our facilities, resources and students.
- To explore the potential to have gender neutral facilities at each of the three campuses.
- To develop options for additional space for health and innovation facilities which is a key growth area for the Group as well as a priority sector for Government.
- To install the 3G pitch at Selby which is part-funded by a grant from the Football Foundation.

In addition to general capital funding allocations, the Group will continue to pursue any new capital funding opportunities that may assist with the delivery of the Group's Strategic Plan.

Corporation members have no concerns about the Group's continued ability to be a successful provider of learning to its communities, nor about its ability to adequately resource teaching and learning. The Group has a reasonable level of reserves, and so has a solid platform from which to continue its success.

In addition to the risk management arrangements outlined elsewhere in this report, and the robust approach taken to risk management, arrangements are in place to monitor closely the performance of its operations, and the Group has a constant focus on growing income, controlling costs and achieving efficiencies to ensure that resources can be re-invested in core activities.

Department for Education Changes

In September 2024, the Department for Education (DfE) announced the decision to transfer the current functions of the ESFA into the department. This means that the ESFA as an executive agency closed on Monday 31 March 2025. This change has not had, nor is expected to have any day-to-day impact on the Group's activities.

More recently, the Government have announced that apprenticeships, adult further education, skills, training and careers, and the newly created agency Skills England will all now be controlled by DWP. Responsibility for higher education, and further education, skills, training and careers for those "aged 19 years and under" will remain at the Department for Education (DfE). As this has only just been announced in September 2025, it is not yet known whether this change will have any significant impact on the Group.

Resources

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

- A highly committed group of employees. As at 31 July 2025 the Group employed 895 colleagues (699.70 FTE), of which 339 were within the teaching and learning job group (313.32 FTE).
- Tangible fixed asset resources include the Group campuses in Castleford, Selby and Wakefield.
- The Group has £82.25m of fixed assets (£80.40m at 31 July 2024). These include land and buildings with a book value of £78.51m (£76.79m at 31 July 2024), and equipment with a book value of £3.74m (£3.61m at 31 July 2024).
- As at 31 July 2025 the Group held £14.99m of cash and had net current assets of £7.52m (£5.37m as at 31 July 2024).
- The Group enjoys a high profile and an excellent reputation within and beyond West and North Yorkshire.

Principal risks and uncertainties

The Group's ability to achieve its vision and strategic objectives will be affected by its capacity to mitigate the risks and uncertainties that it faces. The Group has well-established systems of internal control including financial, operational and risk management, which are designed to protect the Group's assets and reputation.

The key elements of the Group's risk management framework are identified in the Statement of Corporate Governance and Internal Control on page 24.

The Group's risk environment is monitored regularly by Group Heads/Directors, the Executive Team and Governors to ensure that any emerging risks are identified, prioritised and mitigated and that opportunities are maximised.

The broad categories of risk facing the Group are outlined below and it is important to note that not all of these factors are within the Group's control.

- Realising growth in high quality provision through effective recruitment.
- Attracting, retaining and developing a suitable pool of staff talent to deliver the Group's strategic aims.
- Mitigating the after-effects of the pandemic in terms of social and wellbeing impacts on our students.
- Defending the Group from a significant cyber-attack.
- Maintaining the solvency of the Group.
- Embedding a high-quality teaching and learning culture.
- Adequately planning and resourcing an effective safeguarding infrastructure.

Principal risks and uncertainties (continued)

- Developing and delivering an effective estates and infrastructure strategy.
- Preventing a serious health and safety incident from occurring.
- Embedding appropriate business continuity arrangements across the Group.

Our response to these risks has included:

- Ensuring we have effective management resources and appropriate spans of control to deliver high quality provision and student recruitment strategies for all provision types.
- Further developing effective staff retention and recruitment processes as well as continuing to invest in the importance of staff development and training.
- Focusing on the importance of near miss reporting and raising awareness of the importance of incident reporting.
- Continuing to ensure staff are effectively trained around the importance of cyber safety including the development of an integrated IT & Digital Strategy.
- Continuing to identify operating efficiencies and grow/diversify our income streams.
- Ongoing focus on achievement rates and targeted support and CPD for teaching staff.
- Continuing to ensure safeguarding is a primary focus for all staff members.
- Robust planned maintenance of the estate.
- Where appropriate, seeking appropriate external professional advice and support.

Relationship with our partners, stakeholders and communities

Stakeholder engagement is a particular strength of the Heart of Yorkshire Education Group and we contribute to and benefit from a broad range of important relationships, as outlined in our External Stakeholder & Employer Engagement Strategy 2022/25 and also our Annual Accountability Statement & Local Needs Duty 2025/26. These include those with:

- Students (both current, future and past);
- Parents or Carers of Students;
- Our staff;
- National, Regional and Local Employers;
- Civic Partners including Wakefield and North Yorkshire Local Authorities; West Yorkshire and York & North Yorkshire Combined Authorities; the Chambers of Commerce; the Federation of Small Business;
- Voluntary, community and social enterprises

Relationship with our partners, stakeholders and communities (continued)

- Educational partners including other FE institutions, local schools and universities; the Children's University;
- Funding bodies such as the Department for Education and the Office for Students;
- Trade unions; and
- Professional bodies and Awarding Organisations.

The Group recognises the importance of these relationships and engages in regular communication with them.

Given the changing political and economic landscape in which we operate, the Group is aware of several issues which could impact on future funding, including government policy changes, the relocation of Skills to DWP, potential further devolution of responsibilities to Combined Authorities and new White Papers such as the recently published one on SEND.

Equality & Diversity

The Group is committed to achieving equality for all learners, staff and other stakeholders, and aims to ensure that all learners, whatever their background can benefit from excellent educational opportunities, wider student experience and inspirational educational opportunities.

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.

In line with the Public Sector Equality Duty, the Group has published equality objectives. The agreed objectives are:

- Students are treated fairly whilst at the Group's colleges, irrespective of characteristics and/or backgrounds.
- To identify and address any emerging gaps in achievement across all provision including Study Programmes, Apprenticeships, Adult Provision and HE, for all monitored characteristics.
- To proactively learn from and respond to all feedback related to equality, diversity and inclusion matters, including complaints, queries, and compliments.

The Group publishes an Equality and Diversity Annual Report following each academic year end, on our website, setting out performance in year, strengths as well as areas for development.

In respect of recruitment, the Group actively seeks applications from all with the aim to develop a workforce that reflects the diverse communities we serve. In addition, the Group considers all job applications anonymously reducing the possibility of any conscious or subconscious bias.

Equality & Diversity (continued)

The Group has signed up to the Association of Colleges' Mental Health Charter framework to embed a consistent and coordinated whole-college approach to mental health for both staff and students.

We have also developed an Equality, Diversity and Inclusion calendar for use across the Group which raises awareness of main faith days celebrated, public holidays and key diversity days. This provides an excellent platform for learning, participation in key events and celebrating the diversity that makes our Group and communities we serve thrive.

As part of the Group's commitment to creating an inclusive workplace and learning environment, the Group was awarded the Investors in Diversity accreditation by the National Centre for Diversity. The Group achieved the Bronze accreditation in March 2025 which highlighted the Group's dedication to embedding the national FREDIE (Fairness, Respect, Equality, Diversity, Inclusion and Engagement) framework into our systems, policies and procedures. In July 2025, the Group received Silver accreditation following a 360-degree stakeholder survey, staff focus groups and interviews.

Gender Pay Gap

The Group publishes its annual gender pay gap report on its website (March 2025 reporting).

