



MORLEY COLLEGE LIMITED

**Report and Financial Statements
for the year ended 31 July 2025**

Registered number: 2829836

Registered charity number: 1023523

CONTENTS

	Page number
Administrative Details	3
Morley College London – Introduction	4
Report of the Governing Body and Strategic Report	6
Statement of Corporate Governance and Internal Control	26
Statement of Regularity, Propriety and Compliance	35
Statement of Responsibilities of the Members of the Governing Body	36
Independent Auditor’s Report to the Governing Body of Morley College London	37
Independent Reporting Accountant’s Report on Regularity	48
Statement of Comprehensive Income and Expenditure	49
Statement of Changes in Reserves	50
Balance Sheet as at 31 July	51
Statement of Cash Flows	52
Notes to the Accounts	53

Key Management Personnel, Board of Governors and Professional advisors

Key management personnel

Key management personnel are defined as Senior Post Holders and were represented by the following in 2024/25:

Susan Bonnet – Principal and CEO; Accounting Officer (from 30/06/2025)

Dr Andrew Gower - Principal and CEO; Accounting Officer (to 21/04/2025)

Ralph Moran – Chief Finance Officer

(Interim Principal and CEO & Accounting Officer between 22/04/2025 to 29/06/2025)

Governing Body

The full list of Governors is provided on pages 30 to 34 of this report. Georgia Cocks, Director of Governance, acted as Clerk to the Governing Body and Company Secretary throughout the period.

General information and professional advisors

Registered Office

61 Westminster Bridge Road

London SE1 7HT

Financial statements auditors and reporting accountants

Buzzacott Audit LLP

130 Wood Street

London EC2V 6DL

Internal auditors

RSM UK Audit LLP

25 Farringdon Street

London EC4A 4AB

Bankers

National Westminster Bank plc

91 Westminster Bridge Road

London SE1 7HW

Solicitors

Eversheds Sutherland

1 Wood Street

London EC2V 7WS

Morley College London – Introduction

Morley College Limited trades as Morley College London.

Morley College London is a unique college within the learning landscape of London. With teaching centres both north and south of the Thames – in North Kensington, Chelsea and Waterloo – Morley College London is celebrated for its strong social values, its exceptional creativity, and its commitment to meeting the needs of students and their communities.

We advocate lifelong learning as vital for personal achievement, academic progression, and career development.

Our students include:

- adults looking to reskill so they can change careers or return to work;
- mature students with few traditional qualifications who now want to improve their prospects in work or education;
- 16-to-18-year-olds (at our North Kensington and Chelsea Centres) looking to progress to employment or higher education;
- international students who wish to improve their English language abilities for work, study, or everyday life;
- school leavers who want to build professional skills and get qualified, but are concerned about the time and financial commitments of going to university;
- students interested in studying on Creative Practice degrees at HE level; and
- many others who find opportunities for personal development and enrichment through our study programmes in Arts, Culture and Applied Sciences.

With a Mission to empower individuals and strengthen communities through lifelong learning, Morley College London's social values and diversity of learning opportunities have roots going back to the 19th century, and the college boasts a proud record of serving learners in their respective boroughs and beyond. Today, the college plays an important role in all the communities it serves, including that in North Kensington, where local people continue to rebuild their lives in the aftermath of the tragedy of the Grenfell Tower fire on 14 June 2017.

As London's largest specialist Institute of Adult Learning, Morley College London also has an important contribution to make in delivering the priorities of regional and national government, including those outlined in the Mayor of London's Skills Roadmap (2022), the capital's Local Skills Improvement Plan (2023), and the London Growth Plan and associated Inclusive Talent Strategy (2025) all of which aim to empower Londoners to access the education and skills to participate in society and progress in education and work, and to meet the needs of London's economy and employers.

The Morley College London of today was formed through a merger in 2020. Prior to this, Kensington and Chelsea College had delivered significant operating financial deficits over a number of years. The challenge of delivering a financially viable merged college was recognised by the Education and Skills Funding Agency, and resulted in the provision of a £3.5M restructuring facility to be drawn down in the event that operating cash levels fell below an agreed threshold. As at the date of the approval of these financial statements the College has drawn down this facility in full.

The 2020 merger came about with the strong support of local stakeholders, and this enabled us to secure government support totalling £32.3 million to enable the purchase of the North Kensington Centre by the Department for Education, the renovation of the North Kensington and Chelsea Centres, and to develop a new, and broader, curriculum. These investments are in addition to the £3 million that the college had already spent upgrading the Waterloo Centre in the years immediately preceding merger, and the further £5.8 million that it has spent in 2024/25 to upgrade Waterloo's Emma Cons Hall and Johnny Harris Studio Theatre.

In the years since the global COVID-19 pandemic, the College has continued to mitigate the social, educational, organisational, and financial impacts of the pandemic to maintain business continuity; ensure financial management; and seek to secure the strongest possible performance.

Report of the Governing Body and Strategic Report

Nature, Objectives and Strategies

The Governing Body, which represents the Board of Directors for the purposes of company law and the Board of Trustees for the purposes of charity law, presents its report, incorporating its Directors' and Strategic Reports, and the audited financial statements of Morley College Limited ('the College' or 'Morley College London') for the year ended 31 July 2025. The college is registered as Morley College Limited and uses Morley College London for branding and trading purposes.

Legal status

The college was incorporated on 18 June 1993 (Company Number 2829836) and began trading on 2 September 1993. This Company replaced the previous organisation, which was also known as Morley College, and had been in existence since it was founded in 1889. The college is an Institute for Adult Learning (formally a Specialist Designated Institution (SDI)) under the 1992 Further and Higher Education Act.

The College is a registered charity (no. 1023523) which is regulated by a scheme dated 2 September 1993, as amended 27 June 2000, 10 December 2007, 4 April 2018 and 15 July 2019. The College's application to HM Revenue and Customs for exemption from Corporation Tax was made on 6 September 1994 and was accepted on 13 September 1995. The College's activities do not fall within the scope of Corporation Tax.

A merger with Kensington and Chelsea College was completed on 3 February 2020, following the dissolution of Kensington and Chelsea College.

Principal activities

The object of the College is the provision of education in such subjects and at such standards as the Governing Body from time to time determines.

Mission

The College's mission for the five years to 2025 is to inspire individuals and strengthen communities through the transformative impact of lifelong learning.

Public benefit

Morley College London was founded over 130 years ago to provide a public benefit service to the community and has continued to build on and develop that service to the public throughout the years. The College's strategic goals, as agreed with the Governing Body, meet the aims of the Charity Commission's guidance on public benefit and particularly its supplementary guidance on the advancement of education. The College clearly demonstrates across its broad range of activities how it meets the requirement that all

organisations wishing to be recognised as charities must demonstrate, and explicitly, that its aims are for the public benefit.

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

- High-quality teaching
- General and specialist resources and facilities
- Widening participation and tackling social exclusion
- Evidence of improved employability for students
- Strong student support systems
- Links with local employers
- Recognised contribution to the cultural life of London

The core-funding agency for the College during 2024/25 was the Greater London Authority (GLA), with additional funding from the Department for Education (DfE) in respect of 16-19 education and adult learners resident outside of the devolved authorities. The funding received is used to support unrestricted access to the beneficiaries. From 1 August 2019, the funding for London-based Adult Education learners transferred to the Greater London Authority (GLA). This devolved funding model provides further opportunities for the College to embrace the Skills for Londoners initiatives. The DfE will continue to fund the College for adult students that are based outside London. The College continually develops its curriculum to address the priorities of its communities and works closely with the GLA and Business LDN the employer representative body for London, contributing to the development and the delivery of the Local Skills Improvement Plan for London.

Implementation of strategic plan

In September 2021, the College published a strategic plan for the five years to 2025. The plan defined Morley College London's strategic direction with its priorities expressed in the statement of three overarching strategic goals:

- Create outstanding learning opportunities

We will offer choice and flexibility to students by delivering an ambitious range of exciting and engaging courses in response to the interests of students and the learning needs of the communities we serve.

- Deliver an outstanding student experience

We will build the capacity and resilience to invest in high quality learning environments supported by high quality learning resources. With the support of funders, a comprehensive estates strategy will see significant investment into the North Kensington Centre for Skills.

- Achieve financial sustainability

Working within a closely defined Financial Strategy, we will work towards achieving the sustainability of the College by growing our revenue whilst maintaining close control of costs.

The mission, vision and strategic goals inform and are fed into the operational life of the College. The words are presented in large letters on the wall of the boardrooms at each teaching centre, to help remind management and inform our visitors of the College's strategic goals. The Senior Leadership Team support the strategic aims through their roles in leading the College Committees through curriculum, external engagement, quality and standards, health and safety, risk, and management meetings. The College's self-assessment review process helps identify the specific areas for improvement and supports colleagues to make the changes. Regular presentations to the Governors from operational areas of the College enable positive interactions and feedback.

Performance indicators

The College has developed a set of key performance indicators (KPIs) to enable the Governing Body to monitor the College's progress in implementing the Strategic Plan. The KPIs are aligned with the College strategic goals and are used by College Leadership to guide operational decisions. Each KPI has a target, and actual performance is compared on a termly or annual basis as appropriate against this target and against previous performance. Wherever possible, KPIs are benchmarked against the performance of other colleges nationally. This comparison includes the Department for Education's National Achievement Rate Tables (NARTs) and the FE Commissioner's financial benchmarks (FEC benchmarks). NARTs and FEC Benchmarks are both available on the gov.uk website. By analysing KPIs throughout the year, College leaders and the Governing Body can identify areas of concern and to take appropriate and timely action.

The KPIs for 2024/25 show a high standard of delivery, with most above target and showing an improvement in comparison to 2023/24. The College is making continued progress across all three strategic goals. The following table captures College performance against non-financial targets for the College.

Measure	Actual	Target	Status
Recruitment	108.9%	100.0%	✓
Achievement rates	94.5%	84.2%	✓
Student satisfaction	90.8%	90.0%	✓
Student destination	94.9%	92.0%	✓
Staff satisfaction (net promoter score)	+6	+10	✗
Energy use and emissions	0.083	<0.068	✗

In relation to the academic performance of students, the College's 2024-25 Self-Assessment Report (SAR) identifies many strengths, including:

- The college has a curriculum intent that builds on the college's strengths, providing learning opportunities that respond to national skills needs and are highly relevant to Morley College London's communities of location and practice.
- The curriculum is expertly delivered by a wide range of part-time and full-time staff, many of whom are renowned practitioners in their own fields. Teaching staff are experienced and well qualified with very strong subject knowledge and/or industry experience and effectively motivate and enthuse students who clearly enjoy their learning and are very focused and hard working.
- The curriculum at Morley College London has a very positive impact on students. They consistently develop relevant and valuable skills in their respective fields that enable them to progress and achieve their goals, move on to the next stage of their learning or into volunteering or employment. They produce work of good, and often outstanding quality as evidenced in portfolios, written and practical work and end of year exhibitions and performances.
- Student retention and achievement on short, unaccredited courses (which constitute 77% of the college enrolments) are at 97.3% and 96.6% respectively, 2.8% and 9.9% above college KPIs based on national averages. On these courses students consistently achieve their learning outcomes, developing subject related knowledge and skills as well as wider outcomes such as health and wellbeing; character, attitudes, and skills; integration and inclusion; and creativity and culture.
- Achievement on education programmes for young people has consistently improved year on year and is now at 83.6% which is a 5% improvement on 23/24. On level 3 programmes, achievement is 82.6% which is a 4.6% improvement from year to year.
- The level of participation and development of students at Morley College London is strong. Students' motivations to study are strong, sustained and encouraged by teachers. The learning environment at the college is safe and supportive and one where discrimination, abuse and bullying are not tolerated. The college's inclusive and tolerant culture promotes students' understanding of life in modern Britain and the wider world well.
- Opportunities for personal development are often, varied and well aligned to the curriculum, social issues and employability. Each of the college's centres enables its students to develop their knowledge and skills beyond the academic content of the curriculum through a wide range of extra-curriculum activities.
- In February 2023 OFSTED undertook a full inspection of Morley College London. This inspection awarded the college a 'Good' overall, with Good awarded for all three provision types and with an outstanding judgement for Behaviour and Attitudes. The college was also recognised for its work with employers and stakeholders with a 'Strong' skills judgement, the highest achievement for this new category.
- The college participated in the Teaching Excellence Framework (TEF). This national recognised scheme for Higher Education specifically and led by the Office for Students (OfS) scrutinises the quality of the student experience and student outcomes. The College was awarded a 'Gold' for the quality of the student

experience and a Silver for Student Outcomes, with an overall rating of Gold ('typically outstanding').

