

**HEART OF YORKSHIRE EDUCATION
GROUP**

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 JULY 2022



Heart of Yorkshire
Education Group

Contents

Key Management Personnel, Board of Governors and Professional Advisers..	3
Professional Advisors.....	4
Report of the Governing Body	5
Statement of Corporate Governance and Internal Control	20
Statement on the Group's Regularity, Propriety and Compliance	32
Statement of Responsibilities of the Members of the Corporation	33
Independent Auditor's Report to the Corporation of The Heart Of Yorkshire Education Group (formerly Wakefield College)	35
Consolidated and College Statement of Comprehensive Income	40
Consolidated Statement of Cash Flows	41
Consolidated and College Balance Sheets as at 31 July	42
Consolidated and College Statements of Changes in Reserves	43
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022	45

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are represented by the following in 2021/22:

Post Title	Post Holder	Date Appointed	Leaving Date
Principal, Chief Executive and Accounting Officer	Sam Wright	01/03/2011	N/A
Principal, Chief Executive and Accounting Officer (former Selby College)	Phil Sayles	30/09/2018	31/01/2021
Deputy Principal, (former Selby College)	Liz Ridley	09/10/2000	08/04/2022
Group Executive Director: Finance and Resources	Jason Pepper	12/06/2017	N/A
Vice Principal, Learning & Quality, (former Selby College)	Sue Martin-Standley	05/04/2021	31/12/2021
Executive Director: Quality and Planning	Sue Slassor	01/09/1991	06/08/2021
Group Executive Director: Curriculum	Lisa Macdonald	01/02/2012	N/A
Group Executive Director: Student Experience and Student Support	Clare Allcock	14/05/2012	N/A
Group Executive Director: Human Resources and Organisational Development	Karen Sykes	30/09/2002	N/A
Group Executive Director: Employer Engagement and Apprenticeships	Joanne Taylor	01/01/2017	13/01/2023
Group Executive Director: Partnerships and Strategic Development	Lorraine Cross	01/10/2021	N/A
Director: Higher Education	Clare Hagerup	10/09/2014	31/07/2023
Director of Finance (former Selby College)	Pam Olbison	07/10/2000	31/01/2024
Director: Higher Education Development	Tony Rex	18/02/2002	31/08/2022
Director: Estates	Jon Howard	04/01/2005	N/A
Clerk and Legal Officer	Sam Cremore	07/01/2019	N/A
HR Manager	Alison Whale	01/03/2016	N/A

Board of Governors

A full list of Governors is given on page 20 of these financial statements.

Sam Cremore acted as Clerk to the Corporation up to 08/03/2022 and from 17/04/23.

Antonia Praud acted as Clerk to the Corporation from 09/03/2022 to 16/04/2023.

Professional Advisors

Financial Statements and

Regularity auditor:

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

Internal auditors:

ICCA
McLaren House
46 Priory
Queensway
Birmingham
B4 7LR

Solicitors:

Eversheds Sutherland
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Insurance Brokers:

Zurich Municipal
1 East Parade
Leeds
LS1 2UA

Bankers:

Close Brothers Limited
10 Crown Place
London
EC2A 4FT

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

REPORT OF THE GOVERNING BODY

The members present their report and the audited financial statements for the year ended 31 July 2022.

Key Developments

On 1 March 2022 Wakefield College and Selby College merged to create the Heart of Yorkshire Education Group. Comprising Wakefield College, Castleford College and Selby College, the Group provides high quality education to learners from communities across the Yorkshire region. The creation of the Heart of Yorkshire Group is accounted for in these accounts as a merger and comparative figures for 2020/21 include those of both Wakefield and Selby Colleges, as well as the subsidiary company Supporting Futures Selby. Selby College corporation was dissolved on 28 February 2022.

The Group delivered strong achievement rates and a high proportion of positive destinations for completing students. It also saw a return to “business as usual” following the extensive disruption of the Covid pandemic.

The Heart of Yorkshire Education Group also continued to develop its curriculum offer: expanding T-Level provision, developing its distance learning offer, and developing specialist courses focussed on sustainability and carbon capture.

Nature, Objectives and Strategy

Legal Status

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

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

Mission

The Group’s Mission is: “Our staff positively transform our students’ lives and the communities we serve by putting them at the heart of everything we do.”

Public Benefit

The Heart of Yorkshire Education Group is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 20.

Nature, Objectives and Strategy (continued)

Public Benefit (continued)

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

In delivering its mission, the Group provides identifiable public benefits through the delivery of education to 10,830 students, including 337 students with high needs. The Group provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The Group adjusts its courses to meet the needs of local employers and provides training to 1,688 apprentices. The Group is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

Implementation of Strategic Plan

A new Group Strategic Plan was devised in summer 2022 and approved by the Group Board in October 2022.

This Plan was based around four Strategic Objectives, each of which was underpinned by a range of Key Performance Indicators and Performance Indicators. The Corporation monitors performance against Strategic Objectives, Key Performance Indicators and Performance Indicators throughout the year via consideration of a performance dashboard at each Governing Body meeting. The Heart of Yorkshire Education Group Corporation agreed the following Strategic Objectives for the period 2022-2025.

1. Develop a skills offer that is aligned to the needs of the areas we serve through partnership and collaboration.
2. Ensure our curriculum delivery is high quality, inclusive and ambitious and we provide an outstanding student experience.
3. Develop a high performing culture and people who are effective and committed.
4. Ensure our finances are able to facilitate investment in our resources and our offer.

In respect of the Wakefield College strategic plan for 2019-22, the following key achievements were realised in the year ending 31 July 2022:

- Delivery of an inclusive curriculum responding to Wakefield and Leeds City Region skills priorities and labour market needs. 85% of provision was in priority skill sector areas.
- Strong achievement rates. Pass rates in the majority of programmes continued to be high across all types of provision.
- Extensive focus on student and staff mental health and wellbeing, providing high levels of support and a wide range of engagement activities.

Nature, Objectives and Strategy (continued)

Implementation of Strategic Plan (continued)

- Excellent student survey response levels, with the vast majority of responses at 4+ out of possible 5 grades (good or better).
- National Student Satisfaction (NSS) results for University College Wakefield (UCW) gave an overall satisfaction rate of 90% in July 2022, rating us as the third best higher education provider in Yorkshire, ahead of most universities.
- Maintenance of our Matrix Accreditation during our annual review of continuous improvement.
- Maintenance of the Quality Standard in Carer Support accreditation for our work in supporting Young Adult Carers.
- Substantial investment in the Group's estate and IT infrastructure.
- Excellent progress on our sustainability agenda, with further reductions in carbon emissions; and the embedding of sustainability into the curriculum.
- Our Children's University continued to offer out of school learning opportunities to primary schools and families across the district during lockdown.

Financial Objectives

The Wakefield College Corporation set the following strategic financial objectives for the College in 2021/22, without any assumption that the planned merger with Selby College would take place. As these are Group financial statements, the reported performance below is for the Group as a whole.

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

This target has not been achieved. The Group has achieved a calculated financial health grade of 'Good'.

Both Wakefield College and Selby College achieved an ESFA financial health grade for the year ended 31 July 2021 of 'Good'.

(ii) To hold at least £5.50m of cash at bank at 31 July 2022.

This target has been achieved. The Group held £10.71m of cash at bank and in short term investments at 31 July 2022. A significant element of the cash held were discrete capital grants from the ESFA and other funding bodies.

Collectively, Wakefield College and Selby College held £11.08m at 31 July 2021.

(iii) To ensure that staffing costs were no more than 74.5% of eligible income.

This target has been achieved. Staffing costs (excluding restructuring, enhanced pension and FRS102(28) charges) were 71.5% for the year ending 31 July 2022.

Nature, Objectives and Strategy (continued)

Financial Objectives (continued)

- (iv) **To achieve EBITDA greater than £1.6m (Earnings Before Interest, Taxation, Depreciation and Amortisation).**

The EBITDA for year ending 31 July 2022 was £1.18m (3.06%).

Performance Indicators

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

Key Performance Indicators and Performance Indicators cover the Group's operations and include attendance, student numbers, lesson observation activity, funding and allocations, financial objectives, staff absence, staff utilisation and property condition. Certain performance indicators are reviewed cyclically according to the availability and currency of the data. These include student satisfaction, destination data and achievement rates.

Governors kept all Performance Indicators under scrutiny throughout the year, including during lockdown when Board meetings were held online. Key Performance Indicators that saw strong performance included:

- Achievement rates
- Student progress
- Financial Performance
- Student satisfaction with college facilities

Financial Position

Financial Results

The Group produced an operating deficit before actuarial loss or gain in respect of pension schemes in the year of £4.64m, after pension service costs of £3.04m (2020/21: operating deficit of £2.92m, after pension service costs of £2.99m).

Tangible fixed asset additions during the year amounted to £1.88m (2020/21: £2.29m).

The Group relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2021/22, these funding bodies provided 83.5% of the Group's total income (2020/21: 83.3%).

The Group has seen a significant decrease in its LGPS liability in the year ending 31 July 2022. This is due in large part to a change in the discount rate used to calculate scheme liabilities.

FINANCIAL STATEMENTS

For the year ended 31 July 2022

Financial Position (continued)

The Group was subject to an ESFA ILR Funding audit in respect of Selby College for the 2021/22 academic year. Audit fieldwork commenced in autumn 2022 and the report was issued in December 2023.

COVID-19

The Group experienced only very limited operational disruption due to Covid-19 lockdown during the year ending 31 July 2022. The associated financial impact of this was also very limited and was constrained to some additional cleaning and health and safety costs. The impact of the pandemic on Group income will continue to be felt for some time because of successive lockdowns on apprenticeship recruitment. However, apprenticeship recruitment is now recovering, and the Group has seen growth in all key funding streams during the 2021/22 financial year.