- Women earn 83p for every £1 that men earn when comparing median hourly pay (compared to 77p for every £1 previously). Their median hourly pay is therefore 17.1% lower than men's.
- Women occupy 48% of the highest paid jobs (compared to 51% previously).
- Women occupy 76% of the lowest paid jobs (reduction from 80% previously). This proportion of women in lower paid jobs, part time/term time only jobs, contributes to there being a gender pay gap.

The Group is committed to tackle pay inequality and low pay, as demonstrated by paying above statutory minimum wage rates and a commitment to the Living Wage Foundation "Real Living Wage" as a minimum hourly rate. Further details on the Group approach to addressing the Gender Pay Gap is included within the annual Equality and Diversity annual report.

Disability Statement

The Group seeks to achieve the objectives set down in the Equality Act 2010 and has a range of initiatives aimed at supporting individuals with disabilities. These include:

- Enhancing physical accessibility across all campuses, including regular maintenance and upgrades to accessible facilities.

Disability Statement (continued)

- Offering specialised support services such as mental health counselling, disability services, and individualised learning support plans tailored to meet the specific needs of students with disabilities.
- Delivering comprehensive training to staff, equipping them with the knowledge and skills to effectively support individuals with disabilities and foster an inclusive learning and working environment.
- An admissions policy which provides equality of opportunity for all applicants to programmes.
- Having specialist Study Coaches with expertise in supporting learners with Special Educational Needs and Disabilities.
- The Additional Learning Support Service which supports learners with learning workshops, study skills, assistive technology and adaptation needs.
- Supporting reasonable adjustments in teaching, assessment, and campus activities to ensure fair access to education and opportunities for all students. Providing state-of-the-art assistive technologies and learning aids to students with specific learning difficulties and disabilities, ensuring they have equal access to educational resources.

The Group recognises its responsibility to create an environment that promotes staff and student wellbeing and that proactively supports staff and student mental health. In June 2019, the Group's commitment to this was endorsed further through the signing of the AoC Mental Health and Wellbeing Charter. As employers, the Group has signed up to the Mindful Employer Charter for employers who are positive about mental health. Employees have access to Employer funded benefits that can provide individuals with access to a range of confidential support mechanisms.

As part of our ongoing commitment, we continuously evaluate and update our policies and practices to ensure they align with the evolving needs of individuals with disabilities. We are dedicated to creating an inclusive, supportive environment where everyone can succeed, and we continue to invest in initiatives that promote accessibility and equal opportunity across the group.

Carbon Emissions

As a Group we are committed to sustainability and have developed a Sustainability Strategy 2023-2026. We have a strong history on reducing carbon emissions and biodiversity and continue to make further headway.

Below are details of initiatives that form part of our wider strategy which reflect our commitment to waste reduction, circular economy principles and the promotion of environmentally responsible practices across the Group.

In relation to Biodiversity, the Group is continuing to place strong emphasis on environmental considerations within both new build and refurbishment projects.

Carbon Emissions (continued)

A key focus is to ensure that developments not only meet educational needs but also contribute positively to the local environment and community. Key initiatives include:

- Habitat piles being implemented across the Group to support invertebrates and small mammals.
- The Post-16 building incorporating significant wildflower areas to encourage pollinators and improve site biodiversity.
- Embedding environmental considerations into refurbishment schemes, ensuring sustainable design and construction practices.
- Increasing biodiversity across college sites through; creation of wildflower areas; tree planting schemes; installation of bug hotels; provision of hedgehog houses and bird boxes to encourage nesting species

In 2023, the Heart of Yorkshire Education Group secured a Sustainability Grant, which has enabled the Group to invest in a wide range of projects aimed at reducing energy consumption, improving efficiency, and lowering carbon emissions across its estate.

- **LED Lighting Upgrades:** Grant funding has supported the installation of energy-efficient LED lighting at the Wakefield Harrison Building and the Selby College Sports Hall. This has improved lighting quality, reduced electricity usage, and lowered ongoing maintenance costs.
- **Renewable Energy Investment:** Photovoltaic (PV) panels are being installed on the new Post-16 Building, allowing the Group to generate renewable electricity onsite. This will reduce reliance on grid energy and contribute directly to the Group's decarbonisation goals.
- **Thermal Insulation Improvements:** Insulation bags have been installed above ceiling grids, improving thermal insulation, regulating temperatures, reducing heating demand, and delivering long-term energy savings.
- **Strategic Consultancy Partnership:** The Group are working in partnership with Sure Serve consultants, who undertook estate-wide surveys to identify further opportunities for energy reduction and to explore potential decarbonisation funding streams.

These initiatives demonstrate the Group's commitment to embedding sustainability at the heart of its operations and ensuring a lasting positive impact on both the environment and the communities it serves. In addition, the Group maintains a continuing commitment to achieving zero waste to landfill, with a particular focus on the responsible management of food waste. All food waste is processed through an anaerobic digestion facility, where it is converted into renewable energy and a nutrient-rich biofertiliser, ensuring that resources are recovered and re-used within a sustainable cycle. This process is managed in partnership with our appointed waste management company, which supports our goal of reducing environmental impact.

Within Catering services, we have also taken significant steps to reduce reliance on single-use items. Plastic bottles have been removed from sale, replaced with more sustainable

Carbon Emissions (continued)

alternatives such as cans and cartons, which are easier to recycle. Furthermore, we operate a strict no single-use plastics policy, ensuring that packaging, cutlery, and serving materials are reusable, recyclable, or compostable wherever possible.

Greenhouse Gas Emissions and energy use date for the period – UK – in metric tonnes CO₂e	Year ended 31 July 2025	Year ended 31 July 2024
Gas consumption	604.24	583.02
Owned Transport – Diesel	19.06	30.02
Owned Transport – Petrol	6.42	9.64
Total Scope 1	629.72	622.68
Purchased Electricity Total	607.01	637.64
Total Scope 2	607.01	637.64
Reimbursed travel in employee-owned vehicles	52.32	53.59
Total Scope 3	52.32	53.59
Total gross emissions in metric tonnes CO₂e	1289.05	1313.91
Intensity Ratio		
Tonnes of CO ₂ e per member of staff	1.432	1.385
Tonnes of CO ₂ e per member of staff FTE	1.830	1.976
Tonnes of CO ₂ e per Student	0.244	0.230
Tonnes of CO ₂ e per Student FTE	0.308	0.305

FINANCIAL STATEMENTS**For the year ended 31 July 2025**

Trade union facility time

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

Numbers of employees who were relevant period	FTE employee number
2	1.8

Percentage of time	Number of employees
1-50%	2
51-100%	-

Total cost of facility time	£10,663
Total pay bill	£32,901,000
Percentage of total bill spent on facility time	0.03%
Time spent on paid trade union activities as a percentage of total paid facility time	7.01%

Going Concern

The Group has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review. The Group has produced a detailed cash flow forecast to July 2027 including a sensitivity analysis, and this is subject to robust, frequent monitoring and is included in the finance reports to the Board. The Group has no bank loans or overdraft facilities.

The Group's financial plan, shared with the Department for Education in July 2025, demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2027.

The Board takes assurance from this but recognises the challenges likely to impact on the sector over the next two years. The ongoing, higher than target inflation rates could result in cost pressures on staffing costs, operational expenditure and capital projects.

