



REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

1st August 2024 to 31st July 2025

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Reference and Administrative Details

Board of Governors during 2024/25

P Cherpeau
R Gaskell (appointed August 2024, term ended July 2025)
A Gibbons
R Harding-Quinn
R Hennigan
D Johnston (appointed January 2025)
K Kirkwood
Prof R Leatherbarrow (appointed September 2024)
C Lyons (appointed September 2024)
N Madajewska (Student Governor, elected October 2024, term ended at the end of study June 2025)
L Pearson (appointed January 2025)
L Redican
K Rice
J Samra (appointed September 2024)
G Sloan (term ended June 2025)
A Stokes (Student Governor, elected October 2024, term ended at the end of study June 2025)
L Unsworth (appointed September 2024)
Prof J Yates (term ended October 2025)

Director of Governance

Liam Conway (resigned May 2025)
Michelle Carlton (appointed October 2025)

Principalship Team

Rachael Hennigan - Principal and CEO; Accounting Officer
Tony Cooke – Director of Human Resources
Alexandra Lang – Vice Principal Quality, Learner Services and Human Resources (resigned 30 September 2025)
Matt Larkin - Vice Principal Finance & Corporate Services (resigned July 2025)
Sonia Stirling – Deputy Principal Curriculum, Quality and Recruitment
Nikki Leising – Executive Director of Finance and MIS
Robert Gaskell – Interim Vice Principal (Finance and Resources) (appointed August 2025)

Registered Office

Balliol Road
Bootle
Merseyside
L20 7EW

Professional Advisors

Internal Auditors

RSM UK RISK ASSURANCE SERVICES LLP
25 Farringdon Street
London
EC4A 4AB

External Auditors

WBG (AUDIT) LIMITED
168 Bath Street
Glasgow
G2 4TP

Bankers

LLOYDS BANKING GROUP PLC
Liverpool Law Courts
2-12 Lord Street
Liverpool
L2 1TS

Solicitors

EVERSHEDS - SUTHERLAND
6 Stanley St
Manchester
M3 5GS

GROUP STRATEGIC REPORT

Objectives and Strategy

The governing body presents its report and the consolidated audited financial statements for the year ended 31 July 2025.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Hugh Baird College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Instrument and Articles of Government under which the College is governed are the Further Education Corporation (Former Further Education Colleges) (Replacement of Instruments and Articles of Government) Order 2007 as modified on 31 March 2012. The Corporation approved amendments to the Instrument and Articles of Government on 29 September 2016 and a copy is available on the College's website.

Mission, Vision, Strategy and Objectives

In June 2021 the Corporation approved the 2021-2026 strategic plan and confirmed the appropriateness of the College's Mission:

"To inspire, challenge and transform lives".

The College's Vision was confirmed as "To be the best College in the country" and the strategic priorities were approved as:

- Strategic Priority 1 - ***We are a College driven by its people, for its people***
- Strategic Priority 2 - ***We provide the highest quality of experience for our students***
- Strategic Priority 3 - ***We deliver an employer driven curriculum***
- Strategic Priority 4 - ***We serve as a beacon for our community***
- Strategic Priority 5 - ***Seize opportunities that benefit our people and place***

The Principalship team recognises that there are important programmes of work required to take the vision forward and these are included as Key Performance Indicators and updated annually. The KPIs are closely monitored at senior leadership level and reported to the Governing Body through Committee and Corporation meetings.

Resources

The College invests in the learner experience through both the use of qualified and experienced staff and through the provision of excellent facilities.

Our staff team are our most important resource. The College continues to invest in staff training and development through internal and external courses and provide opportunities for continued professional development to all staff. The College currently employs 464 full-time equivalent staff.

In the past year, the College has invested a total of £2.3m to enhance its estate (2023/24: £1.4m) and has £14.6 million (2023/24: £16.4 million) of net assets.

Tangible resources include the following campuses and leased buildings:

Balliol Road Campus
Port Academy building
University Building
St Winifreds Church
Sefton Sixth Form
Thornton College

The College has a good reputation both locally and nationally, rated as Outstanding in all domains following its most recent Ofsted inspection in November 2024. More detail on the inspection can be found in the Governance Statement.

Stakeholders

In line with other Colleges and universities, Hugh Baird College has many stakeholders. These include:

- Students
- Educational Sector Funding Bodies
- Staff
- Local Employers
- Local Authorities and the Combined Authority
- Government Offices
- The local community
- Other FE institutions
- Trade Unions
- Professional bodies
- Partner Universities

Hugh Baird College is the sole member of North West Training Council and accordingly consolidates the results from its subsidiary in these financial statements. Throughout this

document, references to “the College” relate to the “College Group” unless otherwise stated.