The additional expenditure incurred as a result of Covid-19 in the year ending 31 July 2022 was £32,000. This compares favourably with the £72,000 of additional Covid-19 related costs incurred during 2020/21. Costs related predominantly to the procurement of personal protective equipment (PPE) for staff and students, and the additional cleaning equipment of Group premises.

Carbon Management Plan

The Group has a carbon management plan which is designed to reduce our environmental impact and CO² emissions.

- Between 2010 and 2015, Wakefield College achieved a 29% reduction in CO² emissions.
- Between 2015 and 2020, Wakefield College reduced its CO² emissions by a staggering 43%.
- The Group's current Carbon Management Plan (for the period 2020-2025) aims to generate a further 20% reduction in our CO² emissions.

Treasury Policies and Objectives

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

The Group generated £9,000 of investment income (2021/22: £8,000) excluding endowments from the management of its cash balances.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation. At 31 July 2022 the Group had no bank debt.

A key focus of treasury management activity for the Group is to ensure that resources are in place to support the property strategy and invest in other elements of the Group's operations.

FINANCIAL STATEMENTS

For the year ended 31 July 2022

Financial Position (continued)

Cash Flows and liquidity

There was a net cash inflow on operating activities of £2,421,000 during the year (2021/22: £7,474,000).

The Group's cash and investment balances stood at £10,706,000 (31 July 2021: £11,080,000).

Reserves Policy

The Group had no formal reserves policy in place for the 2021/22 financial year but recognises the importance of reserves in ensuring its ongoing financial stability. A key focus of the Corporation in recent years has been to ensure that the Group has adequate reserves to support its core activities and meet payroll commitments of approximately £2.4m per month. The Group currently has a small, restricted reserve, the result of a past legacy. As at the balance sheet date, the Total Unrestricted Reserves stand at £49.191m (2020/21: £24.087m).

The Group has both a robust treasury management policy and clear financial objectives that are focused on ensuring that it maintains sufficient resources to deliver its strategic plan.

Financial Health

The Group is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Finance Record produces a financial health grading. The Group also expects to achieve a financial health grade of 'Good' for the year ending 31 July 2022.

The Group has maintained robust financial health through a careful approach to curriculum planning, budget setting and cash flow management. Although the Group has made a significant investment in infrastructure in recent years, it has been able to finance these from reserves and capital grants, and so has no debt and continues to retain an appropriate level of cash reserves.

The current macroeconomic environment will present additional financial challenges to the Group. Inflation, particularly in respect of staffing and utility costs are likely to place additional pressure on the Group operating position.

Group Companies

The Group comprises the former Wakefield and Selby Colleges and subsidiary companies: Supporting Futures Selby Ltd (SFS Ltd) and the Heart of Yorkshire Education Ltd.

The Heart of Yorkshire Education Ltd is a dormant company.

All staff employed via Supporting Futures Selby Ltd were transferred to direct employment by the Group on 1 December 2022. All staff employed via Supporting Futures Selby Ltd were transferred to direct employment by the Group on 1 December 2022 and the Company was dissolved on 30 January 2024.

Current and Future Development and Performance

Student Numbers

In 2021/22 the Group delivered activity that produced £28,914,000 in recurrent funding body main allocations from the ESFA and West Yorkshire Combined Authority (2020/21 - £29,090,000). Total student numbers in year were 10,830 this includes learners funded by our main funding bodies in addition to learners funded from other sources (2020/21 – 11,013).

Students' Achievements

The year ending 31 July 2022 marked something of a 'transition year' for our students, with teaching and learning returning to the classroom for a full academic year for the first time since March 2020.

Although a return to normality was welcomed by students and staff there has been a significant legacy from Covid-19; both in terms of learner behaviour and mental health. The pandemic will continue to throw up further challenges. For example, most of our current A Level cohort did not sit formal exams for their GCSEs, instead being award centre or teacher assessed grades.

Student demand for mental health support was strikingly high in 2021/22, and we expect this to continue for an extended period. Typically, adult learners seem to have been less affected by the pandemic. However, many students joining us from school have developed mental health issues as a result of lockdown and the disruption to their schooling.

The current economic climate is also having an adverse impact on our learners, with an increasing number leaving their studies early to take up employment. Overall learner retention for the Group in 2021/22 was 84%. Economic pressures and poor mental health were the two most common factors driving early student withdrawal in 2021/22.

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

During year ending 31 July 2022, the following curriculum developments are particularly worthy of note:

- Educational trips, visits and residentials resumed. These offer a valuable enrichment opportunity for our students.
- The Group commenced the delivery of T Levels. Three discrete T Level pathways were offered in 2021/22: education and childcare, construction, and digital. Additional pathways will be introduced in 2022/23.
- The Group began to develop a series of Higher Technical Qualifications (HTQs) that will align to our T Level offer, to allow progression to Level 4 and beyond.

Current and Future Development and Performance (continued)

Students' Achievements (continued)

- The Group began to look at how the curriculum offered at Selby College could be widened, with particular emphasis on broadening pre-technical (up to Level 2) opportunities.

Future Prospects

The Group has agreed total recurrent funding body income of £32.43m for the 2022/23 financial year. This includes funding from the Office for Students which has been confirmed at £262,452 for the same period.

The Group has received additional ESFA funding towards increased Teachers Pensions' costs in 2022/23.

We have seen growth in 16-18 student numbers since 2020/21 and believe that this is likely to be a sustained trend. There will be an increase in the volume of school leavers across the Wakefield District over the next few years, and we believe that this will provide an important opportunity for further growth. Feeder schools for Selby College within and beyond the Selby District are also expected to see growth in school leavers. In addition, it has become clear that there is an opportunity to substantially increase the number of school leavers enrolling at Selby College through the development of more effective relationships with feeder schools.

The Group has seen a further increase in 16-18 student numbers at the start of the 2022/23 academic year.

Looking forward, the Group will continue to face competition from a variety of schools and colleges across West and North Yorkshire. We are aware of potential new entrants to the post-16 market within the Wakefield District, including the proposed development of a new specialist college in the grounds of Pinderfields Hospital.

Transport will become an increasingly important factor in respect of student recruitment. Bus services across both West and North Yorkshire have been rationalised, and this has added additional barriers to participation. Particularly for potential students who live in rural or semi-rural areas.

The devolution of funding for adult further education to the West Yorkshire Combined Authority (WYCA) is now well-embedded. To date this has realised some important flexibilities in funding conditions and provided important opportunities to better meet the skills needs of the Leeds City Region.

The Group will continue to develop its estate and infrastructure to ensure all students have access to high quality teaching and learning environments that are both flexible and efficient. Key priorities for the immediate future will be:

- To expand the specialist construction workshop accommodation across the Group.

Current and Future Development and Performance (continued)

- To ensure that there is the necessary accommodation and infrastructure in place to support the development of entry and lower-level curriculum at Selby College.
- To bring the standard of IT infrastructure at Selby College up to an acceptable standard.
- To ensure that all campuses are safe and secure.

We will continue to pursue any capital funding opportunities that may assist with the delivery of the Group Infrastructure Strategy.

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

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

Resources

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

- Tangible resources include the Group campuses in Selby, Castleford and Wakefield.
- The Group has £81.05m of tangible assets. These include land and buildings with a book value of £78.59m and equipment with a book value of £2.46m.
- At 31 July 2022 the Group held £10.71m of cash, and had net current assets of £2.07m.
- The number of Group staff paid in year amounted to 834, of which 388 were teaching.
- The Group enjoys a high profile and good reputation within and beyond West and North Yorkshire.

Principal risks and uncertainties

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

Like many other organisations, the Group has faced challenges from energy cost increases and general cost inflation.

We are also dealing with changes to the regulatory framework under which we operate, due to the reclassification of Further Education colleges as part of the public sector, following a review by the Office for National Statistics.

Current and Future Development and Performance (continued)

Principal risks and uncertainties (continued)

The key elements of the Group's risk management framework are identified in the Statement of Corporate Governance and Internal Control on page 19.

The Group's risk environment is monitored regularly by College managers, the Executive Team and Governors to ensure that any emerging risks are identified, prioritised and mitigated and opportunities are maximised. The broad categories of risk facing the Group are outlined below. Not all of these factors are within the Group's control.

- The ability of the Group to embed a sufficiently high-quality teaching and learning culture.
- The competitive environment for recruitment of 16–18-year-olds, HE students and for the delivery of training to employers (particularly apprenticeships).
- The extent to which the Group can attract and retain high calibre skilled people to drive continuous improvement.
- The ability of the Group to plan and resource an effective safeguarding infrastructure.
- The ability of the Group to retain robust financial health, whilst also making the necessary investment in our estate and infrastructure.
- The impact of the Covid-19 pandemic on the educational and emotional wellbeing of our students.
- The need to deliver a new Group structure without adversely impacting on teaching and learning, or the achievement of Group strategic objectives.
- The ability of the Group to defend itself from a serious cyber-attack.
- The failure to launch a new Group IT network without an adverse impact on the achievement of Group strategic objectives.

Our response to these risks has been:

- to expand collaborative provision and continue to invest in high quality infrastructure;
- to develop an increasing understanding and awareness of local economic drivers and skills needs, and to target major local employers;
- to develop strategies to ensure students are retained and remain engaged with all aspects of their courses, and offered appropriate opportunities to progress;
- to review curriculum footprints and refresh the curriculum, particularly our offer to adults;
- to review our operations to ensure efficiency, effectiveness and value for money, and;
- to invest in the development of our staff and ensure that a variety of means are used to gain their commitment to the Group's vision, mission and values;
- to seek appropriate external professional advice and support, and;
- to invest in the appropriate skills and IT security infrastructure to match the threat of cyber attack and develop the new Group network.