- The Chelsea Centre for Creative Industries was awarded by the Mayor of London's office the Quality Mark for Creative Industries. An award that recognises training providers who have demonstrated high-quality skills provision within a key sector for London.
- Morley College London prepares students well for future success in education, employment, or training. Students benefit from high quality specialist and impartial advice and guidance available from pre-enrolment onwards from tutors, managers, and the Student Services Team.
- Leadership and governance are strong. Leaders, managers, and governors were highly effective in successfully steering the college through merger and post-pandemic recovery with outcomes for learners improving year on year on both accredited and non-accredited programmes. There is a strong vision and curriculum intent for each of the college centres, with clear ambition for students' success and progression, including the hardest to reach communities that have the most to gain from engagement in learning. They have worked well to implement this vision through strong partnership networks, including those reaching into the local communities into higher education and employment.
- Managers have very high expectations of teaching staff. They expect effective and strong teaching to be the norm and provide teachers with the tools to achieve this. Regular CPD and individual support for teachers ensure that teaching across the college remains at least good and there are many instances of inspiring, and innovative practice which is then shared through specialist development coaches.
- Governors have a clear understanding of the college's mission, vision and strategy, with a robust strategic plan and effective arrangements for monitoring its implementation. They display a strong commitment to the values and ethos of the college and rigorously monitor the college's performance.
- Safeguarding practices in the College are effective. Safeguarding is both explicit and well embedded in all College activities.

There were however a small number of areas for enhancement that will be the focus of enhancement activities during 2025-26. These include:

- A clear enrichment and tutorial programme for all learners in accredited learning that is widely available to learners and clearly communicated
- For Education Programmes for Young People ensuring there is a systematic approach to work experience that is well recorded and evaluated
- Despite accredited learning outcomes improving year on year there is still a small gap to bridge to ensure these outcomes meet college and national KPI levels.

The College has completed annual financial returns for the DfE, which confirmed a Financial Health grade of 'Good' based on 2024/25 outturn and 2025/26 budgeted performance. The financial performance detailed in these financial statements continues to support a Financial Health grade of 'Good' under the DfE assessment methodology.

Financial Position

Financial objectives

The college's financial objectives, as set out in its Finance Strategy 2021-2025 are:

- To secure access to new and enhanced government funding streams that align with the Morley College London Vision, to provide new and expanded opportunities for outstanding learning.
- To secure access to additional funds through fundraising / charitable donation to support the delivery of existing outstanding learning opportunities, and wider opportunities not considered in scope for government support.
- Support Diverse Learning Needs by supporting engagement through the provision of a range of learner and learning support. Utilising a range of funding sources.
- Allocate available resources in such a way that they maximise the benefit of student experience, for both current and future students. (Both learning, access, capital, wellbeing).
- Engage with and proactively respond to student feedback to determine and reallocate available resources over the life to the strategy to improve the student experience and meet diverse learning needs.
- Embed environmental considerations in procurement processes, and in the ethical management of any college investments.
- Deliver overall growth in income by 2025 in accordance with the merger financial plan:
 - maximising growth and delivery of existing income sources
 - reducing dependency on funding body income through growth in fee income and fundraising activities.
 - mitigating financial risk through diversification of income sources
- Deliver improved efficiency of delivery and college operations, securing a return to a cash positive operating position by 2025.

Financial results

Governors approved a surplus operating budget of £653K for 2024/25, anticipating a continuing modest improvement in recruitment across all courses, whilst recognising the cost of living and inflationary impacts being actively experienced. Over the course of the

year the College sought to maximise income streams and minimise costs while maintaining delivery across the whole range of educational programmes.

The College has successfully delivered provision sufficient to meet the requirements of all funding body contracts, securing growth in 16-19 learner numbers that will generate additional income in 2025/26. Education contracts are maintained with a range of local partners, which again have been delivered in full or exceeded during 2024/25. Tuition fee/loan income across all categories was closely aligned with budget.

Summary financial results are as follows:

- The actual outturn prior to FRS102 pension adjustments is a deficit of £635k (page 52).
- The DfE Health rating as calculated in accordance with DfE methodology is 'Good'.
- The College has total reserves of £47,165k, after a decrease of £628k, primarily due to an actuarial loss on local government pension liabilities, which are all in surplus.

The College invested £5,228k in additional tangible fixed assets during the year. The investment focused the full refurbishment of the Emma Cons Hall, and the Johnny Harris Studio Theatre at the Waterloo Centre, and critical improvements to the centre's general condition, including roofing works for the entire main building. Additionally significant investment in equipment saw the upgrade and replacement of critical IT infrastructure.

The College has significant reliance on the education sector funding bodies as its principal funding source, largely through recurrent grants. This reliance reduced slightly in 2024/25 with grant income being 76% of the College's total income, compared to 77% in 2023/24.

Treasury policies and objectives

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

The College has a separate treasury management policy in place. Short-term borrowing for temporary revenue purposes can be authorised by the Accounting Officer. All other borrowing requires the authorisation of the Governing Body and must comply with the requirements of the Financial Memorandum with the DfE, Government Accounting, and the College's Financial Regulations.

Cash flows and liquidity

Cash and cash equivalents and short-term deposits held at 31 July 2025 totalled £5,938k, with net cash inflow from operating activities of £1,961k (see page 55).

Reserves

The College recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support its operational and

strategic goals. At the balance sheet date total reserves net of pension liabilities totalled £47,165k.

Current and future development and performance

Financial health

The DfE last formally assessed the financial health of the College in their letter to the Principal of November 2025 and provided a grade of 'Good' for 2024/25 and a projected grade of 'Good' for 2025/26.

Student numbers and fee income

In 2024/25, the College has delivered activity that has generated £18.4m in funding body grants, an increase of £1.1m in comparison to 2023/24. Tuition fee and educational contracts income increased from £3.8m in 2023/24 to £4.1m in 2024/25. The College had 11,103 students and 26,042 enrolments; the average student enrolls onto 2.4 courses. While not at pre-pandemic levels, student numbers have shown an improvement in comparison on 2023/24 of 3.3%, with enrolments down 0.3%. Average class sizes have also increased from 10.9 to 11.5.

Curriculum Developments and Quality Enhancement

The College curriculum includes a wide range of courses for adults and young people in Arts, Culture and Social and Applied Sciences, with a diverse range of programmes that include Art and Design, Music and Performing Arts, Languages and Humanities, Applied Sciences, English for Speakers of Other Languages (ESOL), English and Mathematics. The College offers a wide range of accredited programmes from Entry Level to Level 6 and specialist, as well as short courses from beginner to mastery level that do not lead to a formal qualification.

The College holds contracts with the Royal Borough of Kensington and Chelsea (RBKC) and Lambeth Council for the provision of Community Learning covering a wide range of curriculum areas, responding to the needs of community groups and organisations, and in accordance with local strategic priorities. In 2024-25, Community Learning courses were delivered in partnership with over 60 community, voluntary and statutory organisations and groups.

The College's extensive and progressive curriculum offer reflects the demand of the local and regional context and takes into account the needs of students, local communities and communities of interest, employers, and the local and regional economy. Curriculum managers have developed a responsive curriculum designed to suit different levels of experience, to offer progression routes, and support students' expectations and aspirations.

Clearly signposted pathways across all three Centres include:

- Clearly defined learning opportunities for 16–18-year-olds at North Kensington and Chelsea that inspire students to achieve and progress into employment, further training or university.
- Health, Education and Science; Business and IT; and Arts and Humanities programmes for adults at North Kensington
- Creative Discovery, Fine Arts, Media, Creative Technology programmes for adults at Chelsea, including short, introductory courses to stimulate interest and progression into higher levels of study. These include new, industry-relevant, advanced and higher-level diplomas leading to employment opportunities in the Creative Industries sector.
- Fashion, Visual and Digital Arts, Music and Performance, Health and Social Care, Humanities and Science adult programmes at Waterloo, including progression opportunities from our local communities into on-site short courses and further into accredited provision in advanced and higher learning.

A full Ofsted inspection was completed in February 2023. The overall effectiveness of the college was assessed by Ofsted as 'Good', with a strong contribution to meeting skills needs.

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 per cent.

During the accounting period 1 August 2024 to 31 July 2025, the College paid 96% of its invoices within terms or 30 days.

Events after the end of the reporting period

There were no post-balance sheet events considered material that have not been disclosed within the accounts.

Future prospects and going concern

Following the successful merger with Kensington and Chelsea College in February 2020 the College continues to capitalise on the expanded geographical reach, external investment in the College's estate, and the potential to bring the Morley College London experience to a considerably larger proportion of London as the largest Institute of Adult Learning, while also expanding the range and quality of provision available for younger learners at both the North Kensington and Chelsea Centres.

This growth and development are underpinned by a five-year financial strategy and plan agreed with the DfE as part of the merger, and with considerable investment in the College's

estate and systems, in particular the refurbishment of North Kensington which was completed in November 2022, as well as further developments at the Chelsea Centre completed in September 2023, and ongoing investment at the Waterloo Centre, funded partly from the College's financial reserves, but with significant contributions from the Department for Education (DfE) and the Greater London Authority.

The merger financial plan has been further supported by a grant from the DfE totalling £3.5M which has now been fully drawn down as a result of the impact of Covid-19 on tuition fee income, and the subsequent energy cost and cost of living crises. The College continued to grow during 2024/25 with the College delivering an operating surplus, with further cautious growth programmed into plans for 2025/26, and the College financial plan projects continuing growth and financial sustainability over the life of the plan.

Having due regard to best practice developments in the UK Corporate Governance Code 2018 in respect of going concern and risk management reporting, the College believes it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for the foreseeable future, and at least until December 2026. The College's assessment of going concern is supported by:

- Careful cash flow management
- High quality facilities, bolstered by ongoing capital investment across all main centres
- A strong capacity to generate ongoing cash flow surpluses
- Robust financial management and the College's actions to monitor budget performance
- The implementation of a robust Financial Framework, approved by the Governing Body
- Robust risk management processes

RESOURCES

The following sections provide more information about the College resources available to support its strategic goals.