After making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future and has demonstrated this in the detailed financial plan approved by Governors, including costs

relating to the Group's capital programme to July 2028. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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 Group's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approved by order of the members of the Corporation on 9 December 2025 and signed on its behalf by:



Andrew McConnell OBE
Chair of Corporation

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the Group to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

The Group endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. in full accordance with the guidance to colleges from the AoC Code of Good Governance (“the Code”).

In the opinion of the Governors, the Group complies with all the provisions of the Code, and it has complied with the Code throughout the year ended 31 July 2025 as evidenced by a review considered by the Search and Governance Committee on 5 June 2025 and the Board on 1 July 2025.

The Governing Body recognises that as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges (AoC) in March 2015, which it originally formally adopted in August 2015. The updated version of The Code of Good Governance 2024 was adopted in accordance with AoC guidance on 11 December 2024.

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

External Review of Governance

The Group was not in scope for an external review of Governance (which is to be carried out no less than every three years) during the relevant period, having commissioned the AoC to undertake a formal external review of Governance in 2024 which found:

‘The overall conclusion on Board effectiveness is that there is strong evidence that the Board is highly proficient and consistently impacts positively on college strategy, effectiveness, and outcomes.’

Plans are underway for a second external governance review to be undertaken during the 2026/27 academic year.

Statement of Corporate Governance and Internal Control (continued)

Responsibilities under accountability agreements

The further education sector was reclassified as being part of the public sector following a review by the Office for National Statistics.

Because of this the Group has reviewed its policies, procedures and approval processes to ensure that they are fully compliant with the 2024/25 College Financial Handbook and accountability agreement with the Department for Education to ensure there are systems in place to identify and handle transactions for which DfE approval is required in accordance with the Financial Handbook , which has the effective date of 1 August 2024.

FINANCIAL STATEMENTS**For the year ended 31 July 2025****Statement of Corporate Governance and Internal Control (continued)****Members who served the Corporation since 1 August 2024**

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

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2024/25
Duncan Agnew	N/A	October 2024	4 years	7 October 2025	Staff		Board: 3/4
Mohammed Ayub	N/A	October 2023	4 years	-	External	Board and Audit Committee	Board: 4/5 Audit: 0/2
Ruth Baxter	N/A	March 2022	4 years	6 May 2025	Staff	Board and Curriculum and Quality Committee	Board: 3/3 C&Q: 3/3
Isabelle Boocock	N/A	September 2025	1 year	-	Student	N/A	N/A
Stuart Brenton	N/A	September 2024	4 years	-	Staff	Board and Finance, People and Resources Committee	Board: 3/5 FP&R: 3/4
Jason Brook	N/A	September 2022	4 years	-	External (Co-opted)	Audit Committee	Audit: 3/3
Nigel Brook	N/A	April 2022	4 years	1 July 2025	External	Board and Audit Committee	Board: 5/5 Audit 3/3
Claire Corneille	Oct 2020	March 2022	4 years	5 February 2025	External	Board; Finance, People and Resources, Search and Governance and Remuneration Committees	Board: 0/2 Rem Co: 0/0 FP&R: 1/2 S&G: 2/2
Addison Coudette	N/A	November 2024	1 year	31 August 2025	Student	Board	Board: 3/4
Louise Elkington	N/A	March 2024	4 years	2 October 2025	External	Board and Curriculum and Quality Committee	Board: 4/5 C&Q: 4/4

FINANCIAL STATEMENTS**For the year ended 31 July 2025****Statement of Corporate Governance and Internal Control (continued)****Members who served the Corporation since 1 August 2024 (continued)**

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2024/25
Dmitry Fedotov	July 2017 July 2021	March 2022	4 years	-	External	Board; Finance, People and Resources , Search and Governance and Remuneration Committees	Board: 4/5 C&Q: 4/4 S&G: 3/3 Rem Co: 1/1
Maisie-Marie Howden	N/A	September 2025	1 year	-	Student	N/A	N/A
Luke Hudson	N/A	September 2025	1 year	-	Student	N/A	N/A
Annabelle James	N/A	December 2022	4 years		External (Co-opted)	Curriculum and Quality Committee	C&Q: 3/4
Jayne King	N/A	September 2022	4 years	-	External	Board; Remuneration Committee; and Audit Committee	Board: 2/5 Rem Co: 1/1 Audit: 3/3
Tink Lewis	N/A	November 2024	1 year	31 August 2025	Student	Board	Board: 3/5
Wiktor Loc	N/A	November 2024	1 year	31 August 2025	Student	Board	Board: 3/5
Andrew McConnell OBE (Chair)	Oct 2006 Oct 2010 Oct 2014 Jan 2017 Dec 2018	March 2022	4 years	-	External	Board; Finance, People and Resources , Search and Governance and Remuneration Committees	Board: 5/5 FP&R: 4/4 S&G: 3/3 Rem Co: 1/1
Alex Miles	N/A	March 2022	4 years	-	External (Co-opted)	Curriculum and Quality Committee	C&Q: 3/4

FINANCIAL STATEMENTS**For the year ended 31 July 2025****Statement of Corporate Governance and Internal Control (continued)****Members who served the Corporation since 1 August 2024 (continued)**

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2024/25
David Powell	Oct 2020	March 2022	4 years		External	Board and Curriculum and Quality Committee	Board: 5/5 C&Q: 4/4
Martyn Shaw	April 2020	March 2022	4 years	9 May 2025	External	Board; Audit Committee; and Search and Governance Committee	Board: 3/3 Audit: 2/2 S&G: 1/2
Tracy Tallant	N/A	July 2025	4 years	-	External	Board; Finance, People and Resources Committee; Remuneration Committee; and Search and Governance Committee	N/A
Vijay Teeluck	N/A	March 2022	4 years	-	External	Board and Curriculum and Quality Committee	Board: 4/5 C&Q: 4/4
Neil Warren	July 2020	March 2022	4 years	-	External	Board and Finance, People and Resources Committee	Board: 5/5 FP&R: 4/4
Tim Welton	N/A	December 2024	4 years		External	Board Finance, People and Resources Committee	Board: 3/3 FP&R: 2/2
Sam Wright	March 2011	March 2022	N/A	-	Principal	Board and Search and Governance Committee	Board: 5/5 S&G: 3/3

Statement of Corporate Governance and Internal Control (continued)

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

The Corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters for example health and safety and environmental issues.

The Corporation met regularly throughout the year. Some of its business was conducted through its committees. Each committee has written terms of reference, which have been approved by the Corporation. Committees include Audit, Remuneration, Search and Governance, Curriculum and Quality and Finance, People and Resources.

Decisions of these committees are formally reported to the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the Group's website at [Governance](#) and from the Clerk to the Corporation at:

Heart of Yorkshire Education Group
Margaret Street
Wakefield
West Yorkshire
WF1 2DH

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

All Governors are able to take independent professional advice in furtherance of their duties, at the Group's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

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

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer (Principal) are separate.

Statement of Corporate Governance and Internal Control (continued)

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee that is responsible for the selection and nomination of any new member for the Corporation's consideration except for the Principal and Accounting Officer and Staff/Student members. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. In accordance with good practice, members will generally serve no more than two terms except in exceptional circumstances where a longer term of office is considered by the Board to be in the best interests of the Corporation.

The appointment of Andrew McConnell OBE as Chair was made after discussing the need for continuity and stability of the board, post-merger. Part of Andrew McConnell's final term of office now includes the responsibility for ensuring succession planning is in place before March 2026. The Search and Governance Committee is expected to make recommendations to the Board regarding succession planning in autumn 2025.