Current and Future Development and Performance (continued)

Relationship with our partners, stakeholders and communities

In common with other colleges and universities, the Heart of Yorkshire Education Group contributes to and benefits from a broad range of important relationships. These include those with:

- Students;
- parents or carers of students;
- staff;
- education sector funding bodies (including the ESFA and OfS);
- local employers;
- local authorities;
- Local Enterprise Partnership (LEP);
- the local community;
- other FE institutions, local schools and universities;
- trade unions; and
- professional bodies.

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

The Group is aware of several issues which may impact on future funding, including apprenticeship and technical/vocational education reforms and the devolution of the adult education budget. The Group, in conjunction with its key stakeholders, has developed a strategy for growth in response to the devolution agenda and to the apprenticeships reform.

Equality & diversity

The Group is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry.

The Group's Equality and Diversity Policy Statement is published on the Group's website, along with a corresponding set of Equality Objectives and data pack, including gender pay gap data.

The Group is committed to helping achieve equality for all learners, staff and other College users, and aims to ensure that all learners, whatever their background, have the opportunity to benefit from excellent and inspirational educational opportunities.

The Group considers all job applications anonymously reducing the possibility of any conscious or subconscious bias.

The Group considers all job applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is

Current and Future Development and Performance (continued)

Equality & diversity (continued)

made to ensure that employment with the Group continues. The Group's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

In September 2019, the Group signed up to the Association of Colleges' Mental Health Charter for staff and students.

Pay Gap Reporting

The Group monitors gender pay gap differences and reports these on a regular basis to our Board. For 2021/22, the following gender pay gap issues were noted:

- The median hourly pay for women employed by the Group was 23.2% lower than that for men.
- Women occupied 52% of the highest paid roles within the Group and 77% of the lowest paid roles.
- A key factor in the difference between male and female pay is the fact that many of the lowest paid roles within the Group are held by women.
- Women fill the majority of the most senior roles within the Group.
- Gender pay differences within the Group were exacerbated by the inclusion of Selby College, which used a subsidiary company (Supporting Futures Selby Ltd) to employ a range of support staff on poorer terms and conditions than those employed directly by Selby College. All Supporting Futures Selby Staff have now been transferred to direct employment by the Group.

Disability Statement

The Group seeks to achieve the objectives set down in the Equality Act 2010.

- 98% of our facilities are accessible for people with disabilities and we strive to ensure all that is reasonably practicable is done to ensure access to people with disabilities.
- There is a register of specialist equipment which the Group can make available for use by students with disabilities.
- The Group has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of learning support workers who provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard Group format.

FINANCIAL STATEMENTS

For the year ended 31 July 2022

Current and Future Development and Performance (continued)

Disability Statement (continued)

- The Group’s ‘Adaptations of Materials’ service can provide information/course materials in alternative media – for example Braille, enlarged text, etc.
- The Group has signed up to the Ambitious about Autism Charter.

Trade union facility time

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

Numbers of employees who were relevant period	FTE employee number
1	1.0

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

Total cost of facility time	£9,100
Total pay bill	£30,474,000
Percentage of total bill spent on facility time	0.03%

Time spent on paid trade union activities as a percentage of total paid facility time	10.5%
---	-------

Events after the Reporting Period

On 29 November 2022, the Office for National Statistics published its decision to reclassify the statutory further education sector into the central government sector. The Government has confirmed that colleges will retain their surpluses and will be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subjected to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury.

Current and Future Development and Performance (continued)

Going Concern

After making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future and has demonstrated this in the detailed financial plan to July 2025. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Group has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review. The Group has produced a detailed cash flow forecast to July 2025 with sensitivity analysis, and this is subject to close frequent monitoring. The Group has no bank loans or overdraft facilities and has recently completed a major capital project that was financed from reserves.

On 1 December 2022, the Supporting Futures Selby staff employment was transferred to the College. An application has been made to strike the Company off the Register and therefore the Supporting Futures Selby financial statements were prepared on a non-going concern basis. Despite some recovery of ESFA funding following an audit of Selby College's pre-merger ILR, the Group remains financially robust.

The Group's financial plan, shared with the Education and Skills Funding Agency in July 2023, demonstrated an ability to continue with its plans for investment and generate cash from its operating activities.

The Board takes assurance from this but recognises the challenges likely to impact on the sector over the next two years. In particular, significant cost inflation including (but not limited to) staffing costs and fuel. The threat of Covid-19 may also continue to suppress particular income streams such as apprenticeships and some course tuition fees, as well as at the same time increase some operating costs.

Disclosure of Information to Auditors

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

Approved by order of the members of the Corporation on 26 February 2024 and signed on its behalf by:



Andrew McConnell OBE
Chair of Corporation

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and financial statements of the Group to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The Group endeavours to conduct its business:

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

In the opinion of the Governors, the Group complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Group Board has commissioned the Association of Colleges to undertake a formal review of Governance that will commence in February 2024. It expects to receive the final report from this review in July 2024.

The Instrument and Articles, and governance structure were updated and reviewed as part of the merger activities within a governance workstream. Advice was sought from a National Leader of Governance, and recommendations shared with the FEC and ESFA, before being adopted and approved by the board on 8 February 2022.

The Governing Body recognises that as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 (and amended in May 2019), which it formally adopted in August 2017.

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

FINANCIAL STATEMENTS**For the year ended 31 July 2022****Statement of Corporate Governance and Internal Control (continued)****Members who served the Corporation since 1 August 2021**

The members who served on the Corporation during the year and up to the date of signature of this report are listed in the table below (on pages 21 to 25):

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Board/Committees Served	Attendance In 2021/22
Luke Aaron	N/A	October 2023	1 year	-	Student	Board	N/A
Leigh Allsopp	N/A	October 2022	4 years	July 2023	Staff	Local College Board Selby	N/A
Mohammed Ayub	N/A	October 2023	4 years	-	External	Board	N/A
Yasmin Ayub	Oct 2020	March 2022	4 years	May 2023	Staff	Board, Local College Board Castleford	6/7 (Board)
Faye Banks	N/A	July 2023	4 years	-	External	Audit	N/A
Bea Bassford	N/A	October 2023	1 year	-	Student	Board	N/A
Daniel Bates	N/A	March 2022	4 years	July 2022	External	Local College Board Selby	N/A
Ruth Baxter	N/A	March 2022	4 years	-	Staff	Board, Local College Board Selby, Curriculum and Quality Committee	3/3 (Board) 1/1 (Curriculum and Quality)
Jason Brook	N/A	September 2022	4 years	-	External	Audit Committee	N/A
Nigel Brook	N/A	April 2022	4 years	-	External	Audit Committee, Board	2/2 (Board) 1/1 (Audit)
Andrew Brown	N/A	March 2022	4 years	April 2023	External	Local College Board Selby	N/A

Heart of Yorkshire Education Group



FINANCIAL STATEMENTS

For the year ended 31 July 2022

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Board/Committees Served	Attendance In 2021/22
Michael Clarke	N/A	March 2022	4 years	-	External	Finance, People and Resources Committee, Local College Board Selby	1/1 (Finance, People and Resources Committee)
Claire Corneille	Oct 2020	March 2022	4 years	-	External	(Local College Board Wakefield) Remuneration	4/7 (Board) 1/1 (Finance, People and Resources Committee) 1/1 (Remuneration) 1/1 (Search)
Julie Craig	March 2018 February 2022	-	4 years	May 2022	External	Audit, Board, Remuneration	2/6 (Board) 2/2 (Audit) 1/1 (Remuneration)
Dmitry Fedotov (Vice Chair)	July 2017 July 2021	March 2022	4 years	-	External	Board, Curriculum and Quality Committee, Search and Governance, Remuneration	4/7 Board 1/1 Curriculum and Quality Committee 4/4 (Search and Governance) 1/1 (Remuneration)
Brian Fisher	N/A	July 2023	4 years	-	Staff	Board, Local College Board Castleford	N/A
Julian Harrison	N/A	April 2022	4 years	-	External	Curriculum and Quality Committee, Local College Board Castleford	0/0 (Curriculum and Quality Committee)
Steve Harrison	N/A	October 2022	4 years	-	Staff	Local College Board Castleford	N/A
Ellie Halligan	N/A	October 2022	1 year	July 2023	Student	Board, Local College Board Wakefield	N/A

Heart of Yorkshire Education Group



FINANCIAL STATEMENTS

For the year ended 31 July 2022

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Board/Committees Served	Attendance In 2021/22
Kayleigh Hampton	Oct 2021	March 2022	1 year	July 2022	Student	Board, Curriculum and Quality Committee	3/7 Board 1/1 Curriculum and Quality Committee
Tony Jackson	N/A	July 2023	4 years	-	Staff	Board, Finance, People and Resources, Local College Board Wakefield	N/A
Annabelle James	N/A	December 2022	4 years	-	External	Local College Board Wakefield, Curriculum and Quality	N/A
Simran Janu	N/A	December 2022	4 years	-	External	Local College Board Wakefield	N/A
Dave Kellett	N/A	March 2022	4 years	July 2023	External	Local College Board Castleford	N/A
George Kilner	N/A	October 2023	1 year	-	Student	Board	N/A
Jayne King	N/A	September 2022	4 years	-	External	Board, Remuneration, Finance, People & Resources	N/A
Samuel Marshall	N/A	March 2022	1 year	July 2022	Student	Board, Local College Board Selby	3/3 Board
Gordon McAlpine	N/A	March 2022	4 years	-	External	Curriculum and Quality Committee, Local College Board Selby	1/1 (Curriculum and Quality Committee)
Andrew McConnell OBE (Chair)	Oct 2006 Oct 2010 Oct 2014 Jan 2017 Dec 2018	March 2022	4 years	-	External	Board, Finance, People and Resources Committee, Search and Governance Remuneration	7/7 (Board) 1/1 (Finance, People and Resources Committee) 1/1 (Remuneration) 4/4 (Search and Governance)
Alex Miles	N/A	March 2022	4 years	-	External	Local College Board Selby,	N/A