Buildings and accommodation

The main College site at Westminster Bridge Road and the sculpture studio at Pelham Hall are both based within Waterloo. The main College site straddles the boroughs of Southwark and Lambeth with teaching space on both sides of a road that separates the two boroughs. The teaching facilities fully use the space that has grown over decades and in addition to flexible classroom spaces, the site includes soundproof music rooms, specialist artist spaces, a library, a café, and performance spaces and staff offices. During 2024/25 the College delivered the complete renovation of its flagship Waterloo performance space – the Emma Cons Hall, and the development of a new entrance space to the Johnny Harris Studio Theatre. As well as providing state of the art facilities, these spaces are now fully accessible. Additionally wider capital improvements were delivered as part of this project – notably the replacement of the roof across the whole main building. These works were largely funded by a grant from the DfE’s Capital Transformation Fund.

At Stockwell, just behind the tube station, the College has established a satellite centre based in a former community centre building, delivering a range of community learning and essential skills provision.

The College has the freehold on the main building at the Chelsea Centre, based in Hortensia Road, as well as a long-term (75 year) lease on a space within the Carlyle building immediately adjacent to the main centre.

Additionally, the College holds a 125-year lease on the North Kensington Centre, based in Wornington Road, at a peppercorn rent following its purchase by the DfE.

Financial

The College has £47.2 million of unrestricted net assets and a balance of £253k of long-term debt.

People

The College employed on average 277 people during the year (expressed as full-time equivalents), of whom 133 are teaching staff, and 144 are non-teaching staff. This represented a slight increase of one FTE in comparison to 2023/24. The College continues to outsource its cleaning and security across all centres and pays all directly employed staff above the London Living Wage.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and creating external stakeholder relationships.

Staff and student involvement

The Governing Body includes elected staff and student members, and the College encourages staff and student involvement through membership of formal committees.

The College considers good communication with its staff and students to be very important. Centre Principals hold regular meetings ('Student Experience Fora') with elected class representatives and a subset of these representatives self-nominate to the College-wide Student Council. The Principal and members of the Senior Leadership Team meet regularly with the Student Council and other student representative bodies.

Communication with staff takes a variety of forms, including open meetings for all staff with senior managers, monthly all staff briefings, regular management meetings, a well-developed intranet system and a regular staff newsletter. Annual corporate and social events are held bringing together all staff and departmental staff briefings are held regularly. Staff bulletins are produced fortnightly and made available through the staff engagement platform MyMorley to enhance communication.

The College values and actively seeks feedback from all users of its services, particularly students. It monitors all formal complaints as well as reviewing its processes to ensure all matters are resolved in line with the College's policies. During 2024/25 the College investigated 15 complaints, compared to 14 during 2023/24 and 17 during both 2021/22 and 2022/23. When complaints were received during term time they were resolved within an average of 15 working days.

Fundraising

The College undertakes fundraising in an ethical and responsible way, mindful of the communities within which it operates. The College employs systems and controls to separate and protect funds and ensure that all expenditure is in line with the terms of any donation. The College is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules and ensures that all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest, and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the College's complaints procedure and there were no complaints in-year or in the previous year.

During 2024/25 the College received no donated income. Donated income is reported in the year of receipt, and the College aims to use the funds to support the donors' aims within a timely period to ensure that the wider College benefits from their generosity.

Energy Use and Carbon Reporting

The College is committed to reducing the environmental impact of its operations.

UK Greenhouse gas emissions and energy use data for the period	
Energy consumption used to calculate emissions (kWh)	3,605,767
Energy consumption breakdown (kWh) (optional)	
• gas,	1,711,664
• electricity,	1,894,105
<u>Scope 1 emissions in metric tonnes CO₂e</u>	
Gas consumption	334
Owned transport – college cars	2
<u>Total scope 1</u>	336
<u>Scope 2 emissions in metric tonnes CO₂e</u>	
Purchased electricity	441
Total gross emissions in metric tonnes CO ₂ e	777
<u>Intensity ratio</u>	
Tonnes CO ₂ e per student	0.083

Quantification and Reporting Methodology

We have followed HM Government's 2019 Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and the Government's Conversion Factors for Company Reporting (2025).

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per student, the recommended ratio for the sector. The 2024/25 figure of 0.083 tonnes CO₂ per student compares to 0.068 tonnes CO₂ per student in 2023/24. Gas consumption has remained consistent in total. While electricity usage has increased, all electricity supplies to the College are from renewable sources.

Measures taken to improve energy efficiency

During 2024/25 the College has continued to progress projects to improve energy efficiency. Measures taken included capital investment to upgrade rooves and insulation at the Waterloo Centre, as well as replacing legacy windows with insulated double-glazed units. In addition to physical investment the College has sought to utilise the estate more effectively consolidating activity and reducing opening times where possible. Sustainability and energy saving activities are overseen by the College's Sustainability Steering Group.

Further energy efficiency measures at the Waterloo Centre will be implemented through improvements in plant and insulation under the Waterloo Estates Renovation Programme during 2024/25.

The recently refurbished North Kensington Centre has A+ energy gas boilers supporting a new heating system with all radiators being controlled locally with thermostatic valves. The insulation across the refurbishment project has been enhanced, particularly the new roof on which solar panels have been fitted.

While overall energy use has increased during 2024/25, use of gas has decreased. All the College's electricity is procured from renewable sources.

The College promotes a 'Green Week' and has an active Green Group which as part of its activity has introduced wildflowers and high pollenating plants in the Garden at Waterloo. Positive curriculum developments have seen staff embed sustainability into their curriculum areas.

PRINCIPAL RISKS AND UNCERTAINTIES

The College's strategic risk register is reviewed over the course of the year by the Risk Management Committee and considered by Governors termly. Additional lower level and project-based risk registers are maintained as required.

The following key strategic risks were considered during 2024/25:

- Failure to adapt to the changing landscape
- Reduction in public funding
- Failure to manage the college finances
- Failure to comply with funding body audit requirements
- Failure to manage health and safety
- Failure to safeguard children and vulnerable adults
- Failure to maintain business continuity
- Failure to achieve student recruitment targets
- Failure to manage capital programmes
- Failure to deliver an outstanding student experience
- Failure to recruit and retain competent and committed staff
- Failure to succession plan (senior staff and governors)
- Failure to maintain and enhance quality
- Failure of IT systems to meet the needs of students, staff or visitors
- Failure to prepare for a major system outage or data breach, including cyber attack

Each risk listed is supported up by an individual risk report and this provides the detail to support the management of that risk, covering:

- Consequences of the risk occurring
- Events that could trigger the risk
- Risk ownership
- Risk scoring for probability and impact
- Controls in place to manage the risk
- Assurance in those controls
- Performance data to confirm that risk management is working or to identify an emerging risk
- Mitigating action that the College is undertaking to reduce the probability or mitigate the impact of the risk, or that it would take either for a major event risk or an emergent risk over time.

The following sections consider how effective the College has been at managing risk within its three strategic aims:

Maintenance of quality of provision (Risk 13)

Failure to maintain adequate quality in its provision represents a significant risk to the College, particularly as the Strategic Plan includes growth and responsiveness to student needs. This risk is mitigated in a number of ways:

- Scrutiny of key performance indicators by the Quality and Standards Committee.
- Regular review of the quality of provision against Ofsted inspection criteria.
- Review of quality against the requirements of the Office for Students and the Quality Assurance Agency.
- Continued development and monitoring of the Quality Enhancement Plan.
- Rigorous curriculum review process that ensures the curriculum meets student interest and demand in addition to addressing the priorities of the Local Skills Improvement Plan.
- Best practice in People Operations policies and procedures to ensure high quality in teaching and support staff.
- Continuing professional development programme for teaching staff targeting both technical and pedagogy skills.
- Effective use of management information systems to support quality enhancement
- Development of a property strategy driven by the needs of the developing curriculum and building a level of reserves to support this strategy.

The outcomes of the Ofsted inspection undertaken in February 2023, which resulted in an assessment of 'good' provide the evidence that the College's processes and scrutiny have been effective in driving quality improvement and leading to outstanding learning opportunities. The report also identifies the areas where the College can move from 'good' to 'outstanding'.

During 2023 Morley College London was awarded TEF Gold, the highest standard for the Teaching of Higher Education. The Teaching Excellence Framework (TEF) is a national initiative by the Office for Students (OfS) aimed at promoting excellence in teaching, learning, and student outcomes. Morley College London's Gold rating is valid for four years.

Maintenance of an outstanding student experience (Risk 10)

The College aims to be highly effective in meeting the diverse learning needs of the communities it serves, addressing social exclusion and enhancing the flexibility and personalisation of learning. Failure to ensure quality of learning opportunities and student experience would represent a significant risk to meeting this goal. This is mitigated by:

- A high-quality staff team with excellent subject knowledge and enthusiasm.
- Continual professional development of staff to ensure a high standard

of professional practice.

- The use of external professional networks and partnerships to ensure expert and innovative learning, teaching and assessment.
- The ongoing focus on three cross-cutting themes: digital inclusion, progression and employability.
- A revised risk register which has better identified the triggers, controls and mitigating actions needed to maintain and improve student experience.
- Ofsted inspection in February 2023 confirming good with outstanding for behaviour and attitudes.
- The achievement of the 'TEF Gold' standard for delivery of Higher Education provision.
- Feedback and improvements targeted through 'Student Voice' (Student Council, Student Representatives, and Class Representatives).

Maintenance of the financial viability of the College (Risk 3)

The College's current financial health score calculated in accordance with the DfE methodology is 'Good' as described above. Prior to the business combination with KCC, adult education funding levels were the main constraint on the College's financial position. College funding has suffered from a sustained period of public sector spending cuts. The College has been able to grow income through growth in provision and increased student taught hours whilst aiming to maintain the student experience. However, the actual funded income per student hour has fallen in real terms over recent years. Kensington and Chelsea College as a stand-alone entity was not financially viable and had delivered significant deficits over recent years. While cash reserves were strong following the disposal of property, the College had delivered year-on-year negative cash flows. The Coronavirus pandemic previously limited the College's capacity to grow and expand provision. Financial viability has been preserved through effective action in maximising income streams and reducing costs.

The combined college benefits from a substantial estate with significant opportunity to expand delivery and grow income, a more efficient staffing structure and a robust financial position in both cash and reserves. The college has developed a five-year financial plan and strategy to deliver full financial sustainability. This plan was subject to detailed scrutiny by the DfE, and external due diligence. While this has been impacted by the Coronavirus pandemic, the College remains well placed and well-resourced to respond to increased demand, and has seen growth particularly in 16-18 year old learners.

The College has further mitigated the financial risk through the five-year planning period through the agreement for additional grant funding, with the final £0.5m of the £3.5m grant drawn down in 2023/24.

The implementation of the Financial Framework ensures that the College sets and controls expenditure budgets within the constraints of core income and remains financially viable.

The College has significant reliance on education sector funding bodies for its funding, largely from recurrent grants. This reliance has continued with 2024/25 grant income being 76% of the College's total income, a small reduction from the 2023/24 position.

