

Petroc
Annual report
for the year ended 31 July 2025

Key Management Personnel, Board of Governors and Professional Advisers

Key Management Personnel

Key management personnel are defined as members of the Principal's Leadership Group and were represented by the following in 2024/25:

Kurt Hintz	Interim Principal and Chief Executive
Jason Jones	Deputy Principal
Bill Blythe	Vice Principal

Board of Governors

A full list of Governors is given on pages 17 to 18 of these financial statements.

Joanna Boardman acted as Director of Governance and Director of Executive Operations.

Professional Advisers

Statutory Auditors

Forvis Mazars
8th Floor
Assembly C
Cheese Lane
Bristol
BS2 0JJ

Internal Auditors

RSM UK Risk Assurance Services
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG

Bankers

Barclays plc
Lloyds Bank plc

Solicitors

Clarke Willmott
Eversheds Sutherland
Harrison Clark Rickerbys
Rise HR
Wollen Michelmore
Irwin Mitchell

Petroc

Annual report

for the year ended 31 July 2025

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Report of the members of the Corporation for the year ended 31 July 2025

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

Mission

During the autumn of 2024, the College updated its Strategic Plan and adopted a new plan for 2024/25 and 2025/26.

At Petroc College, our mission has always been to inspire ambition and create opportunities for learners, staff, and our wider community. This strategy is not just a roadmap for the future - it is a reflection of the shared vision, values, and aspirations of everyone at Petroc. What makes this strategy truly meaningful is that it has been shaped by the voices of those who matter most - our staff and students. Through collaboration, feedback, and shared experiences, we have crafted a plan that aligns with the needs of our learners, the expertise of our teams, and the evolving demands of industry and education. This strategy is built on four key themes: delivering high-quality education, empowering our staff, securing financial stability, and meeting the skills needs of our community. Each of these areas is underpinned by our core values - Respect, Integrity, Community, Communication, and Trust - ensuring that we continue to grow in a way that is sustainable, inclusive, and impactful. This strategy is a commitment to continuous improvement, to innovation, and to ensuring that Petroc remains a place where people thrive.

Our mission defines our purpose and the transformative power of education at Petroc: Education at Petroc is more than learning – it is about transformation. We believe in the power of knowledge, skills, and ambition to shape lives and communities. We are committed to delivering outstanding education and training, equipping our learners with the skills, confidence, and opportunities to make a difference - not just in their own lives, but in the communities they serve. Together, these values, vision, and mission underpin our strategic direction, shaping our journey towards excellence, inclusivity, and lifelong impact.

Public Value/Benefit Statement

Petroc is committed to driving forward educational success in further and higher education. We will raise the aspirations, knowledge and skills of individuals, communities and business in Devon and beyond.

Petroc will enable the highest levels of learner achievement and the highest levels of career and life fulfilment. Excellence is what customers, businesses and other organisations can expect to achieve themselves through working with the College.

The College sets out its aims and objectives through our strategic plan

- Curriculum Strategy Development: Produce a curriculum strategy that reflects industry standards and future trends for the region
- Setting the Standards for Industry: Foster industry partnerships to enhance work experience opportunities and ensure learners are work-ready and environmentally conscious
- Build on Our Partnerships and Collaborations: Foster our partnerships and collaborations with schools, employers, the community and wider stakeholders

Implementation of Strategic Plan

A Strategic Plan for 2024 to 2026 was adopted by the Board to run from 1 August 2024. with four strategic themes:

- Our Learners: Deliver high-quality education and training consistently across all programmes
- Our College: Secure Petroc's financial stability to ensure continued investment in its mission
- Our People: Empower a unified and engaged workforce committed to achieving Petroc's goals
- Our Community Build a responsive curriculum to meet local and national economic priorities

The College similarly adopted five values:

- Respect – Creating a culture of understanding and appreciation
- Integrity – Acting with honesty and professionalism in all we do
- Community – Working together to build a positive, inclusive environment
- Communication – Ensuring openness, collaboration, and shared understanding
- Trust – Building strong relationships based on reliability and mutual support

The College's financial priorities are:

- Good Financial Health: To be a financially sustainable organisation
- Pay and Conditions: Move toward competitive pay to attract and retain talented staff, aligning with budgetary capacity
- Our Estate: Develop and invest in facilities to create inspiring learning and teaching spaces, reflecting the College's ambition

Our high-level financial targets are:

- Achieve and maintain at least "Good" financial health as determined by the DfE financial health score
- Reinvest a minimum of 6% of income into the estate for capital equipment and improvements each year
- Reduce operational costs by 3% through efficiency measures

Stakeholders

The College has many stakeholders including:

- its current, future and past students
- its staff and their trade unions. The main trade unions of which College staff are members of are NEU and Unison
- the employers it works with
- its funding bodies; DfE and OfS
- its partner schools across Devon and North Cornwall and universities, namely Plymouth, University of Greater Manchester and Exeter with whom a Memorandum of Understanding was signed in 2023/24.
- the wider College community
- its local councils,
- Banks; Lloyds and Barclays

The College now produces an annual accountability statement reflecting its engagement with the civic community, employers and its response to the Local Skills Improvement Plan. This Statement is published on the College website and shared with the DfE.

Finances

The College reported an operating surplus of £1.142m (2024: deficit of £2.852m). This includes pension charges of -£372k (2024: -£375k), fundamental restructuring costs incurred of £166k (2024: £290k).

The Statement of Comprehensive Income reflects an actuarial loss of £373k (2024: actuarial loss of £416k) on pension schemes in respect of FRS 102 (28).

In year, the College generated operational cash of £654k and overall cash balance increased by £279k.

Looking forward, the College has prepared a financial strategy and future years forecast, the early years of which are based on detailed business plans, but through the proposed merger with Exeter College and continued policy change will require constant review and appropriate action taken to ensure the College's financial health is maintained and strategic objectives are achieved.

The Defined Benefit Pension Liability was impacted by positive changes in financial assumptions/returns, no asset has been recognised in the accounts.

Performance Indicators

Key Performance Indicator	Target for 2024/25	FEC' Measures / Expectation	Actual for 2024/25
Operating surplus/deficit as a % of turnover	3.07%	Greater than 1%	3.22%
EBITDA as a % of income	10.11%	Greater than 6%	10.19%
Cash generation	£685k	n/a	£654k
Cash days	31	Greater than 25 (all months)	52
Adjusted current ratio	0.81	Greater than 1.4	1.10
Borrowing as a % of income	20.41%	n/a	19.69%
Debt Service Cover Ratio	1.00	Greater than 2	0.75
Reliance on DfE	Less than 70%	n/a	69%
Financial Health Score	Good	Good/Outstanding	Good
Average Class Size – Overall	14	18	12.1
Staff utilisation	Greater than 95%	Greater than 97%	95%
Staff costs as a % of income excluding restructuring, sub-contracting and projects	67.69%	Less than 65%	67.70%

The College is required to complete the annual Finance Record for the Department for Education (DfE). The College is assessed by the DfE as having a “Good” financial health grading.

Treasury Management

The College has treasury management arrangements in place to manage cash flow, banking arrangements, approval and compliancy process and the risk associated with those activities.

Liquidity

Loans of £12m were taken out with repayment of up to twenty seven years with the final repayment dates being 2037 for a £2m loan, £6.4m ending in 2030, £0.6m ending in 2027, and £3m ending in 2017. The outstanding balance at 31 July 2025 is £5.435m. Debt servicing costs for these loans for the next two years equate to £2.360m; the financial forecast recognises this challenging schedule by balancing the operating and capital expenditure needs of the College with a requirement to make a modest operating surplus and ensuring an ability to service debt repayments.

The net cash inflow from operating activities was £654k (2024: net cash inflow £984k).

Principal Risks and Uncertainties

Petroc's Risk Management Processes and Procedures have undergone significant development over the past 5 years.

As part of this development, a new Strategic Risk Register was created in Nov 2022 with direct input from the Board of Governors. A 'cause and effect' approach to Strategic Risk was adopted, following Petroc's participation in the Risk Management Development Strand of the College Collaboration Fund Project (working with other colleges, and auditors RSM UK, to create a best practice approach to Risk Management and Board Assurance for Further Education Colleges), which helped to develop a more focused Strategic Risk Register. This resulted in the number of strategic risks reducing from 26 to 11, making the register easier to manage, as well as simplifying the identification of key strategic risks to the organisation and bringing it in line with sector norms. Alongside the register, a new 'non-multiplier's risk scoring matrix was introduced, informed by best practice from across the sector, and new risk appetite categories and scores were developed.

Training was provided to Petroc Staff and Governors by RSM UK to support the implementation of the new processes and enhance governors' ability to interrogate the information within the register.

The strategic risk register has been regularly monitored and updated by the Executive over the past year, with termly presentation to the Audit Committee.

Changes in the political and economic landscape bring with them many risks to the College. The current economic situation, cost of living crisis and energy price increases all have knock on effects for Petroc, whether this be directly through increased financial pressures, impact on staff, or through potential learners choosing to enter employment rather than education. The College will continue to closely monitor the situation, keep abreast of new government rules and regulations, and working to mitigate the impacts.

Further to the development of the Strategic Risk Register, Petroc's operational risk register has also had significant changes to bring it in line with the updated processes. This has included the development of new departmental level risk registers, again using the 'cause and effect' methodology and the new scoring matrices and risk appetites.

The Executive Office have worked closely with department managers, through workshops and one-to-one meetings, to support the creation of the new registers which superseded the previous operational risk registers from December 2023.

Government Funding

The College is managing the ongoing changes that impact on current and future funding, including apprenticeship reforms, the changes to, and subsequent devolution of the adult skills fund alongside the consultations on more radical reform of funding, ONS reclassification and the FE act.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's balance sheet in line with the requirements of FRS 102.