Heart of Yorkshire Education Group



FINANCIAL STATEMENTS

For the year ended 31 July 2022

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Board/Committees Served	Attendance In 2021/22
Ian Parsons	Dec 2016 Jan 2017	March 2022	4 years	June 2023	External	Audit	2/3 (Audit)
Ben Porter	Jan 2021	March 2022	4 years	May 2023	Staff	Board, Curriculum and Quality Committee, (Local College Board Wakefield)	7/7 (Board) 0/1 (Curriculum and Quality Committee)
David Powell	Oct 2020	March 2022	4 years	-	External	Board, Curriculum and Quality Committee, (Local College Board Wakefield)	7/7 (Board) 1/1 (Audit) 1/1 (Curriculum and Quality Committee)
Ruth Sacks	Oct 2020	March 2022	4 years	November 2022	External	Board, Audit	7/7 (Board) 3/3 (Audit)
Martyn Shaw	Apr 2020	March 2022	4 years	-	External	Audit Board Local College Board Castleford Search and Governance	7/7 (Board) 2/3 (Audit) 4/4 (Search and Governance)
Hayley Shilitto	N/A	October 2022	4 years	July 2023	Staff	Local College Board Wakefield	N/A
Jess Smith	N/A	March 2022	1 year	July 2023	Student	Board, Local College Board Selby	N/A
Richard Stiff	N/A	March 2022	4 years	July 2023	External	Board Local College Board Selby Search and Governance	2/3 (Board) 1/2 Search and Governance
Vijay Teeluck	N/A	March 2022	4 years	-	External	Board Curriculum and Quality Committee, Local College Board Selby	3/3 (Board) 1/1 (Curriculum and Quality)

FINANCIAL STATEMENTS

For the year ended 31 July 2022

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Board/Committees Served	Attendance In 2021/22
Janet Waggott	N/A	March 2022	4 years	March 2023	External	Board, Remuneration	3/3 (Board) 0/0 (Remuneration)
Julie Watson	N/A	March 2022	4 years		External	Local College Board Selby	N/A
Simon Ward	N/A	October 2022	4 years	July 2023	External	Local College Board Selby	N/A
Neil Warren	July 2020	March 2022	4 years	-	External	Audit, Board, Finance, People and Resources Committee	7/7 (Board) 3/3 (Audit) 1/1 (Finance, People and Resources Committee)
Tim Welton	N/A	October 2022	4 years	July 2023	External	Local College Board Wakefield	N/A
Charlie Lee Wigley	October 2021	March 2022	1 year	5 May 2022	Student	Board (Local College Board Wakefield)	2/5 (Board)
Sam Wright	Mar 11	March 2022	n/a	-	Principal	Board Search and Governance	7/7 (Board) 4/4 (Search and Governance)

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

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

The Corporation met seven times during 2021/22 and some of its business was conducted through committees. Each committee has written terms of reference, which have been approved by the Corporation. Continuing committees include Audit, Remuneration and Search and Governance. Additional Committees, introduced from March 2022 include:

Curriculum and Quality Committee

Finance, People and Resources Committee

And a Local College Board for the three sites in:

Castleford, Selby and Wakefield.

Statement of Corporate Governance and Internal Control (continued)

Decisions of these committees are formally reported to the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

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

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

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

The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

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

Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office not exceeding four years. In accordance with the Code, members will not usually serve more than two terms except in exceptional circumstances. Such an exceptional circumstance occurred during 2021/22 when Andrew McConnell was reappointed as Chair. His reappointment was made after discussing the need for continuity and stability of the board, post-merger.

Statement of Corporate Governance and Internal Control (continued)

Corporation performance

The Corporation carried out a self-assessment of its own performance through individual appraisals and reviewing performance at the end of each meeting. As there is a new governance structure in place from March, a formal external review of governance is planned after one cycle of meetings.

During the 2021/22 financial year, a session was held with Audit Committee members to set the Group's risk appetite and approve its Risk Management Framework. Training was also provided to Governors on safeguarding, and a member of the Board was appointed as the new Safeguarding Lead. Subcommittee Chairs met regularly with relevant members of the Executive Team for detailed briefings on their areas of responsibility. Governors were offered the chance to undertake a range of online training courses offered by The Education and Training Foundation.

Remuneration Committee

Throughout the year ending 31 July 2022, the Remuneration Committee comprised four members. The governing body adopted the AoC's Senior Staff Remuneration Code in July 2019. The Committee's responsibilities are to make recommendations to the Board on the specific remuneration and benefits packages of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2022 are set out in Note 7 to the financial statements.

Audit Committee

The Audit Committee comprised five members of the Corporation and one non-member up to 1 March 2022 and then four members and one non-member for the rest of the relevant period. The Committee operates in accordance with written terms of reference approved by the corporation.

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

The Group's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan 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 such recommendations have been implemented.

Statement of Corporate Governance and Internal Control (continued)**Audit Committee (continued)**

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

The Audit Committee met three times in the year to 31 July 2022. The members of the committee and their attendance records are shown below:

Committee member	Meetings Attended
Nigel Brook	1 of 1
Julie Craig	2 of 2
Ian Parsons (non-member)	2 of 3
Ruth Sacks	3 of 3
Martyn Shaw	2 of 3
Neil Warren (Chair)	3 of 3
David Powell	1 of 1

Internal Control**Scope of Responsibility**

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

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

Statement of Corporate Governance and Internal Control (continued)

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Group for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the Group is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the Group's significant risks that has been in place for the period ended 31 July 2022 and up to the date of approval of the annual report and accounts. The Audit Committee acts as the Risk Committee and this process is regularly reviewed by the Corporation.

The Internal Control and Risk Management Framework

The Group encourages the taking of measured risk that may provide opportunities to meet one or more of its objectives. The internal control and risk management framework is designed to: integrate risk management into the culture of the Group; raise awareness of the need for risk management; encourage a positive approach to risk taking; support improved decision-making, innovation and performance; and, manage risk in accordance with best practice. The framework continues to evolve and enables the Group to respond to a variety of strategic, operational, financial, commercial, regulatory and reputational risks. It provides assurances to successive levels of management and, ultimately, the Board. The key components of the risk and control framework include:

- clearly defined financial regulations and procedures including protocols for capital investment and other major developments;
- a strategic and financial planning and budgeting cycle involving staff at all levels of the Group in the setting of objectives and actions and the allocation of resources;
- rigorous termly reviews of business areas to evaluate performance, assess areas of risk and opportunity and take appropriate action;
- a comprehensive anti-bribery policy, fraud policy and response plan, 'whistle-blowing' policy and disaster management and business continuity plan, which have been communicated to staff so that they are aware of the procedures for reporting significant risk issues and control failings to appropriate levels of management;
- continuing professional development and identification of personal objectives and operational tasks through annual appraisal, linked to the achievement of the Group's strategic objectives and management of key risks;

Statement of Corporate Governance and Internal Control (continued)

The Internal Control and Risk Management Framework (continued)

- a College-wide approach to evaluating the quality of teaching, learning and assessment, and service areas including plans to address issues of poor performance;
- a high-profile health and safety management system, led by the Accounting Officer which actively promotes the commitment to and development of good health and safety;
- a human resources and organisational development strategy designed to meet the needs of the Group in achieving its objectives whilst responding to changes in legislation;
- estates management based on a property strategy formulated to meet the needs of the Group and its community;
- integrated management information systems designed to provide accurate and timely data and analysis to management to support decisions and monitor progress towards policies, strategies and targets.

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

The Group has an Internal Audit Service (IAS) which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice 2021 to 2022 and submits regular reports, which include its independent opinion on the adequacy and effectiveness of the system of internal control along with recommendations for improvement. The work of the internal audit service is informed by the Group's analysis of risk, and annual internal audit plans are based on this analysis. The internal audit annual and strategic plans are approved by the Audit Committee. The Head of Internal Audit (HIA) provides the Governing Body with an annual report on internal audit activity in the Group. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Group's system of risk management, controls and governance processes.

Risks faced by the corporation

The corporation identifies risk by application of the Group Risk Management Framework. This allows risks to be identified and the likelihood and impact of each to be assessed and set against the risk appetite stipulated by the corporation. Each of the key risks is entered on to a risk register which is approved by the Corporation. Each identified risk is evaluated according to its likelihood and potential impact and managed via mitigating actions identified and carried out by the relevant risk managers. During the relevant period, the Audit Committee reviewed the risk register at each of its three meetings with a view to satisfying itself that each risk remained within its tolerance range.

Statement of Corporate Governance and Internal Control (continued)

Control weaknesses identified

The internal auditors identified one key fundamental weakness during the relevant period. This related to the management of ILR data and associated evidence (relating in particular to apprenticeships) at Selby College. This resulted in the mis-claiming of ESFA funds over a number of years prior to merger. An action plan to remedy this weakness was implemented.

Responsibilities under funding agreements

The Group is careful to ensure it complies with all contractual requirements relating to internal control and risk management. The corporation seeks periodic assurance from its internal auditors that the Group Risk Management Framework is effective and reflects best practice for the Further Education sector.

Statement from the audit committee

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

The specific areas of work undertaken by the IAS in 2021/22 and up to the date of the approval of the financial statements (which were reviewed by the Audit Committee) include:
Former Selby College:

- Advisory Review of Apprenticeships (New Starts) – 2 medium and 4 low priority findings;

Former Wakefield College:

- Merger Governance which was an advisory report;
- ESFA External Assurance of Sub-Contracting Controls which was an advisory report; and
- Follow-up of Previous Internal Recommendations in respect of which substantial assurance was given.