Following the 2022 triennial valuation of Local Government Pension Schemes and a favourable FRS102 valuation, the financial statements report that there is no deficit in the Local Government Pension Scheme deficit attributable to the College on the College's balance sheet in line with the requirements of FRS 102.

The risk to financial viability is mitigated in a number of ways:

- Financial sustainability of the College is one of the three core strategic goals.
- Budget setting procedures are rigorous and include sensitivity analysis testing.
- Monthly budget monitoring throughout the year.
- Robust financial controls and procedures.
- Detailed forward planning, forecast updates and regular cash flow forecasting updates.
- Diversification of income sources and optimising existing income streams.
- Strategies for curriculum development and growth linked to financial improvement.
- Creating, maintaining and managing key relationships with the funding bodies.
- Engagement with GLA and its various funding channels including active engagement with project-based funding initiatives (e.g. Multiply).
- Continuously ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses linked to a responsive pricing strategy.
- Monitoring and appraising the position of the pension scheme, as required, by Governors through the Finance, Resources and Sustainability Committee.

Governors hold the appropriate senior post-holders accountable for their actions against each risk. Risks are mitigated through both short-term actions and the work towards a longer-term sustainable solution for the College.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- Government Offices including the FE Commissioner;
- Staff;
- Local employers (with specific links) including Business LDN and the Southbank Employers Group;
- Local authorities;
- Local community;
- Other FE and HE institutions;
- Quality Assurance Agencies including Ofsted and the Office for Students;
- Examining boards;
- Trade unions;
- Professional and membership bodies;
- Charity Commission.

The College recognises the importance of these relationships and engages in regular communication with these stakeholders. In addition, the College works in close partnership with a large number of voluntary sector, arts and other organisations to help fulfil its mission and achieve its strategic goals. Partnerships are vital to Morley College London's development and institutional well-being, augmenting its reputation, profile and position and providing the connections and capacity it needs to support its communities of location and practice.

The College values its relationship with the trade unions representing its employees. Regular meetings of the Joint Consultative Committee were held, throughout 2024/25, in a positive and transparent manner.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish the following information to outline the facility time arrangements for trade union officials at the College. Facility time with a total estimated value of £28,735 is available.

Numbers of employees during the relevant period	FTE employee number
5	2.60

Percentage of time	Number of employees
0%	
1-50%	5
51-99%	
100%	

Total cost of facility time	£28,735
Total pay bill	£15,517,000
Percentage of total bill spent on facility time	0.19%
Time spent on paid trade union activities as a percentage of total paid facility time	100.00%

Section 172 Statement

The Board of Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company in achieving its charitable purpose and, in doing so, to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.

Within this report, we have summarised our governance framework and how we are engaged with stakeholders during the year. The Trustees have considered the views and needs of key stakeholders in Board discussions and decision making. The following points are not intended to be an exhaustive list but are illustrative of how the Trustees have fulfilled these duties during the year.

Engagement with employees

- The Senior Leadership Team actively engages staff through frequent all-staff briefings, use of internal communication tools, and regular Principal and CEO Drop in sessions, monthly Principal and CEO update, to provide updates on business developments and to answer questions directly.
- The College maintains a staff engagement platform, MyMorley, to aid effective engagement and provide access to staff rewards and discounts, which has been widely accessed.
- The College has continued to invest in staff wellbeing and the provision of support through the confidential Employee Assistance Programme.
- Senior Managers actively engage with the Unions, working to achieve practical improvements in terms and conditions.
- Staff views are represented on the Governing Body through the inclusion of an academic and professional services Governor selected by staff.

Engagement with stakeholders

- The Trustees recognise the importance of external stakeholders such as applicants, providers, advisers, education and commercial customers, government and sector agencies, legal members, and suppliers, as well as internal stakeholders.
- The Trustees remain committed to effective engagement of all stakeholders and are mindful that the organisation's success depends on its ability to engage effectively, work together constructively and to take stakeholder views into account.

- The Trustees also review financial and operational performance, as well as information covering areas such as external drivers which includes the number of applications, staff, staff representatives including working with the Joint Consultative Committee to recognise Unison in addition to the University and College Union (UCU), pensions, delivery, and key risks. This information is provided to the Trustees through routine reports circulated in advance of each Board meeting which are then reviewed, discussed and approved, as necessary.
- The College has established Stakeholder Advisory Groups for each of the main College centres to ensure that it is able to take full account of local considerations in its decision making.

Equality and Diversity

The College celebrates and values diversity and is committed to providing the education and support that enable all members of the learning community to achieve their full potential. Action to promote Equality and Diversity is core to the College's mission, values, and strategic goals. Morley College London's vision identifies the College as a provider of inspiring, distinctive, and excellent adult learning, as a college that contributes to, and is responsive to, the communities it serves.

"Advancing diversity" is one of the five core values and is central to Morley College London's vision as it strives to provide relevant and challenging education and training for all sections of the community. Morley College London also strives to be an exemplary employer, and to ensure that it employs a diverse workforce that is equipped with the skills necessary to achieve shared ambitions.

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, sex, sexual orientation, disability, religion or belief and age. We aim to remove conditions that place people at a disadvantage, and we actively combat bigotry. The College's Equality, Diversity and Inclusion statement and policy is published on the College's Intranet site and website and actions to deliver the policy are regularly monitored along with our Anti Racism Statement.

The College publishes an Annual Equality and Diversity Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is strongly committed to supporting job applicants and staff with disabilities and long-term health conditions and is positive about mental health. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues, through the use of adjustments as far as is possible or, should that be impracticable, looking for suitable alternative roles. The College's policy is to provide training, career development and

opportunities for promotion that, as far as possible, provide identical opportunities to those of non-disabled employees.

Disability statement

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

- a) As part of its property strategy the College is ensuring the entrances to all Centres are fully accessible, and continues to seek to improve the accessibility of the estate as a whole
- b) The College provides a range of specialist equipment and assistive technology to assist learners with disabilities
- c) The College includes on its staff specialist tutors and support assistants to support students with learning difficulties and/or disabilities
- d) There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities
- e) Specialist programmes are described in college prospectuses and on the college website
- f) The progress and achievement of learners who have learning difficulties and/or disabilities is carefully monitored
- g) Counselling and welfare services are described in the College's Student Handbook that is issued to students at induction.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, as far as they are each aware, there is no relevant audit information of which the College's auditors are unaware. 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.

This report and the Strategic Report (included therein) was approved by the Governing Body, as the company's board of directors, on 15th December 2025



Leisha Fullick
Chair

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in accordance with the Code of Good Governance for English Colleges (“the Code”) adopted by the College on 13 October 2015 and in a revised form on 25 March 2024 ; and
- iii. having due regard to the Charity Governance Code (endorsed by the Charity Commission).

The College is committed to exhibiting best practice in all aspects of corporate governance and accordingly the College has adopted and complies with the Code. While we have not adopted the Charity Governance Code, we have reported on our governance arrangements by drawing upon best practice available, including that set out in the Charity Governance Code.

In the opinion of the Governing Body, the College complies with or exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2025. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Governing Body

The members who served on the Governing Body during the year and **up to the date of signature of this report** were as listed in the table below. The Governors are directors and members of the College for the purposes of company law.

Continuing Members

	Date of appointment	Term of office ends	Status of appointment	Committees served and offices held 2024-25	Meetings attended/ possible
Ms Susan Bonett	30 June 2025	N/A	Principal and Chief Executive Officer	Curriculum and Quality Finance, Resources and Sustainability Governance and Nomination People External Relations	7/7
Mr Alex Cole	29 March 2021 Reappointed 31 July 2024	31 July 2028	External member	Audit (Vice Chair – retired May 2025) Finance, Resources and Sustainability (Chair – May 2025) People (December 2025)	13/14
Dr Jack Davy	21 October 2024	31 July 2028	Staff member	Finance, Resources and Sustainability People	13/13
Mr Nic Durston	13 April 2018 Reappointed 1 August 2021 Reappointed 19 May 2025	31 July 2029	External member	Vice Chair of Governing Body Finance, Resources and Sustainability (Chair – retired May 2025) Remuneration (Vice Chair)	16/16

	Date of appointment	Term of office ends	Status of appointment	Committees served and offices held 2024-25	Meetings attended/ possible
				External Relations (Vice Chair) Governance and Nomination (June 2025) Lead Governor for Careers (March 2025)	
Ms Leisha Fullick	10 May 2021 Reappointed 31 July 2024	31 July 2028	External member	Chair of Governing Body Curriculum and Quality Governance and Nomination (Chair)	17/17
Mr Peter Hume	21 October 2024	31 July 2028	External member	Finance, Resources and Sustainability (until May 2025) Audit (May 2025)	5/10
Mr Matthew Innes	21 October 2024	31 July 2028	External member	Curriculum and Quality (Chair) Governance and Nomination (January 2025)	12/12
Mrs Gail Le Coz	3 February 2020 Reappointed 1 August 2023	31 July 2027	External member	Audit (Chair) Governance and Nomination	10/13
Ms Susan Lindsey	27 March 2019 Reappointed 2 November 2020, 3 February 2021 and 31 July 2024	31 July 2026	Student member to 2 February 2021 External member from 3 February 2021)	Finance, Resources and Sustainability People (Chair) Remuneration (Chair – Nov 2025)	12/14

	Date of appointment	Term of office ends	Status of appointment	Committees served and offices held 2024-25	Meetings attended/ possible
				Lead Governor for Health and Safety	
Ms Jessie Peramal	31 August 2022	31 July 2026	External member	Audit (Vice Chair, May 2025) People (Vice-Chair) Lead Governor for Safeguarding (July 2025)	6/13
Dr Melissa Score	3 November 2021 Reappointed 20 October 2025	31 July 2029	Staff member	Curriculum and Quality People	13/13
Mr Naeem Uddin	21 October 2024	31 July 2028	External member	Finance, Resources and Sustainability (Vice-Chair – May 2025)	9/11
Mr Andrew Williamson	03 February 2025	03 February 2027	Student member	Finance, Resources and Sustainability Curriculum and Quality	8/8
Mr Raymundo Zuñiga	31 August 2022	31 July 2026	External member	Audit External Relations (Chair) Lead Governor for Digital Technology	12/14

Retiring Members

	Date of appointment	Term of office ends	Status of appointment	Committees served and offices held 2024-25	Meetings attended/ possible
Miss Justine Brian	27 February 2018 Reappointed 1 August 2021	15 July 2025	External member	Audit Remuneration External Relations (Chair) Lead Governor for Safeguarding and Prevent	14/15
Ms Gill Evans	3 February 2020 Reappointed 1 August 2023	15 July 2025	External member	Curriculum and Quality People Lead Governor for Equality, Diversity and Inclusion	12/13
Dr Andrew Gower	13 April 2015	21 April 2025	Principal and Chief Executive Officer	Curriculum and Quality Finance, Resources and Sustainability Governance and Nomination People External Relations	16/16
Ms Marshal Ngcongco	23 November 2022 Reappointed 15 July 2024	30 November 2024	Student member	Curriculum and Quality Finance, Resources and Sustainability	13/14

	Date of appointment	Term of office ends	Status of appointment	Committees served and offices held 2024-25	Meetings attended/ possible
Mr Victor Olowe	2 April 2014 Reappointed 16 October 2017, 1 August 2021 and 1 August 2023	19 May 2025	External member	Vice-chair of Governing Body Audit Governance and Nomination (Vice-chair) People	14/14
Mr Ralph Moran	22 April 2025	30 June 2025	Interim Principal and Chief Executive Officer	Curriculum and Quality Finance, Resources and Sustainability Governance and Nomination People External Relations	9/9
Ms Jasmin Zapata Matas	30 October 2023	21 July 2025	Student member	Curriculum and Quality External Relations	4/11

Ms Georgia Cocks served as Director of Governance and Company Secretary throughout the year.