The risk is mitigated by an agreed deficit recovery plan with the Devon County Council LGPS.

Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Good". The continuing challenge to the College's financial position remains the constraint on the further education funding arising from the ongoing cuts in public sector spending whilst maintaining the learner experience and increasing learner recruitment. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Strong financial management
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies
- Benchmarking against other similar colleges

Compliance with Bank Covenants remains challenging, particularly in respect of debt servicing.

Accommodation Strategy

The College's Estates Strategy was approved in January 2022. The key objective of the estates strategy remains to provide all learners and staff with excellent teaching and learning facilities. The College is committed to operating the estate in a sustainable and efficient manner that will minimise the carbon footprint and enhance the learning experience.

During 2024/25 the College continued a major Public Sector Decarbonisation Scheme (Salix) to reduce by some 98% its natural gas consumption and generate solar electricity to power heat pumps. There were also numerous IT and Equipment purchases for the departments. A new Animal Care facility was built to support the provision of the T Level in that subject area which was opened in September 2024.

Taxation

The College believe that it is not liable for any Corporation Tax arising out of its activities this year.

Employment of People with Disabilities

The College continues to be registered as a 'Disability Confident Scheme' employer and this is achieved by the College demonstrating that it is a proactive employer when seeking to employ people with disabilities.

The College actively invites applications for employment from people with disabilities as a routine element of its recruitment and selection procedures; and people who declare a disability and meet the essential criteria for a job role are shortlisted.

The College also actively encourages existing staff to declare a disability, so that appropriate support and reasonable adjustments can be made. In addition, where an existing employee develops a disability, reasonable adjustments, as far as practical, are made to ensure that employment can continue and that these staff are fully supported in their job roles.

The College also supports 'non-visible' disabilities and the College's Wellbeing & Mental Health Strategy and associated action plan strives to facilitate this, with initiatives such as the College becoming a Mindful Employer, which provides the College with easy access to professional workplace mental health training, information and advice; our goal is to help empower organisations – large or small – to take a lead in supporting the mental wellbeing of staff. The College has also signed the AoC Wellbeing & Mental Health charter, supporting all staff with wellbeing and good mental health.

Equality, Diversity and Inclusion (EDI)

Petroc is passionate about the value of people and all that they bring, diversity is welcomed and enriches our organisation.

Petroc is committed to challenging inequality and celebrating diversity to achieve the following vision:

- people achieve their own potential and a good quality of life
- everyone can access our services, facilities or information
- there is customer involvement and influence in decision-making, planning, policy and service delivery
- people have trust and confidence in us to report incidents of abuse or discrimination
- our community, at all levels, is supported and broadly reflects the local diversity

Petroc believes an environment free from discrimination and equality of opportunity are basic rights. The College has a zero tolerance approach to any form of discrimination.

The College has signed a LGBTQ (lesbian, gay, bisexual, transgender and questioning) Pledge. We know that it can be difficult to fully be yourself at work, at home, or in your local community. If we want to live in a world where people are accepted without exception, we all need to be part of the solution, that's why Petroc has decided to sign a pledge to support LGBTQ people. We want Petroc to be a safe place to be 'out' at work.

The College's Additional Learning Support Policy outlines the type of learning support that a learner can expect and how they should apply for support.

The College and its staff maintain the confidentiality and integrity of all information about individuals by complying with requirements set out in the General Data Protection Regulations 2018, the Special Educational Needs and Disabilities Regulations 2014, the Special Educational Needs and Disabilities Code of Practice, the Children and Families Act 2014 and the Equality Act 2010.

Performance Indicators

Following the Ofsted full inspection in October 2024, Petroc was judged as 'Requires Improvement' for Overall Effectiveness. However, the college has self-assessed as Good, making strong progress, particularly in learner retention, achievement, quality of teaching, and personal development. This marks a strong trajectory of improvement with demonstrable impact in 2024/25.

The College has strengthened its use of Key Performance Targets (KPTs) to ensure measurable improvement. The focus for 2024/25 was on learner achievement, retention, attendance, and satisfaction. Achievement for all learners rose to 83.5% (up from 68.3% in 2023/24), retention to 90.7% (up from 78.3%), and attendance to 86.5% (up from 79%). Learner satisfaction increased to 87%, with 88% rating teaching positively. These improvements place the College on a renewed pathway towards achieving its strategic targets.

During 2024/25, the college maintained a strong focus on improving the quality of teaching and learning through a targeted professional development programme. The Professional Learning Hour, previously held on Mondays, provided structured sessions on adaptive teaching, SEND-specific cognitive science, English and maths pedagogy, effective questioning, and retrieval practice. In addition, four dedicated CPD days in February, April, and August linked directly to lesson observation findings and key college priorities, with themes including cognitive science, evidence-based revision strategies, RARPA/SEND, adaptive teaching, digital skills upskilling, critical thinking, and advanced questioning techniques. The 29th August CPD day focused specifically on preparing staff for the new academic year, with sessions on initial assessment, RARPA, SOL mapping to contextualise English and maths/Gatsby, and personal tutoring training aligned to the revised 2025/26 model.

For 2025/26, the professional learning programme has been strengthened with a protected hour every Wednesday (3–4 pm), ensuring wider staff access and a broader menu of CPD opportunities. The college has renewed its commitment to the InnerDrive platform to underpin evidence-informed practice and secured Teacher Improvement Managers (TIMs) for the autumn term to provide targeted coaching for staff to include staff on those courses performing below national averages. A key priority for early 2025/26 is supporting the quality assurance and delivery of the revised personal development curriculum, with underperforming teachers identified for intensive support to accelerate improvements in teaching quality, learner outcomes, and curriculum implementation.

In addition, the Personal Development Review (PDR) process has been fully rewritten to integrate outcomes data and KPIs such as attendance, retention, and predicted achievement. It now requires staff to reflect on their CPD participation and for line managers to review each individual's Professional Learning Plan (PLP). This ensures a direct link between staff professional development, individual performance targets, and measurable improvements in learner outcomes.

At its meeting of 30th September 2025, the Board's Curriculum & Quality Committee approved and signed off the final review of the College's Quality Improvement Plan for 2024/25, noting 'reasonable improvement' or 'significant improvement' across all Areas for Improvement (AFIs), as below:

Q01	Consistently good or better Teaching, Learning & Assessment across all programmes	Reasonable Improvement
Q02	Improve achievement rates for all EPYP and Adult programmes	Significant Improvement
Q03	Consistent identification of individual learners' starting points (initial assessment)	Reasonable Improvement
Q04	Improve learner progress tracking	Significant Improvement
Q05	Continue to improve apprenticeship achievement rates	Reasonable Improvement

Q06	Improve college-wide attendance	Significant Improvement
Q07	Improve Maths and English attendance	Significant Improvement
Q08	Continue the development of WEX and progression opportunities, particularly for A level learners who do not intend to progress to university and for L1 and L2 students	Significant Improvement
Q09	Increase take-up rates for enrichment activities; improve Future Ready personal development programme for Apprenticeships	Significant Improvement
Q10	Leaders and managers need to embed the continued developments in quality monitoring systems to support the quality of education	Reasonable Improvement
Q11	The estate requires further investment to ensure all learning environments are high quality, of industry standard and promote high quality teaching and learning	Reasonable Improvement

Value for Money

The College delivers value for money through its Procurement Strategy, managed by a qualified procurement professional. Orders and Invoices are reviewed by qualified finance professionals within the Finance Team and by the Principal Leadership Group.

Student Numbers

Petroc continues to be the primary provider of 16–19 education in northern Devon, supporting learners across Barnstaple and Tiverton campuses. In 2024/25, the College enrolled a diverse mix of around 4,000 students, including 16–18 learners, adults on vocational programmes, apprentices, and higher education students. Supported Learning provision remains a strength, with improved retention and achievement for learners with high needs (92.7% retention and 90.3% achievement overall in 2024/25).

Curriculum Developments

In 2024/25, the College implemented its new 5-year Curriculum Strategy, with twelve strategic drivers:

- (1) Alignment with Local Skills Demand
- (2) Digital Enablement, AI and Advanced Technology Skills
- (3) Green Skills and Sustainable Practices
- (4) Ambition for All: Free Access and Inclusivity
- (5) Health & Social Care Workforce Development
- (6) SEND provision: Dedicated Support & Resources
- (7) Career-Integrated STEAM Education
- (8) Flexible Learning Pathways and Micro-Credentials
- (9) Apprenticeships, Work Experience and Work-based Learning
- (10) Inclusion through Digital Access & Support
- (11) Ambition, Accelerate and Boost: Elevating Learner Potential and Industry Engagement
- (12) Employer-embedded, Skills-driven Higher Education

During 2024/25, as part of this new 5-year Curriculum Strategy, the College consolidated its curriculum into two primary areas: Vocational and Technical Studies, and Foundation, Academic and Higher Studies. This ensured clarity of provision and alignment with employer demand. Partnership working has expanded, with strong links to local employers and NHS Trusts, embedding work experience and employability into all programmes.

The College has embedded a revised approach to careers guidance and work experience, culminating in the launch of the '2000 Futures' campaign to secure 2,000 placements. Work experience completion rates reached 90%, and 94% of 16–18 learners progressed positively on completion of their programmes.

Quality of Education / Teaching and Learning

The College has invested heavily in professional development to raise the quality of teaching. A structured Professional Learning programme, underpinned by the InnerDrive platform, now provides staff with evidence-informed strategies. Teacher Improvement Managers (TIMs) have supported targeted staff, resulting in rapid improvement in lesson evaluations. Lesson observation coverage reached 97%, informing further CPD themes. The integration of cognitive science strategies, retrieval practice, and adaptive teaching has improved consistency of classroom practice

Personal Development and Enrichment

A new three-strand Personal Development model was introduced in 2024/25, focusing on curriculum-led tutorials, enrichment, and college-wide engagement events. This has strengthened learner understanding of British Values, safeguarding, wellbeing, and preparation for life in modern Britain. Early evidence shows increased attendance at PD sessions, with 92% of learners reporting that tutorials helped them feel more confident in their course and progression.