Review of Effectiveness

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

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

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

Statement of Corporate Governance and Internal Control (continued)

Review of Effectiveness (continued)

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

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

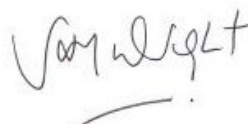
The Executive Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At a meeting in February 2024, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Executive Team and internal audit and taking account of events since 31 July 2022.

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

Approved by order of the members of the Corporation on 26 February 2024 and signed on its behalf by:



Andrew McConnell OBE
Chair of Corporation



Sam Wright
Accounting Officer

FINANCIAL STATEMENTS

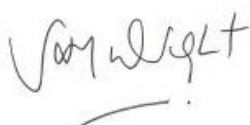
For the year ended 31 July 2022

Statement on the Group's Regularity, Propriety and Compliance

As accounting officer, I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

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



Sam Wright

Accounting Officer

26 February 2024

Statement of the chair of governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Andrew McConnell OBE

Chair of Corporation

26 February 2024

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

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

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

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

Statement of the Responsibilities of the Corporation (continued)

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 26 February 2024 and signed on its behalf by:



Andrew McConnell OBE
Chair of Corporation

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP (FORMERLY WAKEFIELD COLLEGE)

Opinion

We have audited the financial statements of Heart of Yorkshire Education Group (formerly Wakefield College) (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2022 which comprise the consolidated and College statements of comprehensive income, the consolidated and College statement of changes in reserves, the consolidated and College balance sheets, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2022 and of the Group's and College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP (FORMERLY WAKEFIELD COLLEGE) (continued)

Other information

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

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2021 to 2022 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP (FORMERLY WAKEFIELD COLLEGE) (continued)

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

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

Responsibilities of the Corporation of Heart of Yorkshire Education Group (formerly Wakefield College)

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 33 and 34, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP (FORMERLY WAKEFIELD COLLEGE) (continued)

financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

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

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

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

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

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

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

The Group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE
HEART OF YORKSHIRE EDUCATION GROUP (FORMERLY WAKEFIELD
COLLEGE) (continued)**

limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates and performing tests of detail on a sample of revenue transactions together with performing a review of the appropriate application of the Group's and College's revenue recognition policy.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 23 December 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

Two Humber Quays

Wellington Street West

Hull

HU1 2BN

29 February 2024

FINANCIAL STATEMENTS

For the year ended 31 July 2022

CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME

Note – comparative figures for 2020/21 in this statement and throughout comprise Wakefield College and Selby College and group information for that year.

		Year ended		Year ended	
		31 July 2022		31 July 2021	
		Group	College	Group	College
		£000s	£000s	£000s	£000s
INCOME					
Funding body grants	2	33,295	33,295	32,125	32,125
Tuition fees and education contracts	3	5,028	5,028	5,198	5,198
Other grants and contracts	4	396	396	396	392
Other income	5	1,146	1,151	831	831
Investment income	6	9	61	8	43
Total income		39,874	39,931	38,558	38,589
EXPENDITURE					
Staff costs	7	30,635	30,620	29,350	29,388
Restructuring costs	7	121	121	218	218
Other operating expenses	8	9,708	9,779	7,719	7,712
Depreciation	12	3,523	3,523	3,365	3,365
Impairment		-	-	250	250
Interest and other finance costs	10	523	523	541	541
Total expenditure		44,510	44,566	41,443	41,474
Deficit for the year before other gains		(4,636)	(4,635)	(2,885)	(2,885)
Gain on disposal of tangible fixed assets		-	-	8	8
Deficit for the year		(4,636)	(4,635)	(2,877)	(2,877)
Remeasurement on net defined pension benefit scheme		29,740	29,740	11,100	11,100
Total Comprehensive income for the year attributable to the Corporation of the College		25,104	25,105	8,223	8,223

All of the above activities relate to continuing operations. The notes on pages 46 to 82 form part of these financial statements.

FINANCIAL STATEMENTS**For the year ended 31 July 2022****CONSOLIDATED STATEMENT OF CASH FLOWS**

Note – comparative figures for 2020/21 in this statement and throughout comprise Wakefield College and Selby College and group information for that year.

	Notes	2022 £000s	2021 £000s
Net cash flow from operating activities	22	2,421	7,474
Cash flows from investing activities			
Disposal of non-current asset investments		-	8
Proceeds from the sale of tangible fixed assets		-	636
Placement of deposits		(1,000)	(2,000)
Payments made to acquire fixed assets		(1,881)	(1,908)
Investment income		9	-
		(2,872)	(3,264)
Cash flows from financing activities			
Repayments of amounts borrowed		(919)	(362)
Interest paid		(4)	(18)
		(923)	(380)
(Decrease)/Increase in cash and cash equivalents in the year		(1,374)	3,830
Cash and cash equivalents at beginning of the year	23	9,080	5,250
Cash and cash equivalents at end of the year	23	7,706	9,080

FINANCIAL STATEMENTS

For the year ended 31 July 2022

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY

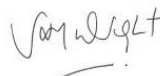
Note – comparative figures for 2020/21 in this statement and throughout comprise Wakefield College and Selby College and group information for that year.

	Notes	2022		2021	
		Group £000s	College £000s	Group £000s	College £000s
Non-current assets					
Tangible fixed assets	12	81,048	81,048	82,691	82,691
Endowments and investments	13	39	39	39	39
		81,087	81,087	82,730	82,730
Current assets					
Stock	-	-	-	37	37
Trade and other receivables	14	1,308	1,405	1,181	1,216
Current Investments	15	3,000	3,000	2,000	2,000
Cash at bank and in hand	23	7,706	7,659	9,080	9,048
		12,014	12,064	12,298	12,301
Less: Creditors – amounts falling due within one year					
	16	(9,941)	(9,991)	(8,164)	(8,168)
Net current assets					
		2,073	2,073	4,134	4,133
Total assets less current liabilities					
		83,160	83,160	86,864	86,863
Creditors – amounts falling due after more than one year					
	17	(26,592)	(26,592)	(28,723)	(28,723)
Provisions for liabilities					
Defined benefit pension scheme					
	24	(4,307)	(4,307)	(30,484)	(30,484)
Other provisions					
	19	(3,031)	(3,031)	(3,531)	(3,531)
Total net assets					
		49,230	49,230	24,126	24,125
Restricted reserves:					
Endowment Fund					
	13	39	39	39	39
Unrestricted reserves					
Income and expenditure					
		39,606	39,606	14,342	14,341
Revaluation reserve					
		9,585	9,585	9,745	9,745
Total unrestricted reserves					
		49,191	49,191	24,087	24,086
Total reserves					
		49,230	49,230	24,126	24,125

The financial statements on pages 40 to 81 were approved and authorised for issue by the Corporation on 26 February 2024 and were signed on its behalf on that date by:



Andrew McConnell OBE
Chair of Corporation



Sam Wright
Accounting Officer

FINANCIAL STATEMENTS

For the year ended 31 July 2022

CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES**– Group**

Note – comparative figures for 2020/21 in this statement and throughout comprise Wakefield College and Selby College and group information for that year.

	Restricted Reserve £000s	Income and expenditure account £000s	Revaluation reserve £000s	Total £000s
Balance at 1 August 2020	39	5,708	10,156	15,903
Deficit from the income and expenditure account	-	(2,877)	-	(2,877)
Other comprehensive income	-	11,100	-	11,100
Transfers between revaluation and income and expenditure reserves	-	411	(411)	-
Total comprehensive income for the year	-	8,634	(411)	8,223
Balance at 31 July 2021	39	14,342	9,745	24,126
Deficit from the income and expenditure account	-	(4,636)	-	(4,636)
Other comprehensive income	-	29,740	-	29,740
Transfers between revaluation and income and expenditure reserves	-	160	(160)	-
Total comprehensive income for the year	-	25,264	(160)	25,104
Balance at 31 July 2022	39	39,606	9,585	49,230

FINANCIAL STATEMENTS

For the year ended 31 July 2022

Consolidated and College Statements of Changes in Reserves**- College**

Note – comparative figures for 2020/21 in this statement and throughout comprise Wakefield College and Selby College and group information for that year.

	Restricted Reserve £000s	Income and expenditure account £000s	Revaluation reserve £000s	Total £000s
Balance at 1 August 2020	39	5,707	10,156	15,902
Deficit from the income and expenditure account	-	(2,877)	-	(2,877)
Other comprehensive income	-	11,100	-	11,100
Transfers between revaluation and income and expenditure reserves	-	411	(411)	-
Total comprehensive income for the year	-	8,634	(411)	8,223
Balance at 31 July 2021	39	14,341	9,745	24,125
Deficit from the income and expenditure account	-	(4,635)	-	(4,635)
Other comprehensive income	-	29,740	-	29,740
Transfers between revaluation and income and expenditure reserves	-	160	(160)	-
Total comprehensive income for the year	-	25,265	(160)	25,105
Balance at 31 July 2022	39	39,606	9,585	49,230

The notes on pages 46 to 82 form part of these financial statements.

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022

1 Accounting Policies

Statement of accounting policies and estimation techniques

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 F&HE SORP), the College Accounts Direction for 2021/22 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The Group is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

On 1 March 2022 Wakefield College and Selby College merged to form the Heart of Yorkshire Education Group. These financial statements have been produced in line with FRS 102 – “Acquisitions and Mergers” and have been prepared using merger accounting principles.

A separate closing set of financial statements for Selby College for the period 1 August 2021 to 28 February 2022.

Comparative prior year (2020/21) information included in these Group financial statements has been restated to include historical financial data for Wakefield College and Selby College and Group.

Basis of Accounting

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

Reduced disclosures

In accordance with the F & HE SORP, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

Basis of Consolidation

The consolidated financial statements include the college and its subsidiaries, Supporting Futures Selby Ltd and Heart of Yorkshire Education Ltd controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting,

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022

1 Accounting Policies (continued)

the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the college does not control those activities.