Directors and their interests

The directors of the Company are shown above and, except for any instances mentioned, served throughout the year. None of the directors has any interests in the Company.

The Company Secretary maintains a register of financial and personal interests of the members of the Governing Body and of senior post-holders. The register is available for inspection at the address below.

Limited liability

The Company does not have any share capital and is limited by guarantee. The liability of the members, who are the directors, is limited to £1 each in the event of the winding up of the Company.

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

The Governing Body 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 Governing Body meets at least four times per year.

In 2024-25 the Governing Body received advice on the conduct of its business from seven committees. Each committee had terms of reference approved by the Governing Body. Those committees were: Audit; External Relations; Finance, Resources and Sustainability; Curriculum and Quality; Governance and Nomination; People and Remuneration.

Individual Governors ('lead governors') also assisted and advised the Governing Body in the oversight of areas of its responsibility, specifically Careers Information, Education and Guidance, Equality, Diversity and Inclusion, Health and Safety, Safeguarding and Prevent and Digital Technology. The range and remit of committees and the contribution that each makes to effective governance is under continual review. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available on the College's website.

All governors 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 Company Secretary, who is responsible to the Governing Body for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Director of Governance are matters for the Governing Body as a whole. Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Training and development

The Governing Body is committed to the training and development of both the Governors and the Director of Governance and ensured that they received appropriate training and development throughout the year. For Governors this included: Safeguarding and Prevent training sessions, the Education & Training Foundation's Governance Development Programme modules, Board and Committee Chairs and Vice-Chairs briefings run by the Association of Colleges ('AoC'), the AoC Sustainability and Green Skills Conference, AoC Student Governor conference and Staff Governor conference (online), the AoC Annual Conference and the AoC new Governor induction. The Director of Governance is experienced in the role and is supported by the Governing Body in her continuing training and development. She is a member of the FE Governance Professionals network, attends

the annual AoC conference, and undertakes a range of professional development courses to stay appraised of the latest good governance practices.

Appointments to the Governing Body

Appointments to the Governing Body are matters for the consideration of the Governing Body as a whole. The Governance and Nomination Committee is responsible for the recruitment, selection, and nomination of new external members for the Governing Body's consideration and for considering and nominating retiring governors for re-appointment. The Governing Body is responsible for ensuring that appropriate training is provided as required.

Members of the Governing Body are appointed for a term of office not exceeding four years, except for student members who are appointed for a term not exceeding two years. Members generally serve for a maximum of eight years (student governors – four years).

Governing Body performance

The Governing Body has established a comprehensive framework for evaluating its own performance and enhancing the quality of governance, comprising:

- regular review of the composition of the Governing Body and the extent to which the skills and experience of members match the needs of the College;
- analysis of the extent to which members attend board and committee meetings, participate in training and development activities and take up opportunities to engage with the day-to-day work of the College, its staff and students;
- an annual survey of members' views of the effectiveness of the Governing Body;
- a biennial development interview with each member of the Governing Body;
- an annual review of the effectiveness of each committee in discharging the responsibilities delegated to it; and
- a periodic (triennial) review of the effectiveness of governance by an independent consultant.

Self-assessment and quality enhancement

Currently the Board undertakes an annual self-assessment of governance practices and produces an associated Quality Enhancement Plan. The external review of the effectiveness of governance was completed in June 2025. A comprehensive action plan based on the recommendations in the review's report has been agreed by the Board and is in progress. The executive summary of the report is available on the Morley website.

Committees of the Governing Body

Audit Committee

The Audit Committee comprises between three and six members of the Governing Body (excluding the Accounting Officer and the Chair of the Governing Body). The Committee operates in accordance with written terms of reference approved by the Governing Body.

It meets at least termly and provides a forum for reporting by the College's internal and financial statements auditors, and by the accountants appointed to report on regularity, all of whom have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit 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 advises the Governing Body on the appointment of internal and financial statements auditors and of accountants to report on regularity and on their remuneration for audit and non-audit work. In common with all other committees, it provides an annual report to the Governing Body summarising its work over the preceding year.

Curriculum and Quality Committee

The Curriculum and Quality Committee comprises between six and eight members of the Governing Body. The Committee advises the Governing Body and provides it with assurance on matters relating to the College curriculum, the quality of education (including learning, teaching and assessment, outcomes for students and the student experience), student voice and customer feedback and the requirements of Ofsted and the Office for Students.

External Relations Committee

The External Relations Committee comprises between four and six members of the Governing Body. The Committee advises the Governing Body and provides it with assurance on matters relating to stakeholder engagement, stakeholder satisfaction, marketing, fundraising, the conferring of fellowships and awards and the work of the Morley Gallery and Morley Radio.

Finance, Resources and Sustainability Committee

The Finance, Resources and Sustainability Committee comprises between six and eight members of the Governing Body. The Committee advises the Governing Body and provides it with assurance on financial strategy, financial health, financial management, estates, health and safety, environmental sustainability, and digital transformation.

Governance and Nomination Committee

The Governance and Nomination Committee comprises between four and six members of the Governing Body (excluding staff and student members). The Committee advises the Governing Body on the composition and membership of the Governing Body, the appointment and re-appointment of external members and on all matters relating to the governance of the College, including the development of the Board as a whole and of individual governors, the setting of targets for Governing Body performance and the related performance review arrangements.

People Committee

The People Committee comprises between six and eight members of the Governing Body. The Committee advises the Governing Body and provides it with assurance on all matters relating to the recruitment and development of staff and their pay and conditions of employment, as well as on the promotion of equality, diversity, and inclusion.

Remuneration Committee

The Remuneration Committee comprises three members of the Governing Body (excluding staff and student members and the Accounting Officer). The Committee advises the Governing Body on the remuneration and benefits of the Accounting Officer and other holders of senior posts and on leadership development and succession planning for the Senior Leadership Team. The senior post-holders within the remit of the Remuneration Committee comprise the Principal and the Chief Finance Officer. The Governing Body has a clear policy on the remuneration of senior post holders and the Director of Governance.

Details of remuneration for the year ended 31 July 2025 are set out in note 8 to the financial statements.

Internal control

Scope of responsibility

The Governing Body 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 Governing Body has delegated to the Principal, 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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the Department for Education. He is also responsible for reporting to the Governing Body 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 the College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Governing Body 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 Governing Body is of the view that there is a formal ongoing process for identifying, evaluating, and managing the College's significant risks that has been in place for the period ending 31 July 2025 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

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 and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

The College has commissioned an internal audit service, which operates in accordance with the requirements of the Framework for auditors and reporting accountants of colleges. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Governing Body on the recommendation of the Audit Committee.

Review of effectiveness

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

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

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

The Risk Management Committee comprises members of the Senior Leadership Team and other co-opted members with an understanding of Health and Safety, Premises, IT, People Operations, Finance and academic issues. The Committee 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 across the College and reinforced by risk awareness training.

The Risk Management Committee and the Audit Committee also receive regular reports from the internal audit service provider and other providers of assurance, which may 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 Governing Body's agenda includes a regular item for consideration of risk and control and it receives relevant reports from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the appropriate degree of assurance and not merely reporting by exception.

At its December 2025 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2025.

Based on the advice of the Audit Committee and the Accounting Officer, the Governing Body is of the opinion that the College has an adequate and effective framework for governance,

risk management and control, and has fulfilled its statutory responsibility for *'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'*.

Going concern

After making appropriate enquiries, and taking account of:

- the sound level of liquidity as at 31 July 2025
- the College's performance against budget, and
- the College's financial plan to 2026/27

the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Governing Body on 15 December 2025 and signed on its behalf by:

Signed

Signed



Leisha Fullick
Chair

Ms Susan Bonett
Accounting Officer

Statement of regularity, propriety and compliance

As accounting officer of the corporation of Morley College London 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 the following instance of material irregularity, impropriety or non-compliance has been discovered to date, and has been notified to the board of governors and DfE. If any further instances are identified after the date of this statement, these will be notified to the board of governors and DfE:

- One instance of Special Severance Payment paid in 2025/26, but in excess of 2024/25 Managing Public Money delegation limits. Permission was sought in advance of payment, but not granted.



Ms Susan Bonett

Accounting Officer

15 December 2025

Statement of Responsibilities of the Governing Body

The Governing Body, as the board of trustees, is required to present audited financial statements for each financial year.

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

In preparing the financial statements, the Governing Body is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the College is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare a Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Governing Body 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 relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of the College's website; the work carried out by 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.

The Governing Body is 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, it is responsible for ensuring that funds from the DfE and any other public funds are used only in accordance with the DfE's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the DfE or any other public funder, including that any transactions entered into are within the delegated authorities set out in the College Financial Handbook. On behalf of the College, 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 Governing Body must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Governing Body are responsible for securing 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 from the DfE and other public bodies are not put at risk.

Approved by order of the Governing Body on 15 December 2025 and signed on its behalf by:



Leisha Fullick
Chair of Governors

Independent Auditor's Report to the Governing Body of Morley College London

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2025 and of its financial performance and cash flows for the year then ended;
- have been prepared in accordance with UK Generally Accepted Accounting Practice, the Statement of Recommended Practice: Accounting for Further and Higher Education and the College Accounts Direction 2024 to 2025 issued by the DfE;
- have been prepared in accordance with the requirements of the Companies Act 2006;
- in all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the OfS and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Governing Body with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report including the Report of the Governing Body other than the financial statements and our auditor's report thereon. The members of the Governing Body 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Governing Body, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governing Body, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Framework and guide for external auditors and reporting accountants of colleges issued by the DfE requires us to report to you if, in our opinion:

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

- certain disclosures of Members of the Governing Body's remuneration specified by law are not made.