Future Prospects

The College is in the final stages of confirming a merger with Exeter College but aims, either as a stand-alone entity or a strong delivery site of the merged college to increase its base number of students in funded learning.

The College is clear that, either as a standalone College or as part of a merged group, it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for the duration of the strategic plan and beyond.

Going Concern

Financial Health (as measured by the DfE) is "Good" which is an improvement from previous year. Bank Covenants were not breached.

Going forward the College will, either as a standalone College or as part of a merged group, continue to operate prudently to ensure its cash position is not jeopardised and has a strong history of cost-control, and the College will ensure that invest to grow plans are carefully evaluated before they are implemented.

After making appropriate enquiries, the Corporation considers that the College, either as a standalone College or as part of a merged group, has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College site at Old Sticklepath Hill and the Tiverton campus.

The College has £13.6m of net assets (including £219k pension liability) and long term debt of £5.4m. The College employs 411 people (expressed as average full-time equivalents), of whom 184 (expressed as average full-time equivalents) are teaching staff.

The College has a good reputation locally and nationally. Maintaining a quality brand, either as a standalone College or as part of a merged group, is essential for the College's success at attracting students and external relationships.

Student Pass / Achievements

Achievement across provision improved significantly in 2024/25. Overall achievement was 83.5% (+15.2% on 2023/24). Retention rose to 90.7% (+12.4%). Key subject outcomes include:

- GCSE Maths: 20.9% (9–4) vs 12.1% in 2023/24, exceeding the national average of 15.3%
- GCSE English: 22.7% (9–4) vs 21.7% in 2023/24

- T Levels: 93.7% pass rate with 23% Distinctions
- A Levels: A*-E pass rate above national average, with 100% pass in 7 subjects
- Apprenticeships: Achievement 60.6% vs 53.3% in 2023/24

Learners with High Needs

Provision for learners with high needs has been further strengthened. Achievement for discrete provision rose to 96.7% in 2024/25 (from 85.8% in 2023/24), with retention also at 96.7%. The Progressive Skills Academy has embedded employment-focused pathways, with 50% of learning delivered through work experience. Supported Internship learners achieved a 40% employment rate on leaving, above the national benchmark of 25.7%.

Staff and Student Involvement

Learner voice has remained a priority, with surveys, forums, and the Student Union informing decision-making. The 2024/25 learner survey showed 87% overall satisfaction, with students particularly valuing supportive tutors, effective placements, and strong industry links. Areas identified for further development included facilities and timetabling.

Staff engagement has been strengthened through structured CPD, revised Performance Development Reviews linking directly to KPIs, and an enhanced focus on inclusion and SEND. Communication across the College has been supported through digital newsletters, staff forums, and regular leadership updates.

Trade Union Facility Time

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

Numbers of employees who were relevant period	FTE employee number
4	3.65

Percentage of time	Number of employees
0%	
1-50%	4
51-99%	
100%	
Total cost of facility time	£20,294
=Total pay bill	£18,129,366
Percentage of total bill spent on facility time	0.11%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the

accounting period 1 August 2024 to 31 July 2025, the College paid 78% of its invoices within 30 days (year ended 31 July 2024 – 79%). Every effort is being made to seek improvement in this area. The College incurred no interest charges in respect of late payment for this period.

Projects

In 2024/25, the College delivered 12 projects with a total value exceeding £5 million and an in-year value of over £2.3 million.

Through the Turing Scheme, we delivered a new Petroc Go contract worth £261,544, enabling 117 students and 27 accompanying adults to participate in seven trips across Europe and beyond. Three of these trips focused on supported learning students, including a new partnership in Slovenia. Leveraging relationships built through a previous Petroc Go project and strengthened by the Going Global initiative, we organized a last-minute trip to Morocco for A Level learners after a planned engineering mobility to Germany was cancelled.

As part of the NCS Community Experiences programme, we delivered 779 enriching experiences to 480 learners from Petroc and local schools. These activities supported personal development, independence, and employability. Independent living trips to Exeter helped learners plan their day, manage budgets, and navigate public transport. A creative industries visit to Sky Academy in London allowed 26 learners to explore media careers and build independence through overnight stays and cultural activities. Health and wellbeing were promoted through the “Healthy Body and Mind” initiative, which included cooking nutritious meals, outdoor yoga, and physical activity. Over 240 students from Dartmoor Multi Academy Trust and Bideford College took part in workshops on resilience, sustainability, study skills, and politics, while 37 Petroc T Level students received targeted employability support. Enterprise skills were developed through a student-led business producing decorative fabric items, supported by NCS-funded equipment. Confidence and community engagement were fostered through outdoor activities at Great Potheridge House and local litter picking. Entry-level students also participated in healthy living activities such as swimming, nature walks, and healthy eating challenges, culminating in a mural celebrating their experiences. These initiatives received excellent feedback and had a clear impact on learners' confidence, independence, and aspirations.

Our two Skills Bootcamp contracts continued throughout 2024/25, supporting 103 learners across 11 cohorts. We achieved 76% of the Milestone 1 target, with 84% of starters reaching Milestone 2 (benchmark: 80%) and 24% achieving Milestone 3 (benchmark: 65%). While not all contractual targets were met, the courses delivered significant benefits. Notably, two Construction Multiskills learners secured roles within Petroc's Estates team as a direct result of their participation. We have funding for nine additional courses in 2025/26.

The outreach programme linked to the Cotie Business Innovation Hub in Tiverton concluded successfully. A total of 34 events were delivered (target: 6), attracting over 200 attendees (target: 120). More than 130 enterprises received non-financial support (target: 100), and over 300 individuals were reached (target: 150). Of the 16 KPIs, 10 were exceeded and two met acceptable tolerance levels. Shortfalls in job creation and safeguarding mirrored trends across similar projects due to the challenging economic climate. Funders were informed early and understood the reasons behind these outcomes. All funding was fully utilised, and capital works were completed.

The Local Skills Improvement Fund concluded in 2024/25, with all capital works and funding finalised by March. Across the partnership, 99% of the available funding - over £2.9 million - was claimed. Alongside LSIF, we also led the Further Education Digital Action project, involving all FE colleges across Devon and Somerset. This partnership claimed £299,720 of the £300,000 available.

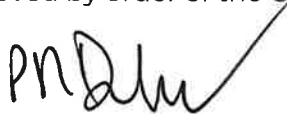
New Bids Secured 2024/25

Funding Stream	Bid Title
Devon County Council/Department for Education	Safety Valve Programme
Royal Society	Sustainability with Appledore Primary School
Department for Transport	Maritime Cluster Development Fund
Department for Education	Senior Mental Health Lead Training
Department for Education	Petroc Go X - Schools
Department for Education	Petroc Go X - FE

Current Projects Live 2024/25

Funding Stream	Project
OfS	Next Steps South West
Other Grants	Centre for Professional Technical Education - Business Administration, Health & Science & Sales, Marketing & Procurement National Citizen Service Community Experience - Targeted National Citizen Service Community Experience - Open to All Going Global Morocco
Local Authority Projects	Cotie Business Innovation Hub Tiverton Skills Bootcamp Wave 4 Skills Bootcamp Wave 5 Further Education Digital Action
DfE Other	Local Skills Improvement Fund Petroc Go IX Multiply Randomised Control Trials

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



Pat Denham, Chair of Governors

Statement of Corporate Governance and Internal Control

The College is committed to using the Board Leadership and Company Purpose Principles set out in the UK Corporate Governance Code 2024 published by the Financial Reporting Council (FRC) on January 22, 2024, and applies to financial years starting on or after January 1, 2025, with a delayed application for Provision 29 regarding the directors' declaration on internal controls until January 1, 2026.

In the opinion of the Governing Body, the College complies with all the provisions of the Code as set out below:

Provisions

1. The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.

2. The board should assess and monitor culture and how the desired culture has been embedded. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company's purpose, values and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken. In addition, it should include an explanation of the company's approach to investing in and rewarding its workforce.

3. In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Committee chairs should seek engagement with shareholders on significant matters related to their areas of responsibility. The chair should ensure that the board has a clear understanding of the views of shareholders.

4. When 20% or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.

5. The board should understand the views of the company's other key stakeholders and describe in the annual report how these and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.

For engagement with the workforce, one or a combination of the following methods should be used:

- a director appointed from the workforce;
- a formal workforce advisory panel; or
- a designated non-executive director.

If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.

6. There should be a means for the workforce to raise concerns in confidence and if they wish anonymously. The board should routinely review these arrangements and the reports arising from

their operation. It should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.

7. The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.

8. Where directors have concerns about the operation of the board or the management of the company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.

As it applies to the Further Education Sector the Board feels it has complied throughout the year ended 31 July 2025 and up to and including the date of approval of the financial statements.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges which it formally adopted in July 2015 and all subsequent updates to date. It is noted that the new Code of Good Governance was issued in September 2023 and the College formally adopted the new code in September 2025, and mapped the college business against the new principles to ensure full compliance and best practice.

The College is an exempt charity within the meaning of part 3 of the Charities Act 2011, with any due notice paid by subsequent updates in 2016 and 2022. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm they have due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The members (Governors) who served on the Corporation during the year and up to the date of signature were as listed in Table 1.