Corporation performance

The Corporation carried out a self-assessment of its own performance at the end of the period. It was agreed that 'the Board remains effective and proficient and consistently impacts positively on College strategy, effectiveness, and outcomes'. Appraisals were undertaken during the Autumn term to review individual governor performance.

Governors carried out mandatory safeguarding training with Vicki Maybin, the Safeguarding Education Advisor at Wakefield Safeguarding Children Partnership, and read and confirmed their understanding of the amended Keeping Children Safe in Education guidance as well as the Group's updated safeguarding policies and procedures. Governors completed skills audits from which personal development suggestions were made. Online Education and Training Foundation modules were undertaken to address these suggestions. Governors also attended training events specific to their particular governance responsibilities, including AoC events aimed at Committee chairs and Lead Governors. The Chair attended a number of AoC events during the period and continued to attend meetings as part of the Chair's network to stay up to date with key developments in the sector.

Remuneration Committee

The Remuneration Committee continued to discharge its responsibilities regarding the specific remuneration and benefits packages of the Accounting Officer, the Group's only senior post holder, and the Clerk to the Corporation. Details of remuneration for the year ended 31 July 2025 are set out in Note 7 to the financial statements.

Statement of Corporate Governance and Internal Control (continued)

Audit Committee

The Audit Committee comprised between three and four members (including co-optees) during the relevant period. The Committee operated in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the Group's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of management, where appropriate. The Committee also receives and considers reports from the main FE funding bodies as they affect the Group's business.

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

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

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation. The Audit Committee met three times in the year to 31 July 2025. The members of the committee and their attendance records are shown below:

Committee member	Meetings Attended
Jason Brook (Co-opted)	3/3
Nigel Brook (Chair)	3/3
Jayne King	3/3
Martyn Shaw	2/2
Mohammed Ayub	0/2

As can be seen in the 'Members who served the Corporation since 1 August 2024' table (above), Martyn Shaw resigned from the Board on 9 May 2025 and, therefore, was not in post for the Committee's final meeting of the year on 9 June 2025. Mohammed Ayub was appointed as a Committee member via written resolution in February 2025.

Statement of Corporate Governance and Internal Control (continued)

Scope of Responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Conditions of Funding between the Heart of Yorkshire Education Group and the funding body and the OfS registration conditions. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group 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 the Group for the year ended 31 July 2025 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the Group is exposed together with the operating, financial and compliance controls, and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding 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 Group'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. The Audit Committee acts as the Risk Committee and this process is regularly reviewed by the Corporation.

The Internal Control and Risk Management Framework

The Group encourages the taking of measured risk (as set out in the risk appetite statement) that may provide opportunities to meet one or more of its objectives. The internal control and risk management framework is designed to: integrate risk management into the culture of the Group; raise awareness of the need for risk management; encourage a positive approach to

Statement of Corporate Governance and Internal Control (continued)

The Internal Control and Risk Management Framework (continued)

risk taking; support improved decision-making, innovation and performance; and manage risk in accordance with best practice. The framework continues to evolve and enables the Group to respond to a variety of strategic, operational, financial, commercial, regulatory and reputational risks. It provides assurances to successive levels of management and, ultimately, the Board.

The key components of the risk and control framework include:

- clearly defined financial regulations and procedures including clearly defined capital investment business case protocols;
- a strategic and financial planning and budgeting cycle involving staff at all levels of the Group in the setting of objectives and actions and the allocation of resources;
- rigorous termly reviews of business areas to evaluate performance, assess areas of both risk and opportunity and identify where there is a need to take appropriate actions;
- a comprehensive anti-bribery policy, fraud policy and response plan, 'whistle-blowing' policy and disaster management and business continuity plan, which have been communicated to staff so that they are aware of the procedures for reporting significant risk issues and control failings to appropriate levels of management;
- continuing professional development and identification of personal objectives and operational tasks through annual appraisal, linked to the achievement of the Group's strategic objectives and management of key risks;
- a Group-wide approach to evaluating the quality of teaching, learning and assessment, and service areas including plans to address issues of poor performance;
- a high-profile health and safety management system, led by the Accounting Officer which actively promotes the commitment to and development of good health and safety;
- estates management based on an Estates and Infrastructure Strategy formulated to meet the needs of the Group and its community;
- integrated management information systems designed to provide accurate and timely data and analysis to management to support decisions and monitor progress towards policies, strategies and targets;
- regular reviews by both the Executive Team and the Governing Body of financial reporting which indicate financial performance against the agreed budget.

The Corporation ensures that its business calendar and agendas enable risk management and internal control to be considered on a regular basis during the year so that there is a full risk and control assessment before reporting on 31 July each year. This includes reports on the effectiveness of risk management by the Audit Committee and Executive Team.

Statement of Corporate Governance and Internal Control (continued)

The Internal Control and Risk Management Framework (continued)

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

Risks faced by the corporation

The corporation identifies risk by application of the Group's Risk Management Framework, Policy and Appetite Statement. By adopting this Framework, it enables all risks to be identified along with relevant mitigating actions. Each risk is then assessed against the risk appetite stipulated by the corporation.

Throughout the year, the Group has maintained a risk register to capture key strategic risks. An assessment is completed of each risk to determine both the likelihood and impact, taking into account mitigating actions identified and carried out by the risk owner(s). When evaluating the impact of the risk arising, consideration is given to financial, compliance, operational and reputational issues that may arise.

During the relevant period, the Audit Committee reviewed the risk register at each of its meetings with a view to satisfying itself that each risk remained within its tolerance range, or where not, that there was a robust review to establish whether further mitigating actions were needed.

Details of the main risks facing the Group are set out in the 'Principal risks and uncertainties' section above.

Statement from the audit committee

The Audit Committee advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place and that it has established effective internal controls.

The specific areas of work undertaken by the IAS in 2024/25 and up to the date of the approval of the financial statements (which were reviewed by the Audit Committee) include:

- Curriculum Planning in respect of which substantial assurance was given and two medium priority recommendations were made.

Statement of Corporate Governance and Internal Control (continued)

Statement from the audit committee (continued)

- Staff Establishment Controls in respect of which substantial assurance was given and one medium priority recommendation was made.
- Curriculum Financial Viability in respect of which substantial assurance was given and one medium priority recommendation was made.
- Mock Funding Audit in respect of which reasonable assurance was given and one medium priority and two low priority recommendations were made.
- Key Financial Accounting Controls in respect of which substantial assurance was given and one medium and two low priority recommendations were made.

In their review of the implementation of recommendations made in the previous year, substantial assurance was given, and two recommendations remained outstanding. One had been partially completed and would be carried across to 2025/26 while the other had been superseded by the recommendations of the above mentioned Key Financial Accounting Controls report and had, therefore, been closed. The partially completed action arose in the Health & Safety audit as a medium priority recommendation in respect of developing risk assessments across the Group. It is being carried over to 2025/26 as it is the autumn term when assurance will be sought that these are all now complete.

In summary, the IAS have provided the Audit Committee and Corporation with Reasonable Assurance that Heart of Yorkshire Education Group's risk management and systems of internal control were operating adequately and effectively and that there were no instances where any breakdown of control resulted in a material discrepancy.

The DfE concluded its funding assurance review, relating to apprenticeships at Selby College pre-merger, during this period. The Audit Committee and the Board received updates on their findings, and the actions taken to guard against erroneous claims being made in the future and each was satisfied that the recommendations made by the Group's auditors had been appropriately implemented. As mentioned above, the Board agreed a mock funding audit which included a follow up to ensure the DfE control recommendations were embedded to provide further assurance.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control.

The Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the Group who have responsibility for the development and maintenance of the internal control framework;

Statement of Corporate Governance and Internal Control (continued)

Review of Effectiveness (continued)

- comments made by the Group's financial statements auditors, the regularity auditors, and the appointed funding auditors in their management letters and other reports.

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

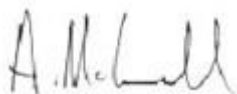
The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training.

The Executive Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports from the Executive Team and the Audit Committee.

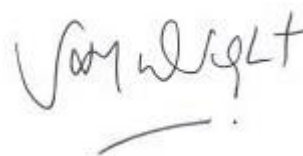
The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At a meeting in December 2025, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Executive Team and internal audit and taking account of events since 31 July 2025.

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

Approved by order of the members of the Corporation on 9 December 2025 and signed on its behalf by:



Andrew McConnell OBE
Chair of Corporation



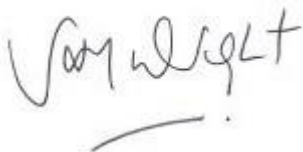
Sam Wright
Accounting Officer

STATEMENT ON THE CORPORATION'S REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of the corporation of the Heart of Yorkshire Education Group 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.



Sam Wright

Accounting officer

9 December 2025

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

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

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

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United

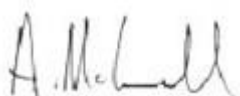
Statement of the Responsibilities of the Members of the Corporation (continued)

Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, 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 9 December 2025 and signed on its behalf by:



Andrew McConnell OBE
Chair of governors

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2025 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Department for Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Corporation of the Heart of Yorkshire Education Group (continued)

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and 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.

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

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the Department for Education requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

Independent Auditor's Report to the Corporation of the Heart of Yorkshire Education Group (continued)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 3 to the accounts, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of the Heart of Yorkshire Education Group

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 38 and 39 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

Independent Auditor's Report to the Corporation of the Heart of Yorkshire Education Group (continued)

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operates in and how the college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Department for Education, and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the college is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

Independent Auditor's Report to the Corporation of the Heart of Yorkshire Education Group (continued)

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

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and performing tests of detail on a sample of revenue transactions together with performing a review of the appropriate application of the College's revenue recognition policy.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Accountability Agreement published by the Department for Education and our engagement letter dated 22 July 2025. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

First Floor

Two Humber Quays

Wellington Street West

Hull

HU1 2BN

10 December 2025

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 July 2025	Year ended 31 July 2024
	Notes	£000s	£000s
INCOME			
Funding body grant	2	43,619	38,748
Tuition Fee and education contracts	3	4,365	4,614
Other grants and contracts	4	507	669
Other income	5	1,341	1,294
Investment income	6	556	508
Total income		50,388	45,833
EXPENDITURE			
Staff costs	7	35,102	31,317
Restructuring costs	7	76	194
Other operating expenses	8	10,845	10,721
Depreciation	12	3,757	3,497
Total expenditure		49,780	45,729
Surplus for the year before		608	104
Loss on disposal of assets		(3)	-
Surplus for the year		605	104
Remeasurement on net defined pension benefit scheme		(130)	(219)
Total Comprehensive Income for the year attributable to the Corporation of the College		475	(115)

All of the above activities relate to continuing operations. The notes on pages 49 to 77 form part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2025 £000s	2024 £000s
Net cash flow from operating activities	21	6,647	3,228
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	23	-	-
Withdrawal of deposits	-	-	3,500
New deposits	(2,500)	-	-
Payments made to acquire fixed assets	(5,627)	(3,613)	(3,613)
		(8,104)	(113)
Cash flows from financing activities			
Interest received		510	466
(Decrease)/increase in cash and cash equivalents in the year		(947)	3,581
Cash and cash equivalents at beginning of the year	22	7,940	4,359
Cash and cash equivalents at end of the year	22	6,993	7,940

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2025



BALANCE SHEET AS AT 31 JULY

	Notes	2025 £000s	2024 £000s
Non-current assets			
Tangible fixed assets	12	82,247	80,403
Endowments and investments	13	40	39
		82,287	80,442
Current assets			
Trade and other receivables	14	1,814	1,766
Current investments	15	8,000	5,500
Cash at bank and in hand	22	6,993	7,940
		16,807	15,206
Less: Creditors – amounts falling due within one year	16	(9,284)	(9,833)
Net current assets		7,523	5,373
Total assets less current liabilities		89,810	85,815
Creditors – amounts falling due after more than one year	17	(33,877)	(30,167)
Provisions for liabilities			
Defined benefit pension scheme	23	-	-
Other provision	18	(2,377)	(2,568)
Total net assets		53,556	53,080
Restricted reserves:			
Endowment Fund	13	40	39
Unrestricted reserves:			
Income and expenditure		44,414	43,778
Revaluation reserve		9,102	9,263
Total unrestricted reserves		53,516	53,041
Total reserves		53,556	53,080

The financial statements on pages 45 to 77 were approved and authorised for issue by the Corporation on 9 December 2025 and were signed on its behalf on that date by:

A. McCall

Very Wright

STATEMENTS OF CHANGES IN RESERVES

	Restricted Reserve £000s	Income and expenditure account £000s	Revaluation reserve £000s	Total £000s
Balance at 1 August 2023	38	43,741	9,415	53,194
Surplus from the income and expenditure account	1	104	-	105
Other comprehensive income	-	(219)	-	(219)
Transfers between revaluation and income and expenditure reserves	-	152	(152)	-
Total comprehensive income for the year	1	37	(152)	114
Balance at 31 July 2024	39	43,778	9,263	53,080
Surplus from the income and expenditure account	1	605	-	606
Other comprehensive income	-	(130)	-	(130)
Transfers between revaluation and income and expenditure reserves	-	161	(161)	-
Total comprehensive income for the year	1	636	(161)	476
Balance at 31 July 2025	40	44,414	9,102	53,556

The notes on pages 49 to 77 form part of these financial statements.

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025

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 F& HE SORP), the College Accounts Direction for 2024-25 and Regulatory Advice 9; Accounts Direction issued by OfS and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The Group is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

Basis of Accounting

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

Going Concern

The activities of the Group, 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 Group, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The Group has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review. The Group has produced a detailed cash flow forecast to July 2027 including a sensitivity analysis, and this is subject to robust, frequent monitoring and is included in the finance reports to the Board. The Group has no bank loans or overdraft facilities as at the end of July 2025.

The Group's financial plan, shared with the Department for Education in July 2025, demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2027.

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

1 Accounting Policies (continued)

The Group has a reasonable expectation that it has adequate resources to continue in operational existence or the foreseeable future (to at least 31 July 2027), and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments. Adult Skills Fund ('ASF') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA/DfE and either determined as part of the reconciliation process or by separate agreement between the Group and the ESFA/DfE at the reporting period end date. Any subsequent agreement to determination of the ASF funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

For 2024/25 the ESFA/DfE has confirmed that they will meet claims of up to 110% of contract value of ASF. This is not reflected in the ASF contract with West Yorkshire Combined Authority where claims are limited to 100% of contract value.

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

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

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

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

1 Accounting Policies (continued)

Capital grant funding

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

Fee income

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

Investment income

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

Agency Arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

1 Accounting Policies (continued)

West Yorkshire Local Government Pension Scheme (LGPS)

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

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

Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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 Group. Any unused benefits are accrued and measured as the additional amount the Group expects to pay as a result of the unused entitlement.