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

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

Responsibilities of the Governing Body

As explained more fully in the statement of responsibilities of members of the Governing Body, the members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the Further Education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the College Accounts Direction 2024 to 2025 issued by the DfE, the Further and Higher Education Act 1992, funding agreements with the DfE and

associated funding rules, DFE regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date:

Independent Reporting Accountant's Report on Regularity

To: The Governing Body of Morley College London and the Secretary of State for Education

In accordance with the terms of our engagement letter dated 13 June 2025 and further to the requirements of Department for Education (DfE) as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Morley College London during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

This report is made solely to the Governing Body of Morley College London 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 Governing Body of Morley College London 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 Governing Body of Morley College London and the Secretary of State for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer of Morley College London and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body'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 Governing Body's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

Conclusion

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

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

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2025

	Notes	Year ended 31 July	Year ended 31 July
		2025	2024
		£'000	£'000
INCOME			
Funding body grants	2	18,403	17,271
Tuition fees and education contracts	3	4,127	3,815
Other income	4	736	632
Investment income	5	237	113
Donations	6	-	28
Interest	10	741	611
Total income		24,244	22,470
EXPENDITURE			
Staff costs	8	15,887	14,950
Other operating expenses	9	6,752	5,993
Depreciation	11	1,588	1,387
Interest and other finance costs	9	22	25
Total expenditure		24,249	22,355
(Deficit)/Surplus before other gains and losses		(5)	115
Gain on investments	13	7	16
Surplus before tax		2	131
Taxation		-	-
Surplus for the year		2	131
Actuarial loss in respect of pensions schemes	22	(630)	(527)
Total Comprehensive (expenditure) / income for the year		(628)	(396)
Represented by:			
Unrestricted comprehensive (expenditure) / income		(628)	(396)
Restricted comprehensive (expenditure) / income		-	-
		(628)	(396)
Memo item: deficit prior to FRS102 pensions adjustments			
(Deficit)/Surplus before other gains and losses		(5)	115
Interest and other finance (income)/ costs		(741)	(611)
FRS102 pension costs within staff costs		111	84
Loss after FRS102 pensions adjustments		(635)	(412)

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 July 2025

	Income and Expenditure account	Restricted Reserves	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 31st July 2023	23,813	160	24,216	48,189
Surplus from the income and expenditure account	115	-	-	115
Other comprehensive expenditure	(527)	-	-	(527)
Other gains	-	-	16	16
	<u>(412)</u>	<u>-</u>	<u>16</u>	<u>(396)</u>
Balance at 31st July 2024	23,401	160	24,232	47,793
Deficit from the income and expenditure account	(5)	-	-	(5)
Other comprehensive expenditure	(630)	-	-	(630)
Other gains	-	-	7	7
	<u>(635)</u>	<u>-</u>	<u>7</u>	<u>(628)</u>
Balance at 31st July 2025	22,767	160	24,239	47,165

BALANCE SHEET

As at 31 July 2025

	Notes	2025 £'000	2024 £'000
Fixed assets			
Tangible fixed assets	11	53,820	50,099
Intangible fixed assets	11	170	144
Investments	13	265	258
		<u>54,255</u>	<u>50,501</u>
Current assets			
Trade and other receivables	14	1,762	1,311
Short term deposits		2,087	-
Cash and cash equivalents	18	3,851	9,102
		<u>7,700</u>	<u>10,413</u>
Less: Creditors – amounts falling due within one year	15	(4,463)	(3,487)
Net current assets		<u>3,237</u>	<u>6,926</u>
Total assets less current liabilities		57,492	57,427
Less: Creditors – amounts falling due after more than one year	16	(10,327)	(9,634)
Provisions			
Defined benefit obligations	22	-	-
Total net assets		<u>47,165</u>	<u>47,793</u>
Restricted reserves	21	160	160
Unrestricted reserves			
Pension reserve	21	-	-
Income and expenditure account	21	22,766	23,401
Revaluation reserve	21	24,239	24,232
Total unrestricted reserves		<u>47,005</u>	<u>47,633</u>
Total reserves		<u>47,165</u>	<u>47,793</u>

The financial statements on pages 52 to 55 were approved and authorised for issue by the Governing Body on 15 December 2025 and were signed on its behalf on that date by:



Leisha Fullick
Chair

Morley College London (registration no 2829836)



Susan Bonett
Accounting Officer

Morley College London

Statement of Cash Flows

	Notes	2025 £'000	2024 £'000
Cash (outflow) inflow from operating activities			
(Deficit)/Surplus for the year		(5)	115
Adjustment for non cash items			
Depreciation and amortisation		1,588	1,387
(Increase) in debtors		(452)	(304)
Increase in creditors due within one year		976	305
Increase in creditors due after one year		721	4,574
Pensions costs less contributions payable		(630)	(527)
Adjustment for investing or financing activities			
Investment income		(237)	(113)
		<u>1,961</u>	<u>5,437</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Investment income		237	113
Purchase of short term deposits		(2,087)	-
Purchase of non-current assets - tangible assets		(5,228)	(1,762)
Purchase of non-current assets - intangible assets		(106)	(34)
		<u>(7,184)</u>	<u>(1,683)</u>
Cash flows from financing activities			
Repayments of amounts borrowed		(28)	(25)
		<u>(28)</u>	<u>(25)</u>
(Decrease)/increase in cash and cash equivalents in the year		<u>(5,251)</u>	<u>3,729</u>
Cash and cash equivalents at beginning of the year	19	9,102	5,373
Cash and cash equivalents at end of the year	19	3,851	9,102

Morley College Limited – Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified using previous valuations as deemed cost at transition for certain non-current assets and for fixed asset investments that are carried at market value.

The College's financial statements are presented in sterling, which is also the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

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

The College has a loan for £500k, which was drawn down in July 2018 and has a term of 20 years. This borrowing was deployed to support the property strategy, creating a new college entrance, reception, and the refurbishment of the gallery.

The College completed its business combination with Kensington and Chelsea College (KCC) on 3 February 2020. Under the business combination under the Statement of Recommended Practice: Accounting for Further and Higher Education, KCC merged into Morley College London.

As part of the merger process, the College agreed a five-year merger financial plan with the DfE. Recognising the challenge associated with the overall merger transaction the merger financial plan is supported by a £3.5M Restructuring Facility Grant provided by the DfE. This

may be drawn down to provide additional cashflow should cash balances fall below an agreed level.

While the impact of Covid-19, which was not anticipated in the merger financial plan, was extremely challenging, the College has maintained cash balances, drawing on the £3.5M of the Restructuring Facility Grant.

The 2025/26 Budget and financial plans to 2027/28 indicate a strong balance sheet with closing cash more than 45 cash days at each year end.

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

Recognition of income

Revenue grant funding

The recurrent grants from the DfE and GLA represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Skills Fund, unless within tolerance limits, 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 correspondence from the funding body and the results of any funding audits. 16-19 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

Tuition fee income

Income from tuition fees is stated gross of any expenditure, which is not a discount and is recognised in the period for which it is received; this includes all fees payable by students or their sponsors.

Investment income

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

Capital grant funding

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

The deferred income is allocated between creditors due within one year and those due after more than one year.

Donations and Legacies

Income from donations and legacies is recognised when the following three criteria are met:

- entitlement: arises when a resource is receivable or control over the rights or other access to economic benefit has passed to the College
- probable: it is more likely than not that the economic benefit associated with the transaction or gift will flow to the College
- measurement: then the monetary value of the income can be reliably measured, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Local Government Pension Schemes (LGPS): London Pensions Fund Authority (LPFA) and Royal Borough of Kensington and Chelsea (RBKC)

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

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

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

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 of employment costs

The best estimate of expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the College is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

The College's buildings are specialised buildings and therefore it is not appropriate to value them based on open market value. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

Internal buildings improvements or modifications, which add to the long-term value of the building, are depreciated over a period of up to twenty years.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the income and expenditure account. On adoption of FRS 102, the College followed the transitional provision and elected to use the fair value of land at 1 August 2014 as deemed cost but not to adopt a policy of revaluations of land in the future. The College retained the book value of all other assets.

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 2025. They are not depreciated until they are brought into use.

Equipment

Equipment costing less than £3,000 per individual item is recognised as expenditure in the period of acquisition, unless part of a larger project or grouped asset with a total cost of more than £3,000. All other equipment is capitalised at cost and depreciated over its useful economic life on a straight-line as follows:

General equipment	3 to 10 years
Computer equipment	3 years
Pianos	10 years
Lift	10 years
Boilers	10 years

In the year of acquisition, assets are depreciated from the starting month of the assets' useful economic life. Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis. The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Heritage Assets

The College has a collection of paintings, drawings and sculptures, which are held to enhance the fabric of its buildings or to celebrate its distinguished history in the liberal arts and add to the College's contribution to knowledge and culture. The Governing Body considers that, owing to the incomparable nature of these paintings, drawings and sculptures, conventional valuation approaches lack sufficient reliability and that, even if the valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the College and users of the accounts. As a result, no value is reported for these assets in the balance sheet.

Intangible Assets

Intangible assets comprise software licences and information technology. Items costing less than £3,000 are written off to the income and expenditure account in the year of acquisition. All other items are capitalised and amortised over five years.

Leased assets

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

Fixed asset investments

Fixed asset investments are carried at their market value less any provision for impairment in their value. Any increase or decrease in value during the year is credited or debited to the revaluation reserve.

Cash and cash equivalents

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

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

Short term deposits

Deposits with a maturity of between 3 months and 12 months are classified as short-term deposits.

Financial liabilities and equity

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

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

Taxation

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

The College received no similar exemption in respect of value added tax. For this reason, and because the College is not VAT registered, the College is unable to recover the input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Recurrent grants		
DfE and GLA funding- adult	14,008	13,245
DfE funding - 16 -18	2,967	2,446
Office for Students	27	20
Specific Grants		
Teacher Pension Scheme contribution grant	876	668
Restructuring facility grant	57	705
Release of government capital grants	468	175
Release of GLA Leap capital grant	0	12
Total	18,403	17,271

3 Tuition fees and education contracts

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Tuition fees	3,083	2,868
Education contracts	1,044	947
Total	4,127	3,815

3a Analysis of Higher Education grant and fee income

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Grant income from the Office for Students	27	20
Fee income for taught awards at level 4 and above	165	140
	192	160

4 Other income

	Year ended 31 July	Year ended 31 July
	2025 £'000	2024 £'000
Other income generating activities	736	632
	<u>736</u>	<u>632</u>
Total	<u>736</u>	<u>632</u>

5 Investment income

	Year ended 31 July	Year ended 31 July
	2025 £'000	2024 £'000
Other interest receivable	237	113
	<u>237</u>	<u>113</u>
	<u>237</u>	<u>113</u>

6 Donations

	Year ended 31 July	Year ended 31 July
	2025 £'000	2024 £'000
Unrestricted donations	-	28
	<u>-</u>	<u>28</u>
	<u>-</u>	<u>28</u>

7 Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team. This comprised of the Principal & Chief Executive and Chief Finance Officer.

Staff costs include compensation paid to key management personnel for loss of office.

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

	2025 No.	2024 No.
The number of key management personnel including the Accounting Officer was:	2	2

During the course of the year, there was a period of two months during which there was only one Senior post holder, pending recruitment of a new Principal and Chief Executive Officer.

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

	Senior post-holders		Other staff	
	2025 No.	2024 No.	2025 No.	2024 No.
£60,001 to £65,000	-	-	5	4
£65,001 to £70,000	-	-	3	5
£70,001 to £75,000	-	-	2	-
£75,001 to £80,000	-	-	1	-
£85,001 to £90,000	-	-	4	3
£90,001 to £95,000	-	-	-	3
£95,001 to £100,000	-	-	3	-
£100,001 to £105,000	1	1	-	-
£110,001 to £115,000	1	-	-	-
£140,001 to £145,000	-	1	-	-
	<u>2</u>	<u>2</u>	<u>18</u>	<u>15</u>

The above banding relates to total actual remuneration paid, including any termination payments. If full time equivalent earnings were included, then there would be an additional employee in the £70,001 to £75,000 band

Key management personnel compensation is made up as follows:

	2025 £'000	2024 £'000
Salaries - gross of any salary sacrifice	234	247
Employers National Insurance	31	32
Benefits in kind	-	-
	<u>265</u>	<u>279</u>
Pension contributions	52	60
Fundamental restructuring costs - contractual	-	-
Total emoluments	<u>317</u>	<u>339</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above compensation includes amounts payable to the Accounting Officer(s) (who were also the highest paid officer during their tenure) of:

	2025 £'000	2024 £'000
Salaries	142	142
Benefits in kind	<u>-</u>	<u>-</u>
	<u>142</u>	<u>142</u>
Pension contributions	<u>37</u>	<u>36</u>
Total emoluments	<u>179</u>	<u>178</u>

In considering the Remuneration of Senior Post Holders due consideration has been given to the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code.