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

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Full Governing Body	Search and Governance	Remuneration Committee	People Committee	Audit Committee	Curriculum and Quality	Finance and Resources	Attendance
Melinda Stacey Vice Chair	01/08/2016 Re-appt 07/10/2019 01/08/23 - Became Chair	3 yr 4yr 4yr	31 July 2025	External	3/9	0/3	X	3/3	X	X	X	40%
Patricia Denham Chair	01/10/2021	4yr		External	7/9	3/3	2/2	3/3	X	3/3	X	90%
Richard Bevan	01/10/2021	4yr		External	6/9	X	2/2	0/3	X	X	3/3	64%
Iain Springate	01/04/2017 Re-appt 01/04/2018 01/04/2021 01/04/2022	1yr 3yr 1yr 3yr	31 July 2025	External	6/9	X	X	x	2/3	X	X	66%
Stephen Wells	01/10/2022	4yr		External	7/9	2/3	X	X	X	X	3/3	80%
Hermione Williams-Copp	01/10/2023	4yr		External	8/9	X	X	3/3	X	X	2/3	86%
Neil Sherman	01/10/2023	4yr		External	9/9	X	2/2	x	3/3	X	X	100%

Petroc

Dawn Stabb	10/10/2022	4yr		External	9/9	X	2/2		X	3/3	X	100%
Gaynor Castle	01/04/2024	4yr		External	9/9	3/3	X	X	X	X	1/3	86%
James Wright	01/04/2024	4yr	31 July 2025	External	2/5	X	X	X	2/3	X	X	50%
Martin McNeill	01/04/2024	4yr		External	8/9	X	2/2	X	3/3	X	X	92%
Julie McLeod	01/04/2024	4yr		External	9/9	X	X	3/3	X	3/3	X	100%
Jon Price	01/09/2022	3yr	31/07/25	Staff	9/9	X	X		X	3/3	X	100%
Leanne Macey-Withey	01/03/2025	3yr		Staff	4/4	X	X		X	X	3/3	100%
Jon Walton	01/10/2023	1yr	31/07/24	Student	9/9	X	X		X	X	3/3	100%
Jon Triggs	01/08/2025	6mths		External								N/A
Graham Hill	01/08/2025	6mths		External								N/A
Robyn La Tragna	01/09/2025	3yr		Staff								N/A
Phebe Corney	01/09/2025	2yr		Student								N/A
Jon Walton	01/09/2025	5mths		Parent								N/A

Audit Committee Meetings 2024/25

	Iain Springate	Martin McNeill	James Wright	Neil Sherman	Mark Tibbert (Co-Opted)
27/11/2024	x	x	x	x	o
11/03/2025	x	x	o	x	x
17/06/2025	o	x	x	x	x

The Instrument and Articles of Government permit the appointment of no less than 11 governors “who appear to the Corporation to have the necessary skills to ensure that the Corporation carries out its functions under article 3 of the Articles of Government”. For ease of reference, these are designated as “External” members in the list above.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation usually meets 4/5 times a year. In 2024/25 it met 9 times as it was an exceptional year with discussions of mergers and in 2023/24 it met on 5 occasions.

Full Board meetings are held in person and committee meetings are held virtually. Where an extraordinary Board meeting must be called it can be virtual to allow maximum attendance. The Corporation had 6 formal committees running last year, each of which had terms of reference, which have been approved by the Corporation. The committees were Audit, People, Remuneration, Search & Governance, Curriculum and Quality and Finance and Resources. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance and Director of Executive Operations.

Petroc
 Old Sticklepath Hill
 Barnstaple
 Devon
 EX31 2BQ

Once approved, Full Board, Audit Committee, People, Finance an Resources Committee and Curriculum and Quality Committee minutes are also available on the College website www.petroc.ac.uk.

The Director of Governance and Executive Operations maintains a register of interests of the Governors. The register is available for inspection at the above address.

All members of the Corporation are able to take independent professional advice in furtherance of their duties at the College’s expense and have access to the Director of Governance and Director of Executive Operations , who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of that post are matters for the Corporation as a whole. The Board also maintains an account with Eversheds allowing them to seek independent legal and statutory advice.

Formal agendas, minutes, papers and reports are supplied to Corporation members in a timely manner, aiming at a minimum of 7 days in advance of the linked meetings and can also be provided on an ad-hoc basis where needed.

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 of the Corporation and the Principal and Chief Executive of the College are separate.

The Corporation undertakes a self-review of effectiveness on an annual basis which for this period took place in October 2025. The board further undertook its formal External Review with Goevrnance4FE which completed with a presentation to the Board in July 2024.

Training and development of the Corporation is undertaken through mandatory modules across a range of subjects provided by the College. In addition to this the Education Training Foundation has an online governor programme which is available to Governors although it is noted that there are reporting issues that are occurring. A refresh of the training modules occurred in October 2025 Ofsted training has also been included this year.

The Director of Governance and Executive Operations has undertaken online Association of Colleges (AOC), is a member of and has attended the Southwest Governance Professional Network meetings including an in person day event in collaboration with the AOC leads, is a member of the South West Clerks Network, completed the Governance Professionals Leadership Programme with the Education Training Foundation and has been awarded the Level 3 Certificate in Development for School and Trust Governance Professionals with the National Governance Association. They have also been awarded Level 5 Governance award with the ETF and has undertaken a Data Protection Officer programme with the Knowledge Academy.

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, which comprises a minimum of three to a maximum of 5 members which is responsible for the selection and nomination of external members for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office normally four years with an annual review process each year.

The People Committee

The Committee comprises a minimum of three to a maximum of 5 members and the committee's responsibilities are to review and make decisions on people matters including, but not limited to the People Strategy, KPIs, EDI and risks.

The Remuneration Committee

The Committee comprises a minimum of three to a maximum of 5 members and the committees responsibilities are to review and determine the remuneration of employment of senior post holders and the Director of Governance, approve and ensure compliance with all matters in relation to the Senior Post Holders performance, terms and conditions

Audit Committee

The Audit Committee comprises a minimum of three to a maximum of five external members of the Corporation (excluding the Principal and Chief Executive and Chair). The committee operates 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 College's Internal and Financial Statements Auditors (including their work on regularity) who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Funding Bodies as they affect the College's business. The Audit Committee open each meeting without the presence of the Executive to allow for independent discussion.

The College's Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations, and Internal Audit undertakes periodic follow up reviews to ensure that such recommendations have been implemented.

The Audit Committee also advise the Corporation on the appointment of Internal and Financial Statements Auditors and their remuneration for both audit and non-audit work.

Curriculum and Quality Committee

The Curriculum and Quality Committee comprises a minimum of three to a maximum of five external members of the Corporation. The committee's responsibilities are to focus on, and scrutinise curriculum strategy and performance, including the quality of teaching and learning. This forum provides an opportunity for Governors to become more closely involved in the development of the College's curriculum and the College's pursuit of high standards in all aspects of its work.

Finance and Resources

The Finance and General Purposes Committee comprises a minimum of three to a maximum of five external members of the Corporation. The committee's responsibilities are to focus on, and scrutinise the College's Financial and People Strategies. Areas contributing to the production and monitoring of Financial Regulations and Human Resources Policies and Procedures of the College will be considered by this Committee.

Internal Control

Scope of responsibility

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

The Corporation has delegated to the Principal and Chief Executive, as Accounting Officer, the day-to-day responsibility for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to the Principal and Chief Executive in the accountability agreement, funding agreements and contracts with the College and the DfE. The Principal and Chief Executive 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 designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Petroc for the year ended 31 July 2025 and up to and including the date of approval of the financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

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

New Framework and Guide

The "Framework and guide for external auditors and reporting accountants of colleges" is now the official replacement for the Post-16 Audit Code of Practice. Published by the Department for Education (DfE) in March 2025, it applies to further education colleges, sixth-form colleges, and designated institutions. The framework sets out audit and regularity assurance requirements for external auditors and reporting accountants of colleges. It came into effect on 1 August 2024.

Key Changes Introduced

- **Terminology and Structural Updates:** The new framework replaces the previously used Post-16 Audit Code of Practice while preserving its core requirements. It emphasises clarity around roles including accounting officers, auditors, governors, and internal audit teams and marks a shift in responsibility for signing the Statement of Regularity, Propriety and Compliance, now resting solely with the Accounting Officer.
- **Narrowed Focus:** There is an added annex (Annex C) that guides reporting accountants on priority areas for regularity testing notably, this aims to support a more risk-based and targeted approach.
- **Preserving Continuity:** Beyond formal changes, the substance of audit expectations remains largely unchanged, ensuring continuity while simplifying and centralising guidance frameworks.

Integration into the College Financial Handbook

The updated College Financial Handbook 2025, effective 1 August 2025, absorbs elements previously covered by the Post-16 Audit Code of Practice—primarily relating to financial responsibilities and governance. This reflects a consolidation of oversight documents into one comprehensive resource.

Sector Governance Alignment

The Association of Colleges' (AoC) Code of Good Governance 2025 likewise reflects this transition: any reference to the Post-16 Audit Code of Practice has been updated to the new Framework and Guide for external auditors and reporting accountants of colleges.

Review of effectiveness

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

- the work of the Internal Auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's Financial Statements and Regularity Auditors in their management letters and other reports.

The Principal and Chief Executive has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the Internal Auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

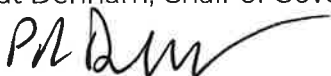
The College Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The appropriate managers and the Audit Committee also receive regular reports from Internal Audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the College management and the Audit Committee, which also reviews the Strategic Risk Management and Board Assurance Plan at each of its termly meetings. The Board Assurance Framework adopted, which complements the College's existing risk management procedures, enables the Committee to assess what controls are in place, how these controls are monitored and whether they are sufficient to support the Board's and Accounting Officer's roles and responsibilities in providing the assurances required to be given. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Specific attention has been paid to the reclassification of colleges to the Public Sector through amendments to the Instruments and Articles of Board and related changes to Terms of Reference on relevant committees which assess such matters. This includes the oversight of the newly established systems and processes as well as updated and new policies and approvals designed to identify and handle any transactions for which Department for Education approval is now required.