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

1 Accounting Policies (continued)

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Group annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the Group'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.

Tangible Fixed Assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

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

Freehold and long leasehold buildings are depreciated over their expected useful economic life to the Group of between 5 and 50 years. The Group has a policy of depreciating major adaptations to buildings over the period of 15 years.

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

On adoption of FRS 102, the Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 2014, as deemed cost but not to adopt a policy of revaluation of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

1 Accounting Policies (continued)

Equipment

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

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

- | | |
|------------------------------------|--------------|
| • technical equipment | 3 - 5 years |
| • motor vehicles | 5 - 10 years |
| • computer equipment | 5 years |
| • laptops | 3 years |
| • furniture, fixtures and fittings | 5 - 10 years |

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.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

1 Accounting Policies (continued)

Taxation

The Group is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Group 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 Group is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of expenses as appropriate and to the cost of tangible fixed assets, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when;

- the Group 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 Statement of Comprehensive Income in the period it arises.

A contingent liability arises from a past event that gives the Group 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 Group. 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 Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

1 Accounting Policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Local Government Pension Scheme

Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to include in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions.

Other key sources of estimation uncertainty

- *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.
- Determine whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

1 Accounting Policies (continued)

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit obligation 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 23, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions obligation 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 obligation.

2 Funding Body Grants

	2025	2024
	£000s	£000s
Recurrent grants		
ESFA/DfE - 16-18	31,933	27,986
ESFA/DfE - apprenticeships	3,371	3,087
ESFA/DfE - adult	2,878	2,832
Office for Students	429	297
Specific Grants		
Releases of government capital grants	1,291	1,210
Local Education Authorities	1,346	1,247
Teacher Pension Scheme contribution grant	1,584	1,162
ESFA – 16-19 tuition fund	-	519
FECT Capital transformation funds	17	86
FECA Reclassification funds	93	8
Energy efficiency funds	108	-
NI support grant	215	-
Education and Skills Funding Agency - Other	354	314
Total	43,619	38,748

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

3 Tuition Fees and Education Contracts

	2025	2024
	£000s	£000s
UK Higher Education students	3,258	3,554
UK Further Education students	505	480
Apprenticeship Fees	24	69
International student fees	-	8
Total fees paid on behalf of individual students	3,787	4,111
Education contracts	578	483
Apprenticeship contracts	-	20
Sub Total	578	503
Total	4,365	4,614

Included within Funding Body Grants and Tuition Fees and Education Contracts are the following:

	2025	2024
Details of grant and fee income	£000s	£000s
Grant income from the Office for Students	429	297
Grant income from other bodies	43,190	38,451
Total grants	43,619	38,748
Fee income for taught awards (exclusive of VAT)	3,258	3,554
Fee income for non-qualifying courses	1,107	1,060
Total fees	4,365	4,614
Total grant and fee income	47,984	43,362

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

4 Other Grants and Contracts

	2025	2024
	£000s	£000s
Other grants and contracts	507	669
Total	507	669

5 Other Income

	2025	2024
	£000s	£000s
Catering operations	617	424
Releases of other government capital grants	321	215
Transport Income	36	50
Miscellaneous income	367	605
Total	1,341	1,294

6 Investment Income

	2025	2024
	£000s	£000s
Other investment income	510	466
Net interest on defined benefit pension scheme (note 23)	46	42
Total	556	508

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

7 Staff Costs

The average number of persons (including key management personnel) employed by the Group during the year and disclosed on an average headcount basis, was:

	2025	2024
	No.	No.
Teaching Staff	389	367
Student Support	223	223
Non-teaching Staff	283	279
	895	869

Staff costs for the above persons

	2025	2024
	£000s	£000s
Wages and salaries	25,008	22,572
Social security costs	2,604	2,068
Other pension costs	5,289	4,496
Payroll sub total	32,901	29,136
Contracted out staffing services	2,201	2,181
Total	35,102	31,317
Restructuring costs - contractual	67	132
- non contractual	9	62
Total Staff costs	35,178	31,511

Staff were awarded a 2.5% increase in 2024/25, with effect from 1 February 2025.

Severance payments

The group paid 14 severance payments in the year, disclosed in the following bands:

Severance Payment amount	Number of severance payments made
£0 - £25,000	14
£25,001 - £50,000	0
£50,001 - £75,000	0

Included in staff restructuring costs there is one special severance payment of £9,140 (2023/24 £62,097).

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

7 Staff Costs (continued)

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the individuals listed earlier (page 2) in these financial statements.

Emoluments of key management personnel, Accounting Officer and other staff

	2025 No	2024 No
The number of key management personnel including the Accounting Officer was:	8	7

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

	2025 Key Management Personnel No	2024 Key Management Personnel No	2025 Other Staff No	2024 Other Staff No
£40,001 to £45,000	1	-	-	-
£45,001 to £50,000	1	-	-	-
£60,001 to £65,000	1	1	3	4
£65,001 to £70,000	-	-	4	-
£70,001 to £75,000	-	-	3	1
£85,001 to £90,000	1	1	-	-
£90,001 to £95,000	1	1	-	-
£95,001 to £100,000	-	2	-	-
£100,001 to £110,000	2	-	-	-
£115,001 to £120,000	-	1	-	-
£195,001 to £200,000	1	1	-	-
Total	8	7	10	5

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025 (continued)

7 Staff Costs (continued)

Key management personnel compensation, including the Accounting Officer, is made up as follows:

	2025 £000s	2024 £000s
Basic Salaries	740	756
	740	756
Pension contributions	167	158
Total key management personnel compensation	907	914

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. In addition to the above national insurance amounted to £98,000 (2023/24 - £96,000).

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

	2025 £000s	2024 £000s
Salaries	198	197
	198	197
Pension contributions	56	49
Total	254	246

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

The remuneration of the Accounting Officer is approved by the Group's Remuneration Committee. For the year to 31 July 2025, On the 6 March 2025, it was agreed by the Remuneration Committee that the Accounting Officer would receive the same Pay Award as made to all other staff. Therefore, the amounts shown above include a 2.50% increase for 2024/25, with effect from 1 February 2025. In addition, it was proposed and approved from this meeting to award a honorarium payment of £3,000 to the Accounting Officer.

The Accounting Officer was not involved in setting her remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration for the year to 31 July 2025 included: performance against personal objectives; performance of the organisation; sector benchmarking data on pay of accounting officers in the region and in a similar income bracket; benchmarking of colleges with similar staff numbers and complexity of income streams.

Only the Accounting Officer is covered by the Senior Staff Remuneration Code.

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

7 Staff Costs (continued)

Other key management personnel are subject to the same pay policies and procedures as all other employees.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2025	2024
	No.	No.
Basic salary as a multiple of median basic salary of staff	5.49	5.78
Total remuneration as a multiple of median total remuneration of staff	5.76	6.13

This is calculated from the total pay costs excluding: enhanced pension, pension adjustments, contracted out staffing costs, restructuring, social security and employer pension contributions for the basic salary cost and including employer pension contribution for the total remuneration costs.

Governors' remuneration

The Accounting Officers and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the Group in respect of their roles as governors.

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

The total travel and subsistence expenses paid to or on behalf of the Governors during the year was £1,143 to 5 governors (2023/24: £847 to 3 governors).