The remuneration and performance of all Senior Post Holders including the Accounting Officer is reviewed annually by the Remuneration Committee.

The pension contributions in respect of the Accounting Officer and key management personnel are in respect of employers' contributions to the Teachers' or Local Government Pension Schemes and are paid at the same rate as for other employees.

The multiple of median earnings represented by the Principal's salary* is 3.71 times (2024:3.93). Based on total emoluments the multiple of median earnings is 3.71 times (2024:3.85). The median salary for the College is £35,028 (2024:£36,207).

*based on the annualised salary of the incumbent Principal at 31 July 2025.

The Accounting Officer and staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors.

The members of the Governing Body other than the Accounting Officer and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. During the year 2 governors (2024: 6) with total expenses of £370 (2024: £1,512) were paid to or on their behalf.

8 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2025	2024
	No.	No.
Teaching staff	133	152
Non teaching staff	<u>144</u>	<u>125</u>
	<u>277</u>	<u>277</u>

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

	2025	2024
	No.	No.
Teaching staff	471	526
Non teaching staff	<u>164</u>	<u>181</u>
	<u>635</u>	<u>707</u>

Staff costs for the above persons

	2025	2024
	£'000	£'000
Wages and salaries	11,823	11,175
Social security costs	1,218	1,060
Other pension costs	2,365	2,082
FRS 102 pension cost adjustments	<u>111</u>	<u>84</u>
Sub total	15,517	14,401
Contracted out staffing services	207	519
	<u>15,724</u>	<u>14,920</u>
Fundamental restructuring costs -		
contractual	131	30
non contractual	32	-
	<u>15,887</u>	<u>14,950</u>

Restructuring costs of £163,354 were incurred in respect of the redundancy pay for 7 members of staff (2024: £30,201 for 2 members of staff).

9 Other operating expenses

	Year ended 31 July	Year ended 31 July
	2025	2024
	£'000	£'000
Teaching costs	990	1,034
Non teaching costs	3,430	2,858
Premises costs	2,354	2,126
	<u>6,774</u>	<u>6,018</u>

Other operating expenses include:

	2025	2024
	£'000	£'000
Auditors' remuneration:		
Financial statements audit (including regularity)	58	56
Audit Fees (under)/overaccrued previous year	2	1
Other audit services	6	4
Internal audit	31	37
Interest Payable on Bank Loan	22	25
Hire of assets under operating leases	198	196
	<u>198</u>	<u>196</u>

10 Interest receivable

	Year ended 31 July	Year ended 31 July
	2025	2024
	£'000	£'000
Net interest on defined pension liability (note 22)	741	611
	<u>741</u>	<u>611</u>

11 Tangible fixed assets

	Freehold Land and buildings	Leasehold Land and buildings	Equipment	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2024	41,367	10,997	5,015	164	57,543
Transfers	-	52	738	(790)	-
Additions	38	118	647	4,425	5,228
At 31 July 2025	41,405	11,167	6,400	3,799	62,771
Depreciation					
At 1 August 2024	3,211	1,006	3,226	-	7,443
Charge for the year	438	260	810	-	1,508
At 31 July 2025	3,649	1,266	4,036	-	8,951
Net book value at 31 July 2025	37,756	9,901	2,364	3,799	53,820
Net book value at 31 July 2024	38,156	9,990	1,789	164	50,099

Land and buildings were valued at 1 August 2014 at depreciated replacement cost by Gerald Eve LLP, a firm of independent chartered surveyors.

In addition to the assets outlined above, the College owns a collection of artworks of historical and artistic importance, which it deems to be heritage assets as defined under FRS 102 (34). The collection comprises paintings, drawings and sculptures, which have been commissioned or acquired at various times by the College either to enhance the fabric of its buildings or to celebrate its distinguished history in the liberal arts. The collection is considered to be part of the College's ethos in relation to its educational approach and integral to its broader objective of educating the public in the arts. It is not practical to ascertain the cost of these assets.

The College considers that these heritage assets cannot be reasonably valued and has therefore, and in accordance with paragraph 18.14 of the Charities SORP 2019, not included them in its balance sheet.

11a Intangible assets

	Software
Cost or valuation	£'000
At 1 August 2024	526
Additions	106
At 31 July 2025	<u>632</u>
Amortisation	
At 1 August 2024	382
Charge for the year	80
At 31 July 2025	<u>462</u>
Net book value at 31 July 2025	<u>170</u>
Net book value at 31 July 2024	<u>144</u>

12 Capital commitments

	Year ended 31 July 2025	Year ended 31 July 2024
	£'000	£'000
Contracts for future capital expenditure not provided	<u>2,291</u>	<u>-</u>

13 Non current investments

	2025	2024
	£'000	£'000
(i) M & G Charifund investments	64	62
(ii) STIC Global investments	134	128
(iii) COIF Bursary and Prize Fund investments	67	68
Total	265	258

Total investment gains in the year were £7k (2024: £16k)

Note (i) M & G Charifund investments

The College owns 3,982 M & G Charifund income units:	2025	2024
	£'000	£'000
Cost	5	5
Revaluation surplus brought forward	57	52
Revaluation movement in year	2	5
Market value at 31 July 2025	64	62

Note (ii) STIC Global investments

The College owns 116,973 £1 shares in STIC Global:	2025	2024
	£'000	£'000
Market value as at 31 July	134	128

Note (iii) Charities Official Investment Fund (COIF)

The College owns shares in the Charities Official Investment Fund (COIF):

	Number of	2025	2024
	Shares	£	£
Cost of shares			
Martineau Memorial Fund	473	491	491
Emma Cons (Morley College) Memorial Fund	68	70	70
Sheddon Memorial Fund	1,844	1,961	1,961
Anstruther Sheepshanks Scholarship	365	379	379
Group Theatre (Morley College)	587	610	610
Total cost of shares	3,337	3,511	3,511

Cost of Capital Shares

Martineau Memorial Fund	371	371
Emma Cons (Morley College) Memorial Fund	67	67
Sheddon Memorial Fund	1,242	1,242
Anstruther Sheepshanks Scholarship	379	379
Group Theatre (Morley College)	596	596
Total capital shares	2,655	2,655

Cost of Income Shares

Martineau Memorial Fund	120	120
Emma Cons (Morley College) Memorial Fund	3	3
Sheddon Memorial Fund	719	719
Group Theatre (Morley College)	14	14
Total income shares	856	856

Cost	3	3
Revaluation surplus bought forward	65	60
Revaluation movement in the year	(1)	5
Market value as at 31 July 2025 as above	67	68

14 Trade and other receivables

	notes	2025 £'000	2024 £'000
Amounts falling due within one year:			
Trade receivables		160	214
Accrued income		807	332
Prepayments		796	765
Total		<u>1,763</u>	<u>1,311</u>

15 Creditors: amounts falling due within one year

		2025 £'000	2024 £'000
Bank loans and overdrafts	17	48	50
Payments received in advance (deferred fee income)		421	541
Trade payables		1,585	394
Other taxation and social security		323	260
Accruals		332	386
Holiday Pay		295	295
Other creditors		671	694
Amounts owed to the DfE /GLA		321	681
Deferred income - government and GLA capital grants		467	186
Total		<u>4,463</u>	<u>3,487</u>
Deferred Income			
Deferred income at 1 August		541	494
Resources deferred in the year		421	541
Amount released from previous years		(541)	(494)
Deferred income at 31 July		<u>421</u>	<u>541</u>

16 Creditors: amounts falling due after one year

		2025 £'000	2024 £'000
Bank loans	17	253	279
Deferred income - government and GLA capital grants		10,074	9,355
Total		<u>10,327</u>	<u>9,634</u>
Deferred Capital Grants			
At 1 August		9,541	4,943
Received in the year		1,467	4,784
Released to the income and expenditure account		(467)	(186)
Deferred capital grants at 31 July		<u>10,541</u>	<u>9,541</u>

17 Maturity of debt

notes

Bank loans

Bank loans are repayable as follows:

		2025	2024
		£'000	£'000
In one year or less	15	48	50
Between one and two years		48	50
Between two and five years		145	151
In five years or more		60	78
Total		<u>301</u>	<u>329</u>

Bank loans at 2 per cent above base rate repayable by instalments falling due between 1 August 2018 and 31 July 2033 totalling £500,000 are secured on a portion of the freehold land and buildings of the College (the Nancy Seear Building).

18 Cash and cash equivalents

	At 1 August 2024	Cash flows	Other changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents	9,102	(5,251)	-	3,851
Total	<u>9,102</u>	<u>(5,251)</u>	<u>-</u>	<u>3,851</u>

19 Analysis of changes in net funds

	At 1 August 2024	Cash flows	At 31 July 2025
	£'000	£'000	£'000
Cash and cash equivalents	9,102	(3,164)	5,938
Short term deposits		(2,087)	(2,087)
	<u>9,102</u>	<u>(5,251)</u>	<u>3,851</u>
Bank loans	(301)	-	(301)
Net debt	<u>8,801</u>	<u>(5,251)</u>	<u>3,550</u>

20 Financial instruments

The college has the following financial instruments:

		2025	2024
		£'000	£'000
Financial assets			
Financial assets measured at fair value through profit and loss	13	<u>265</u>	<u>258</u>

21 Funds

	As at 31 July 2024	Income	Expenditure	Other gains	Transfers	As at 31 July 2025
	£000s	£000's	£000s	£000s	£000s	£000s
Restricted Funds						
Bursary and Investments	86	-	-	-	-	86
Special Projects	74	-	-	-	-	74
	160	-	-	-	-	160
Unrestricted Funds						
General Reserve	23,401	24,244	(24,879)	-	-	22,766
Revaluation Reserve	23,716	-	-	7	-	23,723
Development Fund	433	-	-	-	-	433
Other Designated Funds						
Bursary fund	58	-	-	-	-	58
Special Projects	18	-	-	-	-	18
Heritage Fund	7	-	-	-	-	7
Total Unrestricted Funds	47,633	24,244	(24,879)	7	-	47,005
Total Funds (excluding Pension Reserve)	47,793	24,244	(24,879)	7	-	47,165
Pension reserve	-	-	630	(630)	-	-
Total reserves	47,793	24,244	(24,249)	(623)	-	47,165

Restricted funds

There were no movements within the restricted funds in year.

Unrestricted funds: Revaluation Reserve

The revaluation reserve smooths out the effects over time of changes in the value of the College's investment portfolio. Current practice is to increase or decrease the size of the reserve by the increase or decrease in the value of investments so that this movement does not impact the income and expenditure account. This reserve also includes the increase in the value of land on adoption of FRS102.