At its December 2025 meeting the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering the Annual Report of the Internal Auditors, the Annual Report of the Audit Committee (including the Risk Management Report), the Board Assurance Framework and the Financial Audit Summary, and taking account of events since July 2025. Following consideration, the Board is of the opinion that it has adequate assurance of governance, risk management and control processes to manage the achievement of its statutory responsibilities 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:

Pat Denham, Chair of Governors



Kurt Hintz, Interim Principal and Chief Executive



Statement of regularity, propriety and compliance

As accounting officer of the corporation of Petroc 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, 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.



Kurt Hintz, Interim Principal and Chief Executive

9 December 2025

Statement of Responsibilities of the Members of the Corporation for the year ended 31 July 2025

The members of the Corporation of the College 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 agreed with the Department for Education (DfE) and the Corporation of the College, the Corporation, through its Principal and Chief Executive, is required to prepare financial statements for each financial year, in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction issued by the DfE and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- Prepare financial statements on a going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a report to the members which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

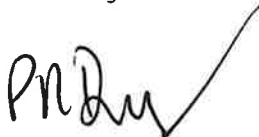
Disclosure of Information to Auditors

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the DfE are used only in accordance with the accountability agreement, funding agreement and contracts with the DfE and any other conditions that the DfE may from time to time prescribe, 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 in order to safeguard public and other funds and to ensure that they are used properly. In addition, members of the Corporation are responsible for securing the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the DfE are not put at risk.

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

A handwritten signature in black ink, appearing to read 'Pat Denham', with a long, sweeping flourish extending upwards and to the right.

Pat Denham, Chair of Governors

9 December 2025

Independent auditor's report to the members of Petroc

Opinion

We have audited the financial statements of Petroc College (the 'College') and its subsidiary (the 'Group') for the year ended 31 July 2025 which comprise the Group and College Statement of Comprehensive Income and Expenditure, the Group and College Statement of Changes in Reserves, the Group and College Balance Sheet, the Group Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion the financial statements:

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

Basis for opinion

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

Emphasis of Matter

We draw attention to Note 1 to the financial statements which explains that the College intends to merge with Exeter College on the 5th of January 2026. The note explains that the merger is subject to final approval. If the merger proceeds the assets and liabilities of the College would transfer into Exeter College, at which point the Corporation would cease to be active and the going concern basis would be inappropriate. At the point of issuing this report the final approvals have not been received. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

Other information

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

information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the College and their environment obtained in the course of the audit, we have not identified material misstatements in the report of the Members of the Corporation, statement of corporate governance and internal control and Statement of Responsibilities of the Members of the corporation.

We have nothing to report in respect of the following matters in relation to which the Framework and guide for external auditors and reporting accountants of colleges issued by the Department for Education requires us to report to you if, in our opinion:

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

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 25, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

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

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

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

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

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

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

Other required reporting

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to 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 Group and the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Forvis Mazars LLP.

Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
8th Floor, Assembly C, Cheese Lane, Bristol, BS2 OJJ

Date 9/12/25.

Petroc

Consolidated Statements of Comprehensive Income and Expenditure for the year ended 31 July 2025

	Notes	Year ended 31 July 2025		Year ended 31 July 2024	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	21,644	21,644	20,083	20,083
Tuition fees and education contracts	3	5,760	5,760	4,674	4,674
Other income	4	1,650	1,650	1,690	1,690
Investment income		-	-	-	-
Total income		29,054	29,054	26,447	26,447
EXPENDITURE					
Staff costs	5	17,979	17,979	17,492	17,492
Fundamental restructuring costs		166	166	290	290
Other operating expenses	6	6,458	6,453	6,171	6,168
Depreciation		2,985	2,985	2,830	2,830
Interest and other finance costs	7	206	206	151	151
Total expenditure		27,794	27,789	26,934	26,931
Surplus/(Deficit) for the year before other gains and losses		1,260	1,265	(487)	(484)
Unrealised (loss)/gain in respect of foreign exchange transactions		(1)	(1)	5	5
Fair value adjustment – Investment property		-	-	(284)	(284)
Loss on impairment		-	-	(427)	(427)
Loss on disposal of assets		(117)	(117)	(1,659)	(1,659)
Surplus/(Deficit) for the year		1,142	1,147	(2,852)	(2,849)
Actuarial (loss) in respect of pensions schemes	23	(373)	(373)	(416)	(416)
Total Comprehensive Income for the year		769	774	(3,268)	(3,265)
Surplus/(Deficit) for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		1,142	1,147	(2,852)	(2,849)
Total Comprehensive Income for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		769	774	(3,268)	(3,265)

All items of income and expenditure relate to continuing activities.

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Restricted reserves	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2023	13,770	2,333	-	16,103
(Deficit) from the income and expenditure account	(487)	-	-	(487)
Other comprehensive income	(2,781)	-	-	(2,781)
Transfers between revaluation and income and expenditure reserves	274	(274)	-	-
	<u>(2,994)</u>	<u>(274)</u>	<u>-</u>	<u>(3,268)</u>
Balance at 31 July 2024	10,776	2,059	-	12,835
Surplus from the income and expenditure account	1,260	-	-	1,260
Other comprehensive income	(491)	-	-	(491)
Transfers between revaluation and income and expenditure reserves	274	(274)	-	-
Total comprehensive income	1,043	(274)	-	769
Balance at 31 July 2025	11,819	1,785	-	13,604
College				
Balance at 1 August 2023	13,770	2,333	-	16,103
(Deficit) from the income and expenditure account	(484)	-	-	(484)
Other comprehensive income	(2,781)	-	-	(2,781)
Transfers between revaluation and income and expenditure reserves	274	(274)	-	-
	<u>(2,991)</u>	<u>(274)</u>	<u>-</u>	<u>(3,265)</u>
Balance at 31 July 2024	10,779	2,059	-	12,838
Surplus from the income and expenditure account	1,265	-	-	1,265
Other comprehensive income	(491)	-	-	(491)
Transfers between revaluation and income and expenditure reserves	274	(274)	-	-
Total comprehensive income	1,048	(274)	-	774
Balance at 31 July 2025	11,827	1,785	-	13,612

Petroc**Balance sheets as at 31 July 2025**

	Notes	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Non-current assets					
Tangible fixed assets	9	41,067	35,389	37,013	34,748
Intangible assets	10	33	33	61	61
Investments	11	-	6,500	-	6,500
Investment property	12	750	750	750	750
		41,850	42,672	37,824	42,059
Current assets					
Stocks	13	35	35	36	36
Trade and other receivables	14	2,905	2,905	3,023	3,023
Cash and cash equivalents	19	3,578	3,499	3,299	3,286
		6,518	6,439	6,358	6,345
Creditors – amounts falling due within one year	15	(8,111)	(8,846)	(9,297)	(13,516)
Net current (liabilities)		(1,593)	(2,407)	(2,939)	(7,171)
Total assets less current liabilities		40,257	40,265	34,885	34,888
Creditors – amounts falling due after more than one year	16	(26,363)	(26,363)	(21,540)	(21,540)
Provisions					
Defined benefit obligations	18	(219)	(219)	(247)	(247)
Other provisions	18	(71)	(71)	(263)	(263)
Total net assets		13,604	13,612	12,835	12,838
Restricted reserves		-	-	-	-
Unrestricted reserves					
Income and expenditure account		11,819	11,827	10,776	10,779
Revaluation reserve		1,785	1,785	2,059	2,059
Total unrestricted reserves		13,604	13,612	12,835	12,838
Total reserves		13,604	13,612	12,835	12,838

The financial statements on pages 31 to 64 were approved and authorised for issue by the corporation on 9th December 2025 and were signed on its behalf on that date by:

Pat Denham, Chair of Governors



Kurt Hintz, Interim Principal and Chief Executive



Petroc**Consolidated Statement of Cash Flows**

	Notes	2025	2024
		£'000	£'000
Cash flow from operating activities			
Surplus for the year		1,142	(2,852)
Adjustment for non-cash items			
Depreciation		2,985	2,830
Release of capital grants		(1,453)	(1,283)
Decrease/(increase) in stocks		1	(4)
Decrease in debtors		768	194
(Decrease)/increase in creditors		(2,589)	6
(Decrease) in provisions		(220)	(42)
Pensions costs less contributions payable		(386)	(387)
Adjustment for investing or financing activities			
Investment income		-	-
Interest payable		288	157
Taxation paid		-	-
Fair Value adjustment on investment property		-	284
Unrealised gain on foreign currency		1	(5)
Loss on impairment of fixed assets		-	427
Loss on sale of fixed assets		117	1,659
Net cash flow from operating activities		<u>654</u>	<u>984</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	3,550
Disposal of non-current asset investments		-	(31)
Investment income		-	-
Payments made to acquire fixed assets		(3,126)	(6,159)
		<u>(3,126)</u>	<u>(2,640)</u>
Cash flows from financing activities			
Interest paid		(276)	(161)
New loans		3,619	-
Repayments of amounts borrowed		(592)	(258)
		<u>2,751</u>	<u>(419)</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>279</u>	<u>(2,075)</u>
Cash and cash equivalents at beginning of the year	19	3,299	5,374
Cash and cash equivalents at end of the year	19	3,578	3,299

The College has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the College in its separate financial statements.

Petroc

Notes to the Accounts

1. Accounting policies

Standard Information

The Corporation was established in the United Kingdom under the Further and Higher Education Act 1992 for the purpose of conducting the activities of a College. In August 2008, North Devon College merged with East Devon College and, with effect from 23 September 2009, the Secretary of State for the Department for Business Innovation and Skills formally approved the change of name of the Corporation and College to Petroc. The College 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 of Education.