Going Concern

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

The Group has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review. The Group has produced a detailed cash flow forecast to July 2025 with sensitivity analysis, and this is subject to close frequent monitoring. The Group has no bank loans or overdraft facilities and has recently completed a major capital project that was financed from reserves.

The Group's financial plan shared with the Education and Skills Funding Agency in July 2023 demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2025, including any repayment due to the ESFA within the scope of the current Selby College funding audit.

Extensive planning and financial due diligence was undertaken in respect of the merger of Wakefield College and Selby College. This demonstrated that the Group will continue to enjoy robust financial health post-merger.

The Group has a reasonable expectation that it has adequate resources to continue in operational existence or the foreseeable future (to at least 31 July 2025, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments. Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

1 Accounting Policies (continued)

accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the

Group and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

For 2021/22 the ESFA confirmed that there will be a tolerance of 97% for clawback of AEB. This is also reflected in the AEB contract with West Yorkshire Combined Authority.

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

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

1 Accounting Policies (continued)

Agency Arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

West Yorkshire Local Government Pension Scheme (LGPS)

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

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

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

1 Accounting Policies (continued)

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.

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

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

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Group annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the Group's Statement of Comprehensive Income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Tangible Fixed Assets

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

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

FINANCIAL STATEMENTS
For the year ended 31 July 2022

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

1 Accounting Policies (continued)

Useful lives for each group of assets were reviewed on merger of Selby and Wakefield Colleges and, where applicable, were applied with effect from 1 March 2022. The impact in year was a reduction in the depreciation charge of £17,000.

Land and buildings

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

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

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

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

Assets Under Construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

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

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

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

1 Accounting Policies (continued)

Leased Assets

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

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

The Group is partially exempt in respect of Value Added Tax, so that it can only recover around 2% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of expenses as appropriate and to the cost of tangible fixed assets, where the inputs themselves are tangible fixed assets by nature.

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

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

1 Accounting Policies (continued)

Provisions and contingent liabilities

Provisions are recognised when;

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

1 Accounting Policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Tangible fixed assets (continued)

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

- Determine whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- *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 24, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2022. 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.

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

2 Funding Body Grants

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Recurrent grants				
Education and Skills Funding Agency -	24,428	24,428	23,071	23,071
Education and Skills Funding Agency - apprenticeships	2,524	2,524	3,803	3,803
Education and Skills Funding Agency -	2,014	2,014	2,324	2,324
Office for Students	270	270	308	308
Specific Grants				
Releases of government capital grants	1,124	1,124	736	736
Local Education Authorities	878	878	618	618
Teacher Pension Scheme contribution	749	749	833	833
Education and Skills Funding Agency – 16-19 tuition fund	537	537	133	133
Strategic Development Fund – Skills Accelerator	77	77	-	-
Education and Skills Funding Agency- Provider Relief Scheme	14	14	71	71
Education and Skills Funding Agency - Other	680	680	228	228
Total	33,295	33,295	32,125	32,125

The corporation has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak.

The Group received funding of £519,000 for 16-19 tuition fund grant from the EFSA. A further £317,000 was brought forward from 2020/21. Of this £537,000 was spent in year. The remaining funding will be repaid to the ESFA in 2022/23 and is included in the creditors figures (Note 16).

The Group received £52,000 for high value courses for school and college leavers one year offer for 18- and 19-year-olds. This was a formulaic allocation to encourage and support delivery of selected level 2 and 3 qualifications in specific subjects and sectors that enable a more productive economy and support young people to remain engaged with education, employment and training.

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year

3 Tuition Fees and Education Contracts

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
UK Higher Education students	3,730	3,730	3,869	3,869
UK Further Education students	763	763	882	882
Apprenticeship Fees	71	71	140	140
International student fees	45	45	37	37
Total fees paid on behalf of	4,609	4,609	4,928	4,928
Education contracts	409	409	251	251
Apprenticeship contracts	10	10	19	19
Sub Total	419	419	270	270
Total	5,028	5,028	5,198	5,198

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

Details of grant and fee income	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Grant income from the Office for Students	270	270	341	341
Grant income from other bodies	33,025	33,025	31,784	31,784
Total grants	33,295	33,295	32,125	32,125
Fee income for taught awards (exclusive of VAT)	3,730	3,730	3,869	3,869
Fee income for non-qualifying courses	1,298	1,298	1,329	1,329
Total fees	5,028	5,028	5,198	5,198
Total grant and fee income	38,323	38,323	37,323	37,323

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

4 Other Grants and Contracts

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Other grants and contracts	396	396	356	356
Coronavirus Job Retention Scheme	-	-	40	36
Total	396	396	396	392

The Corporation furloughed some of the cleaning and security staff under the Government's Coronavirus Job Retention Scheme in 2020/21. The funding received in 2020/21 relates to staff costs for two members of staff in August 2020 which are included within the Staff Costs (Note 7).

5 Other Income

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Catering operations	488	488	74	74
Releases of other government capital grants	218	218	360	360
Miscellaneous income	308	313	293	293
Transport Income	132	132	104	104
Total	1,146	1,151	831	831

6 Investment Income

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Other investment income	9	9	8	8
Gift aid distribution from subsidiary	-	52	-	35
Total	9	61	8	43

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022
(continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

7 Staff Costs

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

	2022		2021	
	Group No.	College No.	Group No.	College No.
Teaching Staff	388	388	384	384
Non-teaching Staff	446	422	472	435
	834	810	856	819

Staff costs for the above persons

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Wages and salaries	22,164	21,462	20,069	19,436
Social security costs	1,343	1,169	1,763	1,725
Other pension costs	6,620	6,590	6,762	6,753
Payroll sub total	30,127	29,221	28,594	27,914
Contracted out staffing services	508	1,399	756	1,474
Total	30,635	30,620	29,350	29,388
Restructuring costs - contractual	104	104	206	206
- non contractual	17	17	12	12
Total Staff costs	30,756	30,741	29,568	29,606

Pay awards in year were made as follows:

Selby College: a 1.2% award starting from 1 August 2021 and a further 1.5% award from 1 February 2022.

Wakefield College: a 1.5% award effective from 1st February 2022.

Restructuring costs were reported to and reviewed by Finance, People & Resources Committee.

Pay in lieu of notice and holiday pay for leavers £77,000 (2020/21: £33,000) are included in Wages and salaries costs rather than restructuring costs.

FINANCIAL STATEMENTS
For the year ended 31 July 2022

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

7 Staff Costs (continued)

Key Management Personnel – College and Group

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 individuals listed earlier (page 2) in these financial statements.

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

	2022 No	2021 No
The number of key management personnel including the Accounting Officer was:	17	18

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

	2022 No	2021 No
Less than £5,000	1	-
£25,001 to £30,000	1	-
£30,001 to £35,000	1	1
£40,001 to £45,000	1	1
£45,001 to £50,000	2	1
£50,001 to £55,000	3	4
£65,001 to £70,000	1	4
£70,001 to £75,000	1	3
£75,001 to £80,000	2	-
£80,001 to £85,000	2	1
£90,001 to £95,000	-	1
£100,001 to £110,000	1	-
£110,001 to £120,000	-	1
£150,001 to £160,000	-	1
£170,001 to £180,000	1	-
Total	17	18

There were no other staff, other than key management personnel listed on page 2, who received emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000.

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

7 Staff Costs (continued)

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

	2022	2021
	£000s	£000s
Basic Salary	1,091	1,197
Benefits in kind	3	7
	1,094	1,204
Pension contributions	216	246
Total key management personnel compensation	1,310	1,450

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. In addition to the above national insurance amounted to £142,000 (2020/21 - £148,000).

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

S Wright was Accounting Officer throughout the period for Wakefield College and through until merger on 1 March 2022, and for Selby College from 1 January 2022. S Wright then became Accounting Officer for Heart of Yorkshire Education Group on 1 March 2022. Her emoluments are as follows:

	2022	2021
	£000s	£000s
Salaries	172	155
Benefits in kind	-	-
	172	155
Pension contributions	41	37
Total	213	192

FINANCIAL STATEMENTS
For the year ended 31 July 2022

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

7 Staff Costs (continued)

P Sayles was Accounting Officer at the former Selby College. He resigned on 31 December 2021. His emoluments were:

	2022	2021
	£000s	£000s
Salaries	112	111
Benefits in kind	1	1
	113	112
Pension contributions	11	26
Total	124	138

The Wakefield governing body adopted AoC’s Senior Staff Remuneration Code in July 2019 and pay has been assessed in line with its principals.

The remuneration of the accounting officer and Clerk and Legal Officer for the year to July 2022 was determined on 9 November 2021 by the College’s Remuneration Committee. Neither the Accounting Officer nor the Clerk and Legal Officer was involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer’s remuneration for the year to 31 July 2022 included: performance against personal objectives; performance of the organisation; sector benchmarking data on pay of accounting officers in the region and in a similar income bracket; benchmarking of colleges with similar staff numbers and complexity of income streams. The Clerk and Legal Officer’s remuneration was decided upon following a review of sector pay benchmarks.

Only the Accounting Officer and Clerk and Legal Officer at Wakefield are covered by the Senior Staff Remuneration Code.

The Director of Governance employed at the former Selby College transferred at the point of merger on existing terms and conditions by way of the TUPE transfer of all staff from Selby College.

FINANCIAL STATEMENTS
For the year ended 31 July 2022

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

7 Staff Costs (continued)

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

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

	2022	2021
	No.	No.
Basic salary as a multiple of median basic salary of staff	5.19	4.57
Total remuneration as a multiple of median total remuneration of staff	4.99	4.62

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

Governors' remuneration

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

The total expenses paid to or on behalf of the Governors during the year was £966, 3 governors (2020/21: £335, 1 Governor). This represented travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and other events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2020/21: nil).