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

8 Other operating expenses

	2025	2024
	£000s	£000s
Teaching costs	4,528	4,107
Non – teaching costs	3,588	3,959
Premises costs	2,729	2,655
Total	10,845	10,721

Surplus before taxation is stated after charging:

	2025	2024
	£000s	£000s
Auditors' remuneration (excluding VAT):		
Financial statements audit	78	91
Internal audit	13	15
Other services provided by the financial statements' auditors	16	13
Operating lease rentals	91	82

Write offs and losses

The total value of debts written off or other losses incurred is £14,925 (2023/24: £17,555). There was one individual transaction where the value was £5,000 or more.

Guarantees, letters of comfort and indemnities

The college has not provided any guarantees, letters of comfort, and indemnities not entered into in the normal course of business.

Compensation payments and ex-gratia payments

The college has not made any compensation payments or ex-gratia payments during the period.

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

8 Other operating expenses (continued)

Included within expenditure are the following transactions, individual transactions exceeding £5,000 are identified separately:

	Total £	Individual Items above £5,000 Amount £	Reason
Compensation payments	-	-	-
Write off and losses	14,925	6,850	The total value relates to 15 individual debts. The one debt above £5,000 related to one HE student who failed to receive a Tuition Fee Loan from SLC
Guarantees, letters of comfort and indemnities	-	-	-

9 Access and participation expenditure

	2025 £000s	2024 £000s
Access investment	82	68
Financial support to students provided	38	43
Support for disability students	-	-
Research and evaluation (relating to access and participation)	24	23

The Group's Access and Participation Plan is available on the Group's website at:
<https://www.heartofyorkshire.ac.uk/higher-education/office-for-students>

10 Investment in subsidiary

	2025 £000s	2024 £000s
Investment in subsidiary companies	-	-
Total	-	-

The College owns 100 per cent of the issued ordinary £1 shares of Heart of Yorkshire Education Group Ltd, a company incorporated in England and Wales. The company is dormant.

Heart of Yorkshire Education Group
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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

11 Taxation

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

12 Tangible Fixed Assets

	Land and Buildings Freehold	Long Leasehold	Equipment	Assets in the course of construction	Total
	£000s	£000s	£000s	£000s	£000s
Cost or valuation					
At 1 August 2024	101,752	932	7,773	698	111,155
Additions	1,210	-	1,395	3,022	5,627
Disposals	-	-	(30)	-	(30)
At 31 July 2025	102,962	932	9,138	3,720	116,752
Depreciation and impairment					
At 1 August 2024	26,175	416	4,161	-	30,752
Charge for the year	2,478	38	1,241	-	3,757
Elimination in respect of disposals	-	-	(4)	-	(4)
At 31 July 2025	28,653	454	5,398	-	34,505
Net book value at 31 July 2025	74,309	478	3,740	3,720	82,247
Net book value at 31 July 2024	75,577	516	3,612	698	80,403

'F' Block (Wakefield Campus) was previously marketed for sale and the asset was impaired to £1,200,000. Due to increasing student numbers, the property has been reincorporated into the Group's core estate and was partly refurbished in 2023/24. Additional works are planned to commence and complete in 2025/26.

Wakefield College's land and buildings were last valued at 31 July 2014, on transition date to FRS102, by Principal Surveyor at Sheffield Valuation Office in accordance with the Practice statements in the RICS Valuation – Professional Standards January 2014 as published by the Royal Institution of Chartered Surveyors.

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

12 Tangible fixed assets (continued)

Land and buildings of the former Selby College transferred to the Heart of Yorkshire Education Group on merger include land valued at £3,250,000 on 1 August 2014 (the transition date to FRS102) that is not depreciated. This was included at deemed cost. The valuation of this land was performed by Stephenson's, an independent valuer, on a fair value basis.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£000s
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

13 Endowments and investments

	2025 £000s	2024 £000s
Endowments	40	39

14 Trade and other receivables

	2025 £000s	2024 £000s
Amounts falling due within one year:		
Trade receivables	183	460
Other debtors	17	7
Prepayments and accrued income	1,010	900
Amounts owed by the Department for Education	604	399
Total	1,814	1,766

Trade receivables includes a provision for bad debts of £29,000 (2023/24 - £41,000).

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
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15 Current Investments

	2025	2024
	£000s	£000s
Short term deposits	8,000	5,500
Total	8,000	5,500

Deposits were held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits were fixed for the duration of the deposit at time of placement.

16 Creditors: amounts falling due within one year

	2025	2024
	£000s	£000s
Trade payables	257	610
Other creditors	586	555
Other taxation and social security	638	499
Accruals and deferred income	3,888	4,439
Holiday pay accrual	463	474
Government capital grants	1,822	1,477
Government revenue grants	11	30
Amounts owed to the Department for Education	1,619	1,749
Total	9,284	9,833

17 Creditors: amounts falling due after one year

	2025	2024
	£000s	£000s
Government capital grants	33,877	30,167
Total	33,877	30,167

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

18 Provisions

	Enhanced pensions £000s	Defined benefits £000s	Total £000s
At 1 August 2024	2,568	-	2,568
Utilised in the year	(256)	84	(172)
Released/additional provision in the year	123	46	169
Actuarial gain	(58)	(130)	(188)
At 31 July 2025	2,377	-	2,377

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

The principal assumptions for this calculation are:

	2025	2024
Price inflation	2.70%	2.80%
Discount rate	5.50%	4.80%

19 Capital commitments

	2025 £000s	2024 £000s
Contracts for future capital expenditure	4,352	161

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

20 Commitments under operating leases

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

	2025	2024
	£000s	£000s
Other		
Future minimum lease payments due		
Not later than one year	100	21
Later than one year and not later than five years	213	30
Total	313	51

21 Note to Consolidated Statement of Cash Flows

		2025	2024
	Notes	£000s	£000s
Cash flow from operating activities			
Surplus for the year		605	104
Adjustment for non-cash items			
Depreciation/impairment		3,757	3,497
Increase in debtors		(48)	(688)
Decrease in creditors due within one year		(549)	(112)
Increase in creditors due after one year		3,710	1,238
Decrease in provisions		(191)	(127)
Pensions costs less contributions payable	23	(84)	(177)
Adjustment for investing or financing activities			
Investment income		(510)	(466)
Pension interest		(46)	(42)
Loss on disposal of fixed asset		3	1
Net cash flow from operating activities		6,647	3,228

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025 (continued)

22 Analysis of changes in net funds

	At 1 August 2024	Cash flows	At 31 July 2025
	£000s	£000s	£000s
Cash	7,940	(947)	6,993
Current asset investments	5,500	2,500	8,000
	13,440	1,553	14,993

23 Retirement benefits

The employees of the Group 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 West Yorkshire Pension Fund. Both are multi-employer defined-benefit plans.

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

Prior to merger, staff who were members of the LGPS at Selby College, had their pensions managed by North Yorkshire Pension Fund. The assets (including contributions paid in year) and liabilities were transferred from North Yorkshire Pension Fund (NYPF) to West Yorkshire Pension Fund (WYPF) following merger. The bulk transfer was completed 16 December 2024, therefore the WYPF Actuary has removed previous estimates used in prior years provisions and included the actual bulk transfer received in year.

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

23 Retirement benefits (continued)

Total pension cost for the year

	2025	2024
	£000s	£000s
Teachers' Pension Scheme:	3,298	2,678
Local Government Pension Scheme:		
Contributions paid*	2,010	1,863
FRS102(28) charge	(84)	(177)
Charge to the Statement of Comprehensive Income	1,926	1,686
Defined contributions paid	-	-
Enhanced pension charge to statement of comprehensive income	65	132
Total Pension Cost for year within staff costs	5,289	4,496

Contributions amounting to £586,000 (2023/24: £555,000) were payable to the schemes at 31 July and are included in creditors (Note 16).