Registered Address:
Old Sticklepath Hill
Barnstaple
Devon
EX31 2BQ

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2024 to 2025*, the *OfS Accounts Direction* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

Following the Office for National Statistics (ONS) reclassification of FE colleges and their subsidiaries on the 29th November 2022 to the central government sector, the regulatory framework for colleges has expanded to take into account the financial management requirements of HMT Managing Public Money (MPM). The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

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

Basis of consolidation

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

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes.

The College currently has £2.141m of secured loans outstanding with Barclays Bank PLC and £3.294m unsecured loan with Department for Education. The College's forecasts and financial projections indicate that it will be able to operate within the current terms of the loan covenants for the foreseeable future.

Note 27 to the financial statements highlights the potential merger with Exeter College in January 2026. This is subject to resolutions in favour of merger from both colleges that have not yet passed. If the resolutions are passed, then the property, rights and liabilities of Petroc will transfer to Exeter College and the Petroc Corporation will no longer be considered to be a going concern.

At the point of approval of these financial statements the College has a reasonable expectation that it has adequate resources to continue in operational existence, either as a standalone College or as part of a merged group, for the foreseeable future, and for this reason has continued to adopt the going concern basis in the preparation of its financial statements.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102.

Recurrent grant income receivable from the DfE is recognised in line with the latest estimates of grant receivable for an academic year. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner responsive core funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

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

Post-retirement benefits

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

TPS

Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a

substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

LGPS

The assets of the LGPS are measured using bid values. The scheme liabilities are measured using a projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Short term Employment benefits

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

Termination benefits

Payments made in accordance with statutory Government regulations, Managing Public Money requirements and in accordance with the policies approved by the Governing Body. All such payments must be authorised by the Principal and Chief Executive, and calculations checked by the Director of Organisational Development.

Enhanced Pensions

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

Non-Current Assets – Tangible fixed assets and depreciation

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

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at historic purchase cost less accumulated depreciation. Freehold land is not depreciated. Freehold buildings are depreciated using component account principles, depreciation rates are as follows;

Component Heading	Depreciation Years
Roof Structure	30
Lift	10
Windows & External doors	25
Electrics	20
Mechanical Engineering	20
Other	Equal instalments over their estimated remaining useful life
Renewable Energy Assets	10 - 30

Leasehold building improvements are depreciated over the life of the lease.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations 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.

Equipment

Generally, equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. Equipment inherited from the local education authority is included in the balance sheet at valuation. All other equipment is stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Equipment is depreciated over its useful economic life as follows:

Fixtures, fittings and general equipment	20% per year on a straight-line basis
Computer equipment	20% per year on a straight-line basis

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income account within creditors and released to the income and expenditure account over the expected useful economic life of the related equipment. The deferred income is allocated between creditors due within one year and those due after more than one year.

Intangible Fixed Assets

Combinations that are in substance a gift are accounted for in accordance with FRS 102 Section 19 except that the excess/deficit of the fair value of assets received over the fair value of the liabilities assumed is recognised as a gain/loss in income and expenditure.

Intangible assets are amortised over their useful economic life as follows:

Software	Between 3 and 5 years on a straight-line basis
Other	Between 3 and 5 years on a straight-line basis

Amortisation is included within depreciation on the Statement of Comprehensive Income.

Investments

Investment property held as non-current assets, are stated at fair value with the valuation obtained from an annual valuation carried out by an independent valuer, with movements recognised in Comprehensive Income. Intercompany equity investments comprise of share capital purchasing between the College and its subsidiary company 'Petroc Energy Services Limited.'

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

Inventories

Inventories consist of consumables. Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Inventories are measured using the FIFO basis.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the year in which it is incurred.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

As an Exempt Charity the College benefits by being broadly exempt from Corporation Tax on income it receives from tuition fees, interest and rents.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible assets as appropriate.

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

Cash & Cash Equivalents

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities.

Provisions

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

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Learner Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in Note 25,

except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

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

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 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 liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2	Funding body grants	Y/end 31 July		Y/end 31 July	
		2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Recurrent grants					
	DfE – 16-18	14,185	14,185	13,909	13,909
	DfE – adult education budget	1,702	1,702	1,335	1,335
	DfE – apprenticeships	2,877	2,877	2,593	2,593
	Office for students	159	159	184	184
Specific grants					
	Teacher pension scheme contribution grant	859	859	749	749
	Post 16 national insurance grant	96	96	-	-
	DfE - other non-recurrent grants	587	587	291	291
	Releases of government capital grants	1,164	1,164	1,007	1,007
	OfS specific grant	15	15	15	15
	Total	21,644	21,644	20,083	20,083
2a	OfS	Y/end 31 July		Y/end 31 July	
		2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
	Grant Income from the OfS	159	159	184	184
	Fee Income for taught awards	1,257	1,257	1,463	1,463
	Fee income from non-qualifying courses	2	2	2	2
	Total	1,418	1,418	1,649	1,649
3	Tuition fees and education contracts	Y/end 31 July		Y/end 31 July	
		2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
	Adult education fees	23	23	45	45
	Apprenticeship contracts	18	18	30	30
	Fees for FE loan supported courses	284	284	308	308
	Fees for HE loan supported courses	1,257	1,257	1,463	1,463
	Full cost fees	73	73	149	149
	Total tuition fees	1,655	1,655	1,995	1,995
	Local authorities and schools	3,860	3,860	2,459	2,459
	Higher education	245	245	220	220
	Total	5,760	5,760	4,674	4,674

4	Other income	Y/end 31 July		Y/end 31 July	
		2025	2025	2024	2024
		Group	College	Group	College
		£'000	£'000	£'000	£'000
	European grant income	-	-	108	108
	Other grant income	165	165	195	195
	Non-government capital grants	275	275	261	261
	Other income	1,210	1,210	1,126	1,126
	Total	1,650	1,650	1,690	1,690

5 Staff costs – Group and College

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

Headcount	2025 No.	2024 No.
Teaching staff	244	236
Non-teaching staff	352	359
	596	595
Full-time equivalents	2025 No.	2024 No.
Teaching staff	184	185
Non-teaching staff	227	255
	411	440
	2025 £'000	2024 £'000
Staff costs for the above persons		
Wages and salaries	13,496	13,251
Social security costs	1,333	1,159
Other pension costs	3,215	2,998
LGPS non-cash service costs	(292)	(369)
Payroll sub total	17,752	17,039
Contracted out staffing services	227	453
	17,979	17,492
Fundamental restructuring costs - contractual	166	290
- non-contractual	-	-
Total staff costs	18,145	17,782

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Principal's Leadership Group which comprises the Principal and Chief Executive, Deputy Principal and Vice Principal. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of key management personnel including the Principal and Chief Executive

	2025 No.	2024 No.
The number of key management personnel including the Principal and Chief Executive was:	3	4

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

	Key management personnel	
	2025	2024
	No.	No.
£95,001 to £100,000 p.a.	1	1
£100,001 to £105,000 p.a.	1	1
£150,001 to £155,000 p.a.	-	1
£165,001 to £170,000 p.a.	1	-
	3	3

No key management personnel are part time (2024: 1 key management personnel were paid in the £75,001 to £80,000 banding).

Key management personnel emoluments are made up as follows:

	2025	2024
	£'000	£'000
Salaries	345	482
Performance Related Pay	18	-
Employers National Insurance contributions	48	61
Benefits in kind	-	-
	411	543
Pension contributions	94	84
Total key management personnel emoluments	505	627

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments includes amounts payable to the Principal and Chief Executive (who is also the highest paid senior post-holder) of:

	2025	2024
	£'000	£'000
Salary	142	193
Performance Related Pay	18	-
Benefits in Kind	-	-
	<u>160</u>	<u>193</u>
Pension Contributions	46	26

Acting Principal and Chief Executive, following the departure of the Principal and Chief Executive on 5th July 2024, the interim Principal and Chief Executive was appointed from 19th August 2024.

	2025	2024
	£'000	£'000
Salary	5	7
Benefits in Kind	-	-
	<u>5</u>	<u>7</u>
Pension Contributions	1	2

The Corporation has adopted the AoC Code of Good Governance (2023) and, on an “apply or explain” basis, the Colleges’ Senior Post Holder Remuneration Code.

The remuneration package of Senior Post Holders (including the Accounting Officer/Principal & CEO) is reviewed annually by the Remuneration Committee. In reaching decisions, the Committee considers institutional performance, individual objectives, affordability, internal equity, and external market benchmarking (drawing on sector and wider public market data as appropriate). Where benchmarking is used, the Committee records the comparators and rationale.

Following sector reclassification, the College complies with HMT/DfE senior pay controls. Where required, prior approval is sought (e.g., for new appointments with total remuneration above the prevailing threshold) and decisions are documented in line with the Treasury process.

The Remuneration Committee receives performance reports and objectives for the coming year via the Chair of the Corporation for the Principal and CEO Accounting Officer (and the Director of Governance), and via the Interim Principal and CEO for both the Deputy and Vice Principals.

Performance is assessed through the College’s Performance & Development Review framework against objectives derived from the College strategy, using a mix of qualitative and quantitative measures. Outcomes inform remuneration decisions and are recorded in the Committee’s annual report

For 2024/25 the college employed and Interim Principal and CEO who was set performance targets on a 3 monthly cycle which were reviewed and when approved released a portion of the £17,500 performance related pay allowance allocated to them across the year. No other Senior Post Holder roles attracted any performance related pay enhancements.

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

	2025	2024
Principal and Chief Executive's basic salary as a multiple of the median of all staff	5.2	5.2
Principal and Chief Executive's total remuneration as a multiple of the median of all staff	5.7	5.3

Based on staff on the payroll at the end of the year (contracted and casual) and excludes agency workers.