Development Reserve

The Development Reserve is a designated fund that has been established to improve and extend the College's buildings, its environment and the facilities available for students in accordance with the College Property Strategy. The College's reserves policy is to retain a minimum level of general reserves (excluding losses or gains in respect of the pension scheme) equivalent to one term (four months) expenditure to cover the risks and uncertainties of operating its main business and continue building up the Development Reserve from annual operating surpluses. The Development Reserve was not adjusted within the year.

COIF Bursary Fund

This unrestricted Bursary Fund was established to supplement the restricted bursary fund, and is held to provide support for learners to attend College whose financial circumstances otherwise preclude them from doing so. There were no movements on the fund within the year.

Special Projects Fund

The Special Projects Fund exists to help the College develop new initiatives, support innovation and pilot new work and performances that will strengthen the College's reputation and profile. There were no movements to this fund in year.

Heritage Fund

The Heritage Fund exists to maintain, promote and celebrate the College's history and heritage including the restoration, renovation and expansion of the College art collection. There were no movements to this fund in year.

22 Defined benefit obligations

The College's employees belong to three principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the London Local Government Pension Scheme (LGPS) for non-teaching staff based at the Waterloo centre, which is managed by the London Pension Fund Authority, and the London Local Government Pension Scheme (LGPS) for non-teaching staff based at North Kensington and Chelsea centre, which is managed by the Royal Borough of Kensington and Chelsea. All three are multi-employer defined-benefit plans. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022.

Total pension cost for the year	2025	2024
	£'000	£'000
Teachers Pension Scheme: contributions paid	1,627	1,429
Local Government Pension Schemes:		
Contributions paid	696	669
FRS 102 (28) charge	<u>111</u>	<u>84</u>
Charge to the Statement of Comprehensive Income	807	753
Total Pension Cost for Year	<u><u>2,434</u></u>	<u><u>2,182</u></u>

Contributions amounting to £274k were payable to the schemes as at 31 July 2025 and are included in creditors (2024: £271k).

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 21 March 2020. The valuation report was published by the Department for Education in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to 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 the £22 billion in the 2016 valuation.)

Employer contribution rates rose from 23.68% to 28.68% in April 2024 and have remained at this level throughout the accounting period. DfE continues to pay a teacher pension employer contribution grant to cover the additional costs during the 2024-25 academic year.

A full copy of the valuation report and supporting documentation 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 £1,627,098 (2024: £1,428,875)

22 Defined benefit obligations (continued)

The college is a member of two Local Government Pensions Schemes, the London Pension Fund Authority (LPFA) and the Royal Borough of Kensington and Chelsea Scheme (RBKC)

Local Government Pension Scheme - London Pension Fund Authority

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the London Pension Fund Authority. The total contribution made for the year ended 31 July 2025 was £634k, of which employer's contributions totalled £439k and employees' contributions totalled £195k. The agreed contribution rates for future years are 14.1% for employers and range from 5.5% to 12.5% cent for employees, depending on salary. The scheme valuation for LGPS was completed as at 31 March 2025, with the new employer contribution rates applicable from 1 April 2026.

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

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	3.75%	3.90%
Future pensions increases	2.75%	2.90%
Discount rate for scheme liabilities	5.80%	5.05%
Inflation assumption (CPI)	2.70%	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 2025	At 31 July 2024
	years	years
<i>Retiring today</i>		
Males	22.5	22.1
Females	23.3	23.2
<i>Retiring in 20 years</i>		
Males	21.9	21.6
Females	25.1	25.0

22 Defined benefit obligations (continued)**Local Government Pension Scheme - London Pension Fund Authority (Continued)**

The College's share of the assets in the plan were:

Asset allocation breakdown	%	2025	%	2024
		£'000		£'000
Equities	58%	10,507	61%	10,438
Target Return Portfolio	20%	3,608	16%	2,832
Infrastructure	11%	2,009	11%	1,859
Property	9%	1,598	9%	1,549
Cash	2%	367	3%	558
Total market value of assets		18,089		17,236

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

	2025	2024
	£'000	£'000
Fair value of plan assets	18,089	17,236
Present value of plan liabilities	(14,526)	(16,239)
Net pensions asset / (liability)	3,563	997
Adjustment recognised in actuarial losses to cap the scheme surplus	(3,563)	(997)
Recognised in the financial statements	-	-

As the surplus is deemed to be irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil (2024 - £nil) by adjusting the actuarial gain.

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	476	446
Total	476	446

Amounts included in investment income

Net interest income	(61)	(64)
Administration expenses	5	5
	(56)	(59)

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	482	222
Other actuarial gains on assets	-	-
Changes in demographic assumptions	(83)	34
Experience losses arising on defined benefit obligations	(149)	80
Impact of assets ceiling	(3,563)	
Changes in financial assumptions	2,284	(437)
Remeasurement of the net assets	(1,029)	(101)

22 Defined benefit obligations (continued)**Local Government Pension Scheme - London Pension Fund Authority (Continued)****Movement in net defined benefit (liability) during the year**

	2025	2024
	£'000	£'000
Surplus / (Deficit) in scheme at 1 August	-	-
Movement in year:		
Current service cost	(476)	(446)
Past service cost	-	-
Employer contributions	452	453
Past service cost	-	-
Administration expenses	(5)	(5)
Net interest on the defined liability	61	64
Actuarial gain or loss	(1,029)	(101)
Adjustment recognised in actuarial losses to cap the scheme surplus	997	35
Net defined benefit assets / (liability) at 31 July	-	-

Asset and Liability Reconciliation

	2025	2024
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	16,239	14,908
Current Service cost	476	446
Interest cost	797	763
Contributions by Scheme participants	193	192
Experience gains and losses on defined benefit obligations	149	(80)
Changes in financial assumptions	(2,284)	437
Estimated benefits paid	(1,122)	(388)
Unfunded pension payments	(5)	(5)
Past service costs, including curtailments	-	-
Changes in demographic assumptions	83	(34)
Defined benefit obligations at end of period	14,526	16,239

Reconciliation of Assets

Fair value of plan assets at start of period	17,236	15,940
Interest on plan assets	858	827
Return on plan assets	482	222
Other actuarial gains	-	-
Administration expenses	(5)	(5)
Employer contributions	452	453
Contributions by Scheme participants	193	192
Estimated benefits paid	(1,127)	(393)
Fair value of plan assets at end of period	18,089	17,236

22 Defined benefit obligations (continued)

Local Government Pension Scheme - Royal Borough of Kensington and Chelsea

Morley College joined the LGPS funded defined-benefit plan, with the assets held in separate funds administered by the Royal Borough of Kensington and Chelsea on 3 February 2020 at the point of merger with Kensington and Chelsea College. The total contribution made for the period ended 31 July 2025 was £363k, of which employer's contributions totalled £257k and employees' contributions totalled £107k. The agreed contribution rates for future years are 16.1% for employers and range from 5.5% to 12.5% cent for employees, depending on salary. The next scheme valuation for LGPS will be completed as at 31 March 2025, with the new employer contribution rates applicable from 1 April 2026.

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.

	At 31 July 2025	At 31 July 2024
Salary increase rate	3.75%	3.75%
Future pensions increases	2.75%	2.75%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption (CPI)	2.70%	2.75%

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

	At 31 July 2025	At 31 July 2024
	years	years
<i>Retiring today</i>		
Males	22.3	22
Females	24.1	24
<i>Retiring in 20 years</i>		
Males	22.5	22.3
Females	25.5	25.5

22 Defined benefit obligations (continued)**Local Government Pension Scheme-Royal Borough of Kensington and Chelsea (Continued)**

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

Asset allocation breakdown	2025 %	2025 £'000	2024 %	2024 £'000
Equities	83%	29,030	81%	25,983
Property	12%	4,197	11%	3,529
Cash	1%	350	4%	1,283
Bonds	4%	1,399	4%	1,283
Total market value of assets		<u>34,976</u>		<u>32,078</u>

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

	2025 £'000	2024 £'000
Fair value of plan assets	34,976	32,078
Present value of plan liabilities	(16,598)	(18,435)
Adjustment recognised in actuarial losses to cap the scheme surplus	(18,378)	(13,643)
Recognised in the financial statements	<u>-</u>	<u>-</u>

As the surplus is not expected to be recovered, recognition of the surplus on the balance sheet has been restricted to £nil by adjusting the actuarial gain through other comprehensive income.

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

	2025 £'000	2024 £'000
Amounts included in staff costs		
Current service cost	338	303
Past service cost	-	-
Total	<u>338</u>	<u>303</u>
Amounts included in investment income		
Net interest income	680	547
	<u>680</u>	<u>547</u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	1,468	2,179
Changes in demographic assumptions	(71)	37
Other experience	180	(607)
Changes in financial assumptions	2,560	711
Amount recognised in Other Comprehensive Income	<u>4,137</u>	<u>2,320</u>

22 Defined benefit obligations (continued)**Local Government Pension Scheme-Royal Borough of Kensington and Chelsea (Continued)****Movement in net defined benefit (liability) during the year**

	2025	2024
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	-	-
Movement in year:		
Current service cost	(338)	(303)
Employer contributions	256	217
Net interest on the defined liability	680	547
Actuarial gain or loss	4,137	2,320
Adjustment recognised in actuarial losses to cap the scheme surplus	(4,735)	(2,781)
Net defined benefit asset / liability at 31 July	-	-

Asset and Liability Reconciliation

	2025	2024
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	18,435	17,736
Current Service cost	338	303
Interest cost	919	894
Contributions by Scheme participants	107	90
Change in demographic assumptions	71	(37)
Experience gains and losses on defined benefit obligations	(180)	607
Changes in financial assumptions	(2,560)	(711)
Estimated benefits paid	(532)	(447)
Defined benefit obligations at end of period	16,598	18,435

Reconciliation of Assets

Fair value of plan assets at start of period	32,078	28,598
Interest on plan assets	1,599	1,441
Return on plan assets	1,468	2,179
Employer contributions	256	217
Other experience	-	-
Contributions by Scheme participants	107	90
Estimated benefits paid	(532)	(447)
Fair value of plan assets at end of period	34,976	32,078

23 Related party transactions

Due to the nature of the College's operations and the composition of the Governing Body 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 Governing Body 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 £370 for 2 governors (2024: £1,511 for 6 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2024: Nil).

The College paid for a subscription with the South Bank Employers Group (SBEG). It is the normal operating practice of SBEG to appoint a representative from member organisations to its Board. The Centre Principal (Waterloo centre), Bushra Iqbal, represented the College throughout the year. Nic Durston, Governor and Vice Chair of the Governing Body is the CEO of SBEG. The cost of the subscription was £17,500 during the year 2024/25 (2024: £16,500).

24 Lease Obligations

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

	2025	2024
	£'000	£'000
Future minimum lease payments due		
Equipment :		
Not later than one year	162	199
Later than one year and not later than five years	319	427
later than five years	23	33
	<u>504</u>	<u>659</u>

25 Amount disbursed- 16 to 19 bursary

The college distributes 16-19 discretionary and vulnerable bursaries, and free meals in further education (FEFM) funds to students for the DfE. In the accounting period ended 31 July 2025, the college received a total of £113,389 and disbursed £54,553 from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £- for administration costs. As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £58,836, of which £- 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 £89,758 received from DfE, £61,646 disbursed to learners after charging £- for administration costs, and total cumulative unspent funds of £28,112, of which £- was repaid to DfE.