Teachers' Pension Scheme

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

23 Retirement benefits (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

The valuation report was published on 26 October 2023. The key results of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion
- Notional past service deficit of £39.8 billion (2016 £22 billion)
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change has had the greatest financial significance)

As a result of the valuation, new employer contribution rates have been set at 28.68% of pensionable pay from 1 April 2024 until 1 April 2028 (next valuation due in 2027) (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers' Pensions employer contribution grant to cover the additional costs during the 2024/25 academic year, and currently through to July 2026.

The pension costs paid to TPS in the year amounted to £3,298,000 (2023/24: £2,678,000).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Bradford Metropolitan District Council (West Yorkshire Pension Fund). Prior to merger, employees of the former Selby College were members of the North Yorkshire Pension Fund.

The total contribution made for the year ended 31 July 2025 was £2,750,000 of which employer's contributions totalled £2,010,000 and employees' contributions totalled £740,000. The current employer contribution rate decreased from 18.4% to 15.9% from 1 January 2025 and then to 15.3% from 1 April 2025. Employee contributions are between 5.5% and 12.5% dependent on salary according to a national scale.

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

23 Retirement benefits (continued)

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an FE body in the statutory sector closure, where there is no transfer or merger, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 12 November 2024.

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

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries (for year 1 only)	-	7.00%
Rate of increase in salaries (for subsequent years)	3.75%	3.85%
Future pension increases	2.50%	2.60%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption	2.50%	2.00%

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

	At 31 July 2025 Years	At 31 July 2024 Years
Aged 65 at accounting date:		
Males	20.9	20.8
Females	24.1	24.0
Active member aged 45 at accounting date:		
Males	21.8	21.7
Females	24.8	24.7

The Group's share of the assets in the plan at the balance sheet date were:

	Fair Value of Assets at 31 July 2025 £000s	Fair Value of Assets at 31 July 2024 £000s
Equity instruments	64,152	61,860
Government bonds	8,202	6,865
Corporate bonds	3,167	3,120
Property	2,193	2,106
Cash	1,462	2,106
Other	2,030	1,950
Total fair value of plan assets	81,206	78,007

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

23 Retirement benefits (continued)

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

	2025	2024
	£000s	£000s
Fair value of plan assets	81,206	78,007
Present value of plan liabilities	(54,475)	(61,694)
Present value of unfunded liabilities	(65)	(74)
Restriction to level of asset ceiling (excluding interest on asset restriction)	(26,666)	(16,239)
Net pension asset recognised in Balance Sheet	-	-

The value of the group's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

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

	2025	2024
	£000s	£000s
Amounts included in staff costs		
Current service cost	(1,925)	(1,668)
Past service cost	(1)	(18)
Total	(1,926)	(1,686)
Amounts included in interest		
Net interest income	862	600
Interest on unrecognised asset	(816)	(558)
Total	46	42
Amount recognised in Other Comprehensive Income		
Remeasurement of net defined benefit pension scheme	(130)	(219)
Total	(130)	(219)

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Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
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23 Retirement benefits (continued)

Changes in the present value of defined benefit obligations

	2025	2024
	£000s	£000s
Defined benefit obligations at start of period	61,768	59,263
Current service cost	1,925	1,668
Past service cost	1	18
Interest cost	3,032	2,912
Contributions by Scheme participants	747	633
Actuarial (gain)/loss	(9,845)	15
Estimated benefits paid	(3,088)	(2,741)
Defined benefit obligations at end of period	54,540	61,768

Changes In fair value of plan assets

	2025	2024
	£000s	£000s
Fair value of plan assets at start of period	78,007	70,344
Interest on plan assets	3,894	3,512
Return on plan assets (excluding net interest on the net defined benefit liability)	(364)	4,396
Employer contributions	2,010	1,863
Contribution by Scheme participants	747	633
Estimated benefits paid	(3,088)	(2,741)
Fair value of plan assets at end of period	81,206	78,007
Actual return on plan assets	3,530	7,908

Notes to the Financial Statements for the Period 1 August 2024 to 31 July 2025
(continued)

23 Retirement benefits (continued)

The College is aware that the Court of Appeal upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced and it's not clear how this interacts with the investigations made by the UK Government's Actuary's Department therefore the potential impact if any, on the valuation of scheme liabilities remains unknown.

24 Related party transactions

Key management compensation disclosure is given in note 7.

There have been no related party transactions in the year to 31 July 2025 (2024: none).

25 16-19 Bursaries

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 £1,298,320 and disbursed £1,210,671 from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £57,900 for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £786,964, 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 £1,188,192 received from DfE, £1,111,166 disbursed to learners after charging £52,644 for administration costs, and total cumulative unspent funds of £757,215, of which £nil was repaid to DfE.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP AND THE SECRETARY OF STATE FOR EDUCATION

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 22 July 2025 and further to the requirements of the Department for Education (the "DfE") as included in the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the DfE, 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 The Heart of Yorkshire Education Group during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

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

Basis for conclusion

The framework that has been applied is set out in the Framework and Guide for External Auditors and Reporting Accountants of Colleges and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of the accounting officer of The Heart of Yorkshire Education Group and Corporation

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 are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Corporation of The Heart of Yorkshire Education Group (who are also the trustees for the purposes of charity law) are responsible for the proper conduct and financial operation of The Heart of Yorkshire Education Group and appointment of the accounting officer.

Responsibilities of the reporting accountant

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 Framework and Guide for External Auditors and Reporting Accountants of Colleges.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP AND THE SECRETARY OF STATE FOR EDUCATION (continued)

Responsibilities of the reporting accountant (continued)

aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the College Financial Handbook, the accountability agreement with the Secretary of State for Education and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise or potential impropriety, where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Tests and evidence to support conclusion on regularity' guidance in the Framework and Guide for External Auditors and Reporting Accountants of Colleges.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Corporation of The Heart of Yorkshire Education Group 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 name of college and the Secretary of State for Education those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of The Heart of Yorkshire Education Group and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

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10 December 2025

ACRONYM GLOSSARY

ASF	Adult Skills Fund
AoC	Association of Colleges
CPD	Continuing Professional Development
DfE	Department for Education
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
ESFA	Education and Skills Funding Agency
FE	Further Education
FEC	Further Education Commissioner
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
GDPR	General Data Protection Regulation
HE	Higher Education
HIA	Head of Internal Audit
ICAEW	Institute of Chartered Accountants in England and Wales
IAS	Internal Audit Service
ILR	Individual Learner Record
ISA	International Standards on Auditing
IT	Information Technology
KPI	Key Performance Indicator
LGPS	Local Government Pension Scheme
LLP	Limited Liability Partnership
LSIF	Local Skills Improvement Fund
N/A	Not Applicable
NSS	National Student Survey
NYPF	North Yorkshire Pension Fund
OBE	Order of the British Empire
OfS	Office for Students
ONS	Office for National Statistics
PI	Performance Indicator
RICS	Royal Institute of Chartered Surveyors
SEND	Special Educational Needs and Disabilities
SFS	Supporting Futures Selby
SORP	Statement of Recommended Practice
TPS	Teachers' Pension Scheme
VAT	Value Added Tax
WYCA	West Yorkshire Combined Authority
WYPF	West Yorkshire Pension Fund