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

7 Staff Costs (continued)
Compensation for loss of office paid to former key management personnel

	2022 £000s	2021 £000s
Compensation paid to 1 former post-holder - contractual	56	40
- non contractual	17	
Total	73	40

8 Other operating expenses

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Teaching costs	3,535	3,535	3,095	3,095
Non – teaching costs	3,893	3,964	2,663	2,656
Premises costs	2,280	2,280	1,961	1,961
Total	9,708	9,779	7,719	7,712

Deficit before taxation is stated after charging:

	Group and College	
	2022 £000s	2021 £000s
Auditors' remuneration (excluding VAT):		
Financial statements audit	91	48
Audit of subsidiary	7	3
Internal audit	33	25
Other services provided by the internal auditors	-	17
Other services provided by the financial statements' auditors	43	23
Operating lease rentals	74	61

FINANCIAL STATEMENTS
For the year ended 31 July 2022

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

9 Access and participation expenditure – Group and College

	2022	2021
	£000s	£000s
Access investment	115	112
Financial support to students provided	59	63
Support for disability students	26	25
Research and evaluation (relating to access and participation)	15	11

The Group's Access and Participation Plan is available on the Group's website at:
<https://www.selby.ac.uk/assets/files/2023-24-Heart-of-Yorkshire-Education-Group-Access-and-Participation-Plan.pdf>

10 Interest and other finance costs – Group and College

	2022	2021
	£000s	£000s
Bank loans	4	18
Pension finance costs (note 24)	519	523
Total	523	541

11 Taxation – Group only

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

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

12 Tangible fixed assets – Group and College

	Land and Buildings Freehold	Long Leasehold	Equipment	Total
	£000s	£000s	£000s	£000s
Cost or valuation				
At 1 August 2021	98,928	1,100	12,679	112,707
Adjustments	(260)	-	(21)	(281)
Additions	864	-	1,017	1,881
Disposals	(38)	(168)	(8,807)	(9,013)
At 31 July 2022	99,494	932	4,868	105,294
Depreciation and impairment				
At 1 August 2021	19,630	472	9,914	30,016
Adjustments	(353)	1	71	(281)
Charge for the year	2,258	37	1,228	3,523
Elimination in respect of disposals	(38)	(168)	(8,806)	(9,012)
At 31 July 2022	21,497	342	2,407	24,246
Net book value at 31 July 2022	77,997	590	2,461	81,048
Net book value at 31 July 2021	79,298	628	2,765	82,691

'F' Block (Wakefield Campus) remains on the market for sale. The asset has been impaired to £1,200,000.

Adjustments relate to the reconciliation of the accounts to the fixed asset register in the former Selby College financial statements.

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

FINANCIAL STATEMENTS**For the year ended 31 July 2022****Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)**

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

12 Tangible fixed assets (continued)

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

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

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

13 Endowments and investments

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Endowments	39	39	39	39
Investments in subsidiary companies	-	-	-	-

The College owned 100 per cent of the issued ordinary £1 shares of Supporting Futures Selby Limited (SFS Ltd), a company incorporated in England and Wales. The principal business activity SFS Ltd was the provision of support services. The Company ceased trading in December 2022. All staff employed via Supporting Futures Selby Ltd were transferred to direct employment by the Group on 1 December 2022 and the Company was dissolved on 30 January 2024.

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

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

14 Trade and other receivables

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Amounts falling due within one year:				
Trade receivables	190	190	150	150
Amounts owed by subsidiary undertakings	-	97	-	35
Other debtors	13	13	505	505
Prepayments and accrued income	1,009	1,009	318	318
Amounts owed by the Education & Skills Funding Agency	96	96	208	208
Total	1,308	1,405	1,181	1,216

Within Other debtors above is £nil (2020/21 - £145,000) receivable after more than one year from the balance sheet date.

Trade receivables includes a provision for bad debts of £116,000 (2020/21 - £69,000).

15 Current Investments – Group and College

	2022 £000s	2021 £000s
Short term deposits	3,000	2,000
Total	3,000	2,000

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

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

16 Creditors: amounts falling due within one year

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Bank loans	-	-	162	162
Trade payables	543	528	697	685
Amounts owed to group undertakings	-	134	-	26
Other creditors	515	459	302	302
Other taxation and social security	510	497	435	425
Accruals and deferred income	4,669	4,669	4,662	4,662
Government capital grants	1,804	1,804	1,205	1,205
Government revenue grants	257	257	214	214
Amounts owed to the Education & Skills Funding Agency	1,643	1,643	487	487
Total	9,941	9,991	8,164	8,168

17 Creditors: amounts falling due after one year

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Government capital grants	26,592	26,592	27,966	27,966
Bank loans	-	-	757	757
Total	26,592	26,592	28,723	28,723

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

18 Bank Loans – Group and College

	2022		2021	
	Group £000s	College £000s	Group £000s	College £000s
Bank loans were repayable as follows:				
In one year or less	-	-	162	162
Between one and two years	-	-	164	164
Between two and five years	-	-	506	506
In five years or more	-	-	87	87
Total			919	919

Loans were taken out by the former Selby College Corporation and were fully repaid on 16 February 2022, prior to the merger of Selby College with Wakefield College.

The bank loans held by the former Selby College Corporation were secured by a fixed and floating charge over certain land and buildings of the College. They were subject to interest at variable rates of bank margin of 0.75% + bank base rate and were repayable by quarterly instalments falling due between 1 August 2015 and 31 December 2026. From 29 September 2016, £500,000 of the borrowings were on a fixed rate loan at the all in rate of 2.43% until 31 December 2026. From 29 June 2017, a further £500,000 of the borrowings were on a fixed rate loan at the all-in rate of 2.115% until 31 December 2026. New borrowings were entered into on 7 April 2017 which were subject to variable rates of bank margin of 1.95% and bank base rate and was repayable by quarterly instalments falling between 7 April 2017 for 5 years and up to 20 years.

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

19 Provisions – Group and College

	Enhanced pensions £000s	Defined benefit obligations £000s	Total £000s
At 1 August 2021	3,531	30,484	34,015
Utilised in the year	(237)	3,070	2,832
Released/additional provision in the year	56	(519)	(462)
Actuarial gain	(319)	(28,728)	(29,047)
At 31 July 2022	3,031	4,307	7,338

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

The principal assumptions for this calculation are:

	2022	2021
Price inflation	2.9%	2.6%
Discount rate	3.3%	1.6%

20 Capital commitments – Group and College

	2022 £000s	2021 £000s
Contracts for future capital expenditure	491	403

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

21 Commitments under operating leases- Group and College

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

	2022	2021
	£000s	£000s
Other		
Future minimum lease payments due		
Not later than one year	31	64
Later than one year and not later than five years	17	69
Total	48	133

22 Note to Consolidated Statement of Cash Flows

	2022	2021
Notes	£000s	£000s
Cash flow from operating activities		
Deficit for the year	(4,636)	(2,877)
Adjustment for non-cash items		
Depreciation/impairment	3,523	3,615
Decrease in stock	37	8
(Increase)/Decrease in debtors	(127)	473
Increase in creditors due within one year	1,940	2,292
(Decrease)/Increase in creditors due after one year	(1,374)	714
(Decrease) in provisions	(500)	(193)
Pensions costs less contributions payable	3,044	2,999
Adjustment for investing or financing activities		
Investment income	(9)	(8)
Interest payable	523	541
Profit on the sale of tangible fixed assets	-	(8)
Donated fixed assets	-	(82)
Net cash flow from operating activities	2,421	7,474

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

23 Analysis of changes in net funds - Group

	At 1 August 2021 £000s	Cash flows £000s	At 31 July 2022 £000s
Cash	9,080	(1,374)	7,706
Current asset investments	2,000	1,000	3,000
	11,080	(374)	10,706
Loans falling due within one year	(162)	162	-
Loans falling due after more than one year	(757)	757	-
Total	10,161	545	10,706

24 Retirement benefits

The employees of the Colleges belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 of the LGPS 31 March 2019.

Prior to merger, staff who were members of the LGPS at Selby College, had their pensions managed by North Yorkshire Pension Fund. The assets (including contributions paid in year) and liabilities are to be transferred from North Yorkshire Pension Fund (NYPF) to West Yorkshire Pension Fund following merger. The calculations required to determine the transfer value have not yet been completed by the Actuary and therefore the Actuary has provided an approximation, based on information provided by the NYPF Actuary as at 31 July 2021 and 28 February 2022.

The employees of Supporting Futures Selby Ltd belonged to a stakeholder pension scheme that is a defined contributions scheme.

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

24 Retirement benefits (continued)
Total pension cost for the year

	2022	2021
	£000s	£000s
Teachers' Pension Scheme:	2,348	2,324
Local Government Pension		
Contributions paid*	1,461	1,422
FRS102(28) charge	3,044	2,999
Charge to the Statement of Comprehensive Income	4,505	4,421
Pension accrual for leaver	-	9
Defined contributions paid	30	9
Enhanced pension charge to statement of comprehensive income	(263)	(1)
Total Pension Cost for year within staff costs	6,620	6,762

Contributions amounting to £436,000 (2020/21: £425,000) were payable to the schemes at 31 July and are included in creditors (Note 16).

Teachers' Pension Scheme

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

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

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

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

24 Retirement benefits (continued)

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

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

Valuation of the Teachers’ Pension Scheme

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

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

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers’ Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024.

The pension costs paid to TPS in the year amounted to £2,348,000 (2020/21: £2,324,000).

FINANCIAL STATEMENTS
For the year ended 31 July 2022

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

24 Retirement benefits (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Bradford Metropolitan District Council (West Yorkshire Pension Fund).

Prior to merger, employees of the former Selby College were members of the North Yorkshire Pension Fund.