Compensation for loss of office paid to former key management personnel

	2025 £'000	2024 £'000
Compensation paid to former senior post-holder	-	3
Estimated value of other benefits, including provisions for pension benefits	-	-

Severance payments are made in accordance with relevant legislation and in accordance with the policies approved by the Governing Body. Professional advice is obtained where necessary. All such payments must be authorised by the Principal and Chief Executive and in accordance with Management Public Money requirements.

The members of the Corporation other than the Principal and Chief Executive and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties and one staff member received a relocation package.

Severance payment for all staff

The College paid 21 severance payments in the year, disclosed in the following bands:

	2025 No.	2024 No.
0 – £25,000	11	19
£25,001 to £50,000	1	1
£50,001 to £100,000	-	1
£100,001 to £150,000	-	-
£150,000+	-	-
	12	21

Included in staff restructuring costs are special severance payments totaling £8,845, 1 payment (2024: £3,000, 1 payment).

5a Access and Participation spending

	Y/end 31 July		Y/end 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Access investment	57	57	77	77
Financial support to students	51	51	64	64
Disability support	10	10	11	11
Research and evaluation	30	30	53	53
Total	148	148	205	205

Includes staffing costs of £90,595 (2024: £118,275) which are included within Note 5.

A copy of our published Access and Participation Plan 2025-26 to 2028-29 is available on the College's website.

6 Other operating expenses

	Y/end 31 July		Y/end 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	1,326	1,326	1,029	1,029
Non-teaching costs	3,283	3,278	3,198	3,195
Premises costs	1,849	1,849	1,944	1,944
Total	6,458	6,453	6,171	6,168

Other operating expenses include:

	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Auditors' remuneration:				
Financial statements audit	41	41	38	38
Internal audit fees	31	31	30	30
Hire of plant and machinery under operating leases	25	25	29	29
Hire of other assets under operating leases	23	23	314	314

A total of 105 approved write offs occurred during the year at a value of £80,295 (2024: 208 at a value of £126,689).

7 Interest and other finance costs – Group and College

	2025 £'000	2024 £'000
On bank loans	288	157
Interest on enhanced pension provision (note 18)	12	12
Net interest on defined pension liability (note 23)	(130)	(48)
Administration expenses (note 23)	36	30
	206	151

8 Taxation – Group only

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

9 Tangible fixed assets - Group

	Land and buildings Freehold £'000	Equipment £'000	Assets in courses of construction	Total
Cost or valuation				
At 1 August 2024	57,286	14,628	4,042	75,956
Additions	523	829	5,775	7,127
Transfers within PPE	1,234	120	(1,354)	-
Transfer to investment Property	-	-	-	-
Impairment	-	-	-	-
Disposals	(112)	(919)	-	(1,031)
At 31 July 2025	58,931	14,658	8,463	82,052
Depreciation				
At 1 August 2024	26,366	12,577	-	38,943
Charge for the year	2,053	903	-	2,956
Transfers within PPE	-	-	-	-
Transfer to investment Property	-	-	-	-
Impairment	-	-	-	-
Disposals	-	(914)	-	(914)
At 31 July 2025	28,419	12,566	-	40,985
Net book value at 31 July 2025	30,512	2,092	8,463	41,067
Net book value at 31 July 2024	30,920	2,051	4,042	37,013

Tangible fixed assets – College

	Land and buildings Freehold £'000	Equipment £'000	Assets in courses of construction	Total
Cost or valuation				
At 1 August 2024	57,286	14,628	1,777	73,691
Additions	523	829	2,362	3,714
Transfers within PPE	1,234	120	(1,354)	-
Transfer to investment Property	-	-	-	-
Impairment	-	-	-	-
Disposals	(112)	(919)	-	(1,031)
At 31 July 2025	58,931	14,658	2,785	76,374
Depreciation				
At 1 August 2024	26,366	12,577	-	38,943
Charge for the year	2,053	903	-	2,956
Transfers within PPE	-	-	-	-
Transfer to investment Property	-	-	-	-
Impairment	-	-	-	-
Disposals	-	(914)	-	(914)
At 31 July 2025	28,419	12,566	-	40,985
Net book value at 31 July 2025	30,512	2,092	2,785	35,389
Net book value at 31 July 2024	30,920	2,051	1,777	37,748

10 Intangible assets – Group and College

	Software	Other	Total
	£'000	£'000	£'000
Cost or valuation			
At 31 July 2024	93	50	143
Transfers	-	-	-
Additions	-	-	-
Disposals	-	-	-
At 31 July 2025	93	50	143
Amortisation			
At 31 July 2024	52	30	82
Charge for the year	19	9	28
Disposals	-	-	-
At 31 July 2025	71	39	110
Net book value			
At 31 July 2025	22	11	33
At 31 July 2024	41	20	61
Inherited at valuation	-	-	-
Financed by capital grant	2	-	2
Other at cost/valuation	20	11	31
	22	11	33

11 Investments

	Y/end 31 July		Y/end 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Investments in subsidiary companies	-	6,500	-	6,500
Total	-	6,500	-	6,500

The college owns 100% of the issued ordinary £100 shares of Petroc Energy Services Limited, a company incorporated in England and Wales. The company is responsible for managing the College's PSDS decarbonisation Salix capital programme which will, by using renewable technologies (and through the installation of solar panels, air source heat pumps and optimised battery technology) see the generation of renewable energy for the College. The principal business activity of Petroc Energy Services Limited post capital project will see the renewable energy supply managed and sold to the College at prevailing market rates.

12 Investment Property – College and Group

	2025	2024
	£'000	£'000
At 1 August 2024	750	-
Additions	-	31
Transfer from property, plant and equipment	-	1,003
Transfer to property, plant and equipment	-	-
(Decrease) in value	-	(284)
At 31 July 2025	750	750

13 Stocks – Group and College

	2025	2024
	£'000	£'000
Commercial trading activities	35	36

14	Trade and other receivables			
	Group	College	Group	College
	2025	2025	2024	2024
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	1,052	1,052	942	942
Amounts owed by group undertakings:				
Subsidiary undertakings	-	98	-	50
Associate undertakings	-	-	-	-
Prepayments and accrued income	643	643	549	549
Other receivables	124	26	217	167
Amounts owed by the DfE	1,086	1,086	1,315	1,315
Total	2,905	2,905	3,023	3,023

15	Creditors: amounts falling due within one year			
	Group	College	Group	College
	2025	2025	2024	2024
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	926	926	267	267
Payments received in advance	1,438	1,438	1,647	1,647
Trade payables	2,971	2,971	3,394	2,578
Amounts owed to group undertakings:				
Subsidiary undertakings	98	837	50	5,062
Corporation tax	-	-	-	-
Other taxation and social	299	298	(46)	(23)
Accruals and deferred income	852	849	466	466
Deferred income - government capital grants	1,453	1,453	1,511	1,511
Other payables	71	71	74	74
Amounts owed to the DfE	3	3	1,934	1,934
Total	8,111	8,846	9,297	13,516

Trade payables include holiday pay accrual of £742,646 (2024: £635,195).

16	Creditors: amounts falling due after one year	Group	College	Group	College
		2025	2025	2024	2024
		£'000	£'000	£'000	£'000
Bank loans		4,509	4,509	2,141	2,141
Deferred income - government capital grants		21,854	21,854	19,399	19,399
Total		26,363	26,363	21,540	21,540

Analysis of Change in net Debt - Group

	As at 31 July 2024	Cash Flows	Finance Leases	Other non- cash changes	As at 31 July 2025
	£'000	£'000	£'000	£,000	£'000
Cash and cash equivalent					
Cash	3,299	279	-	-	3,578
Treasury Deposits	-	-	-	-	-
	3,299	279	-	-	3,578
Borrowings					
Debt due within 1 year	(267)	267	-	(926)	(926)
Debt more than 1 year	(2,141)	(3,294)	-	926	(4,509)
Finance Leases	-	-	-	-	-
	891	(2,748)	-	-	(1,857)

Analysis of Change in net Debt - College

	As at 31 July 2024	Cash Flows	Finance Leases	Other non- cash changes	As at 31 July 2025
	£'000	£'000	£'000	£,000	£'000
Cash and cash equivalent					
Cash	3,286	213	-	-	3,499
Treasury Deposits	-	-	-	-	-
	3,286	213	-	-	3,499
Borrowings					
Debt due within 1 year	(267)	267	-	(926)	(926)
Debt more than 1 year	(2,141)	(3,294)	-	926	(4,509)
Finance Leases	-	-	-	-	-
	878	(2,814)	-	-	(1,936)

17 Analysis of borrowing – Group and College

	2025 £'000	2024 £'000
Bank loans		
Repayable as follows:		
- in one year or less	926	267
- between one and two years	935	276
- between two and five years	2,807	850
- in five years or more	767	1,015
	5,435	2,408

The loans from Barclays Bank PLC are repayable within the period shown. The balance is made up of three separate facility agreements at fixed interest rates varying from 5.95% to 6.51% and a fourth, variable rate loan. All loans are secured. The loan from Department for Education is repayable within the period shown. The loan is unsecured and interest rate is based on the PWLB fixed rate.

18 Provisions – Group and College

	Defined benefit obligations	Restructuring	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2024	-	192	247	71	510
Expenditure in the period	292	(192)	-	-	100
Additions in period	(292)	-	(28)	-	(320)
At 31 July 2025	-	-	219	71	290

The College has provided for restructuring costs of £Nil (2024: £191,813) as a result of an efficiency savings programme.

Other provisions relate to a specific project and a potential funding clawback.

The enhanced pensions provision relates to the entitlements of staff taking early retirement under the 1993 incorporation reorganisation programme. This amount represents the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to Petroc of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

The principal assumptions for this calculation are:

	2025	2024
Interest rate	5.8%	5.1%
Inflation rate	2.8%	2.9%

The provision includes £Nil (2023: £Nil in respect of former senior post-holders).