The total contribution made for the year ended 31 July 2022 was £1,990,000 of which employer’s contributions totalled £1,461,000 and employees’ contributions totalled £529,000. The current employer contribution rate increased from 16.4% to 17.2% in April 2022 and future contributions have been notified as 17.8% from April 2023; 18.4% from April 2024 and 19.0% from April 2025. Employee contributions are between 5.5% and 12.5% dependent on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 and updated to 31 July 2022 by a qualified independent actuary.

	At 31 July 2022		At 31 July 2021	
	WYPF	WYPF	WYPF	NYPF
Rate of increase in salaries (for year 1 only)	3.85%	3.85%	3.85%	1.2%
Rate of increase in salaries (for subsequent years)	3.85%	3.85%	3.85%	2.5%
Future pension increases	2.6%	2.6%	2.6%	2.6%
Discount rate for scheme liabilities	3.4%	1.7%	1.7%	1.7%
Inflation assumption	7.5%	2.6%	2.6%	2.6%

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 2022		At 31 July 2021	
	WYPF	WYPF	WYPF	NYPF
	Years	Years	Years	Years
Aged 65 at accounting date:				
Males	21.8	21.9	21.9	21.9
Females	24.6	24.7	24.7	24.0
Active member aged 45 at accounting date:				
Males	22.5	22.6	22.6	23.6
Females	25.7	25.8	25.8	25.8

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

24 Retirement benefits (continued)

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

	Fair Value at 31 July 2022 £000s	Fair Value at 31 July 2021 £000s
Equity instruments	54,232	39,361
Government bonds	4,719	4,025
Corporate bonds	2,941	2,160
Property	2,736	1,816
Cash	2,736	1,080
Other	1,026	638
Total fair value of plan assets	68,390	49,080

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

	2022 £000s	2021 £000s
Fair value of plan assets	68,390	49,080
Present value of plan liabilities	(72,609)	(75,890)
Present value of unfunded liabilities	(88)	(103)
Net pensions liability	(4,307)	(26,913)

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

24 Retirement benefits (continued)

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

	2022 £000s	2021 £000s
Amounts included in staff costs		
Current service cost	(4,505)	(4,413)
Curtailment	-	(8)
Total	(4,505)	(4,421)
Amounts included in interest and other finance costs		
Net interest cost	(519)	(523)
Total	(519)	(523)
Amount recognised in Other Comprehensive Income		
Remeasurement of net defined benefit pension liability	29,740	11,100
Total	29,740	11,100

Movement in net defined benefit liability during year

	2022 £000s	2021 £000s
Net defined benefit liability in scheme at 1 August	(30,484)	(38,062)
Movement in year:		
Current service cost	(4,505)	(4,413)
Employer contributions	1,461	1,422
Curtailments	-	(8)
Net interest on the defined liability	(519)	(523)
Actuarial gain	29,740	11,100
Net defined benefit liability at 31 July	(4,307)	(30,484)

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year.

24 Retirement benefits (continued)

	2022	2021
	£000s	£000s
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	96,509	93,794
Current service cost	4,505	4,413
Interest cost	1,641	1,306
Contributions by Scheme participants	531	519
Actuarial Gain	(29,547)	(1,872)
Estimated benefits paid	(942)	(1,659)
Curtailments and settlements	-	8
Defined benefit obligations at end of period	72,697	96,509
Changes In fair value of plan assets		
Fair value of plan assets at start of period	66,025	55,732
Interest on plan assets	1,122	783
Return on plan assets (excluding net interest on the net defined benefit liability)	193	9,228
Employer contributions	1,461	1,422
Contribution by Scheme participants	531	519
Estimated benefits paid	(942)	(1,659)
Fair value of plan assets at end of period	68,390	66,025
Actual return on plan assets	1,315	10,011

FINANCIAL STATEMENTS
For the year ended 31 July 2022

Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)

Note – comparative figures for 2020/21 comprise Wakefield College and Selby College and group information for that year

25 Related party transactions

Key management compensation disclosure is given in note 7.

Selby College was a member of Selby Educational Trust, a company limited by Guarantee. During 2021/22, recharges to Selby Educational Trust amounted to £14,440. There were no amounts outstanding at the reporting date.

Transactions with Subsidiary

During the year the College purchased goods of £994,000 (2020/21 – £670,000) from its subsidiary and sold goods and services of £4,000 (2020/21 - £4,000) to its subsidiary. There were amounts £134,000 (2020/21 – £26,000) owed to the subsidiary and £97,000 (2020/21 £35,000) owed by the subsidiary at the reporting date.

26 Events after the Reporting Period

On 29 November 2022 the Office for National Statistics published the outcome of the review of the FE sector classification. Colleges and subsidiaries are to be reclassified into central government sector for financial and accounting purposes. With no debt, or the intention to request a banking facility, we do not consider the announcement to have a material impact on the College's financial position at this stage.

27 Merger Disclosures

Selby College and Wakefield College have legally merged with effect from 1 March 2022 under a Type B merger, with Wakefield College the surviving entity. On the same day the name of the College was changed to The Heart of Yorkshire Education Group, following approval of this name by the Secretary of State for Education. Figures for Selby College include amounts relating to Supporting Futures Selby which was transferred alongside Selby College as part of the merger.

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)
27 Merger disclosures (continued)
Analysis of Total Comprehensive Income:

	Wakefield College Period Ended 28 February 2022 £000s	Selby College Period Ended 28 February 2022 £000s	Merged Entity Period 1 March - 31 July 2022 £000s	Merged Entity Full year 2021/22 £000s
INCOME				
Funding body grants	15,065	4,325	13,905	33,295
Tuition fees and education contracts	2,042	843	2,143	5,028
Other grants and contracts	231	-	165	396
Other income	311	416	419	1,146
Investment income	5	-	4	9
Total income	17,654	5,584	16,636	39,874
EXPENDITURE				
Staff costs	14,090	4,180	12,365	30,635
Restructuring costs	-	121	-	121
Other operating expenses	4,016	1,769	3,923	9,708
Depreciation	1,264	848	1,411	3,523
Interest and other finance costs	-	38	485	523
Total expenditure	19,370	6,956	18,184	44,510
Deficit for the year	(1,716)	(1,372)	(1,549)	(4,636)
Remeasurement on net defined pension benefit	-	633	29,107	29,740
Total Comprehensive income for the period/year	(1,716)	(739)	27,558	25,103

All of the above activities relate to continuing operations.

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)
27 Merger disclosures (continued)
Analysis of Total Comprehensive Income – prior year 2020/21:

	Wakefield College	Selby College	Merged Entity
	Year Ended 31 July 2021	Year Ended 31 July 2021	Year Ended 31 July 2021
	£000s	£000s	£000s
INCOME			
Funding body grants	23,727	8,322	32,049
Tuition fees and education contracts	3,783	1,491	5,274
Other grants and contracts	356	-	356
Other income	224	647	871
Investment income	8	-	8
Total income	28,098	10,460	38,558
EXPENDITURE			
Staff costs	22,383	6,967	29,350
Restructuring costs	163	55	218
Other operating expenses	5,351	2,368	7,719
Depreciation	2,130	1,235	3,365
Impairment loss on premises	250	-	250
Interest and other finance costs	449	92	541
Total expenditure	30,726	10,717	41,443
Deficit for the year before other gains and losses	(2,628)	(257)	(2,885)
Gain on disposal of tangible fixed assets	-	8	8
Deficit for the year	(2,628)	(249)	(2,877)
Re-measurement of net defined benefit pension scheme	8,629	2,471	11,100
Total Comprehensive income for the year	6,001	2,222	8,223

FINANCIAL STATEMENTS
For the year ended 31 July 2022
Notes to the Financial Statements for the Period 1 August 2021 to 31 July 2022 (continued)
27 Merger disclosures (continued)
Consolidated Balance Sheets – prior year 2020/21:

	Wakefield College 31 July 2021 £000s	Selby College 31 July 2021 £000s	Merged Entity 31 July 2021 £000s
Non-current assets			
Tangible fixed assets	52,243	30,448	82,691
Endowments and investments	39	-	39
	52,282	30,448	82,730
Current assets			
Stock	-	37	37
Trade and other receivables	1,067	114	1,181
Current Investments	2,000	-	2,000
Cash at bank and in hand	6,342	2,738	9,080
	9,409	2,889	12,298
Less: Creditors – amounts falling due within one year	(5,857)	(2,307)	(8,164)
Net current assets	3,552	582	4,134
Total assets less current liabilities	55,834	31,030	86,864
Creditors – amounts falling due after more than one year	(7,724)	(20,999)	(28,723)
Provisions for liabilities:			
Defined benefit pension scheme	(26,913)	(3,571)	(30,484)
Other provisions	(3,531)	-	(3,531)
Total net assets	17,666	6,460	24,126
Restricted reserves:			
Endowment Fund	39	-	39
Unrestricted reserves:			
Income and expenditure account	11,132	3,210	14,342
Revaluation reserve	6,495	3,250	9,745
Total unrestricted reserves	17,627	6,460	24,087
Total reserves	17,666	6,460	24,126

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF HEART OF YORKSHIRE EDUCATION GROUP (FORMERLY WAKEFIELD COLLEGE) AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 23 December 2022 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Heart of Yorkshire Education Group (formerly Wakefield College) during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We are independent of the Heart of Yorkshire Education Group (formerly Wakefield College) in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of Heart of Yorkshire Education Group (formerly Wakefield College) for regularity

The Corporation of Heart of Yorkshire Education Group (formerly Wakefield College) is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Heart of Yorkshire Education Group (formerly Wakefield College) is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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 Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement;

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF HEART OF YORKSHIRE EDUCATION GROUP (FORMERLY WAKEFIELD COLLEGE) AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY (continued)

consequently a limited assurance engagement 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.

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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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

Use of our report

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

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

First Floor

Two Humber Quays

Wellington Street West

Hull

HU1 2BN

29 February 2024