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension scheme. Further details are given in Note 23.

19 Cash and cash equivalents - Group

	1 August 2024	Cash flows	Other changes	31 July 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents	3,299	279	-	3,578
Overdrafts	-	-	-	-
Total	3,299	279	-	3,578

Cash and cash equivalents - College

	1 August 2024	Cash flows	Other changes	31 July 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents	3,286	213	-	3,499
Overdrafts	-	-	-	-
Total	3,286	213	-	3,499

20 Capital and other commitments

	Group 2025	College 2025	Group 2024	College 2024
	£'000	£'000	£'000	£'000
Commitments contracted for at 31 July	2,550	2,238	3,825	351

21 Lease obligations - Group and College

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

	2025 £'000	2024 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Other		
Not later than one year	67	7
Later than one year and not later than five years	256	-
Later than five years	53	-
	376	7

Lease payments recognised as an expense during the year was £47,952 (2024: £343,950)

22 Lessee obligations - Group and College

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

	2025 £'000	2024 £'000
Future minimum lessor payments due		
Land and buildings		
Not later than one year	83	83
Later than one year and not later than five years	220	242
Later than five years	164	224
	467	549

23 Pensions and similar obligations – Group and College

The College's employees belong to two principal pension schemes, Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme (TPS). Both schemes are defined benefit schemes.

Total pension cost for the year	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
TPS: contributions paid	1,800	1,495
LGPS:		
Contributions paid	1,415	1,503
Pension charge	(292)	(369)
Charge to the statement of comprehensive income	1,123	1134
Total pension cost for year (note 5)	2,923	2,629

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was as at 31 March 2020 and the LGPS was valued as at 31 March 2022. Contributions amounting to £321,344 (2024: £323,434) were payable to the schemes at 31 July 2025 and are included within trade creditors.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Devon County Council. The College is not liable for other entities obligations.

The total contribution made for the year ended 31 July 2025 was £1,788,312 (2024: £1,909,427) of which employer's contributions totalled £1,415,670 (2024: £1,503,090) and employees contributions totalled £372,641 (2024: £406,337). This includes an employer secondary (deficit recovery) rate value paid monthly of £19,333 (August 2024 to March 2025) and £20,083 (April 2025 to July 2025).

For the period from 1 August 2024 to 31 July 2025 the employer contribution was 18.80% (2024: 18.80%).

Principal actuarial assumptions

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

	2025	2024
	%	%
Rate of increase in salaries	3.80	3.90
Future pensions increase	2.80	2.90
Discount rate for scheme liabilities	5.75	5.05
Inflation assumption (RPI)	3.10	3.20

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	At 31 July
	2025	2024
	Years	Years
<i>Retiring today</i>		
Males	21.7	21.4
Females	22.7	22.6
<i>Retiring in 20 years</i>		
Males	23.0	22.7
Females	24.2	24.1

The College's share of the assets in the plan (which is estimated to be 0.81%) at the balance sheet date and the expected rates of return were:

	Fair value at 31	Fair value at 31
	July 2025	July 2024
	£'000	£'000
Equity instruments	27,597	26,621
Government bonds	2,190	1
Property	4,121	3,651
Cash	1,249	1,201
Target return portfolio	-	1,131
Infrastructure	5,242	5,070
Other bonds	12,130	11,308
Private equity	-	-
Alternative assets	(13)	7
Total fair value of plan assets	52,516	48,990

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost have been replaced with a single net interest cost, which effectively sets the expected return equal to the discount rate (5.75% as at 31 July 2025).

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

	2025	2024
	£'000	£'000
Fair value of plan assets	52,516	48,990
Asset Cap	(9,641)	(1,886)
Present value of plan liabilities	(42,875)	(47,104)
Net pensions (note 18)	-	-

The FRS 102 asset has not been recognised as it does not reflect any asset ceiling and a decision was taken not to recognise one given that contributions have not reduced materially and the data is very volatile, amongst other factors.

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

	2025	2024
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,122	1,134
Past service cost	42	33
	1,164	1,167

Amounts included in investment income

Net interest (cost) income	130	48
	130	48

Amount recognised in Other Comprehensive Income

Return on pension plan assets	1,083	2,414
Experience gain/(loss) arising on defined benefit obligations	(221)	37
Other actuarial gain on assets	-	-
Changes in assumptions underlying the present value of plan liabilities	6,507	(1,161)
	7,369	1,290
Asset Cap	(7,755)	(1,677)
	(386)	(387)

Enhanced Pension Provision

Actuarial (loss) or gain	13	(29)
	(373)	(416)

Movement in net defined benefit asset during year

	2025	2024
	£'000	£'000
Net defined benefit (liability) in scheme at 1 August	1,886	209
Movement in year:		
Current service cost	(1,164)	(1,167)
Employer contributions	1,221	1,310
Deficit payments	235	226
Administration expenses	(36)	(30)
Past service cost	-	-
Net interest on the defined (liability)	130	48
Actuarial gain	7,369	1,290
Net defined benefit at 31 July	9,641	1,886

Asset and Liability Reconciliation

	2025	2024
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	47,104	43,589
Current service cost	1,122	1,134
Interest cost	2,344	2,221
Contributions by scheme participants	373	406
Experience gains and losses on defined benefit obligations	221	(37)
Changes in financial assumptions	(6,749)	1,267
Changes in demographic assumptions	242	(106)
Estimated benefits paid	(1,824)	(1,403)
Past Service cost, including curtailments	42	33
Defined benefit obligations at end of period	42,785	47,104
Changes in fair value of plan assets		
Fair value of plan assets at start of period	48,990	43,798
Interest on plan assets	2,474	2,269
Return on plan assets	1,083	2,414
Other actuarial (losses)	-	-
Administration expenses	(36)	(30)
Employer contributions	1,456	1,536
Contributions by scheme participants	373	406
Estimated benefits paid	(1,824)	(1,403)
Fair value of plan assets at end of period	52,516	48,990

In June 2023, the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation.

This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements.

The College will continue to monitor the developments and consider the impact on the LGPS liabilities recognised.

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

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

The Government Actuary's Department conducts a formal actuarial review of the TPS every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies the level of future contributions.

As a result of the last scheme valuation, based on 2020 data, employer contributions were increased in April 2024 from a rate of 23.6% to 28.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

The next valuation, based on 2024 data, is expected to take effect in 2027.

The pension costs paid to TPS in the year amounted to £1,799,931 (2024: £1,494,662).

24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £2,155 (2024: £835). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College (2024: None).

The College is not a subsidiary but is the sole shareholder of Petroc Energy Services Limited; however, no related party transactions have occurred during the year.

25 Discretionary Support Funds and Other Bursaries – Group and College

	2025 £'000	2024 £'000
Grant funding	1,063	1,107
Interest earned	-	-
	1,063	1,107
Disbursed to students	(1,062)	(1,064)
Staffing	-	-
Administration costs	(42)	(43)
Balance unspent at 31 July	(41)	-

Included within creditors is £276,157 (2024: £449,240) of money not yet paid across or repaid as at the year-end.

Funding grants are available solely for students and employers; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

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 £618,106 and disbursed £609,487 from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £30,066 for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £265,091, 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 £621,748 received from DfE, £653,547 disbursed to learners after charging £32,607 for administration costs, and total cumulative unspent funds of £288,521, of which £Nil was repaid to DfE.

26 Guarantees, letters of comfort, indemnities, novel & contentious transactions

The College, on the 27th of April 2024 became a guarantor on an NEC3 buildings contract executed between Petroc Energy Services Limited and Lorne Stewart. The contract relates to delivery of the College's decarbonisation project, due for completion in 2025. Following 'Managing Public Money' guidelines, approval was sought through the Department for Education on the and obtained on the 19th of December 2023. The approval runs to December 2026.

The scheme is being partially funded by Salix through the 'Phase 3 Public Sector Decarbonisation Scheme' with the balance of funds being met using a 'College's Capital loan' obtained from the Department for Education.

27 Post balance sheet event

In September 2025, Exeter College and Petroc launched a public consultation on a proposed merger between the two Colleges, to form the Exeter and North Devon Colleges Group (ENDC).

Response from the Public Consultation was very positive and other aspects of the pre-merger preparatory work, including both legal and financial due diligence, have been progressing at pace. Subject to resolutions in favour of merger from both colleges' Boards at their meetings on 9th and 12th December respectively, ENDC will be formed on 5th January 2026. This will be a type B merger, meaning that the Exeter College Corporation will continue and all of the property, rights and liabilities of Petroc will transfer to it on the merger date, at which point the Petroc Corporation will be dissolved.

To: Independent reporting accountant's report on regularity to the corporation of Petroc College and the Secretary of State for Education

In accordance with the terms of our engagement letter dated 27 May, 2025 and further to the requirements of Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Petroc College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

This report is made solely to the corporation of Petroc College and the Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Petroc College and the Secretary of State those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of Petroc College and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer of Petroc College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the accountability agreements, grant funding agreements and contracts with the ESFA/DfE.

- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Tested a sample of credit card transactions.
- Tested a sample of expense claims in respect of KMP and Members of the Corporation.
- Tested a sample of suppliers and reviewed and assessed adherence to procurement policies.
- Tested a sample of bursary expenditure and reviewed whether such expenditure was in line with funding agreements.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- Reviewed the College's compliance with Part 5 of the College Financial Handbook in respect of delegated authorities.
- Considered whether the college has complied with the requirements concerning senior pay controls as summarised in part 2 of the College Financial Handbook.

Conclusion

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

Signed: *Forvis Mazars LLP.*

Forvis Mazars LLP

9/12/25