Public Benefit

Hugh Baird College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body are disclosed on page 3. In setting and reviewing the College’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 College provides identifiable public benefits through the advancement of education to over 5,000 students and learners more than 100 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College 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.

DEVELOPMENT AND PERFORMANCE

Curriculum Developments

The Deputy Principal: Curriculum and Quality and her team continued to drive and deliver high-quality, and employer focussed curriculum in 2024/25. Leaders and their teams designed and implemented a curriculum plan for 2024/25 based on regional labour market intelligence, competitor analysis and employer feedback related to workforce requirements. The curriculum plan steered the direction the College has taken in terms of its offer, with a focus on curriculum breadth and growth in Health, Construction, Building Services and Engineering and Manufacturing sectors with sector specific digital skills and green construction practices as a common theme. In 2024/25, curriculum teams worked with external stakeholders and employers to shape the curriculum so that it best reflects the skills, knowledge and behaviours required across industry both now and in the future. This activity provides students and apprentices with a curriculum fully aligned to industry requirements and a range of real-world learning experiences equipping them with opportunities to improve their life chances and in many cases addressing significant levels of social disadvantage which exist in the locality. The College utilises intelligence from the Local Skills Improvement Plan (LSIP) to drive its strategic intent. Detail of this is reflected in the Annual Accountability Statement and will feature in the intent section of the College Self-Assessment Report (SAR) 2024/25.

Quality

The College remains committed to its relentless focus on providing a high-quality experience for all students and apprentices. It has designed and implements a robust and highly effective framework for quality assurance and improvement. In its OFSTED inspection (January 2025), Hugh Baird College received an overall OUTSTANDING grade with OUTSTANDING grades awarded for all key judgements and provision types except for Apprenticeship Provision which was graded GOOD.

Financial review

The College reports a deficit in 2024/25 of £920k (2023/24: £759k) before actuarial gains and losses. The continued impact of an economy with rising inflation and strong demand for labour throughout the sector as well as an ageing property estate have provided a challenging backdrop for the College's financial performance. Against that backdrop the College continued to invest in its facilities during the year and increased the number of full-time equivalent staff employed, to service the actual growth in student numbers during the year and in readiness for further growth following the Ofsted Outstanding rating.

Fixed assets of the group £36,077k reduced marginally (2023/24: £36,281k) with the depreciation charge for the year just exceeding the purchase of new fixed assets.

Cash flows and liquidity

The College group's cash at bank at the year-end was £1,473k (2023/24: £3,267k). Net cash outflow from operating activities was £1,794k in the year (2023/24: £992k) with cash outflows associated with fixed asset additions of £2,343k (2023/24: £1,442k).

The College maintains a loan which was taken out to fund capital investments in the L20 building and which stands at £1,158k at the year end. No new loans were taken out during the year and the College met all repayment and interest obligations.

Although the College experienced a tightening in liquidity during the year, its forecasts are positive and it expects to meet its loan covenant obligations when measured against these 2024/25 financial statements, in accordance with the loan agreement.

FUTURE PROSPECTS

Future Developments

The new strategic plan will be developed over the next twelve months to ensure the continuous improvement of all functions across the College.

The College has established a budget for 2025/26 which continues to focus on ensuring that the College maintains the financial efficiency of its operation whilst maintaining its ability to deliver high quality provision to learners in the locality. It will do this by continuing to work towards ensuring that staff costs as a proportion of income are in line with sector benchmarks, whilst budgeting for stability in learner numbers in most areas. Whilst

opportunities for growth through the expansion of Higher Education, Advanced Learner Loans and Apprenticeships will be maximised where possible, the College budgets prudently to ensure that its core business delivers key objectives of financial stability and operational effectiveness.

Financial Plan

The College approved a financial plan in July 2025, which set the following objectives for the period up to July 2027:

	Surplus	Pay ratio	EBITDA	Adjusted current ratio	Cash days
2025/26	£510k	71.9%	5.96%	1.2	32.0
2026/27	£1,516k	70.3%	8.83%	1.4	34.1

Treasury policies and objectives

Treasury management is the management of the College'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 College has a separate treasury management policy in place incorporated with its Financial Regulations which were last approved by the Corporation in February 2025.

Reserves policy

The College has adopted a formal reserves policy. The College holds and maintains reserves to achieve all elements of its Strategic Plan. The College believes that the most appropriate measure of the level of reserves to be maintained is the level of unrestricted cash held by the College, as measured at the year-end date of 31st July each year.

The College has accumulated reserves of £15.6m (2023/24 £16.8m) and cash balances of £1.5m (2023/24 £3.3m).

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The College’s Risk Management Policy focuses on identifying strategic risks aligned to the strategic objectives of the College, and operational risks and their management in the context of the approved risk appetite of the College. Based on the strategic plan, the Principalship, as advised by the Risk Review Group, undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent term’s appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the termly review, the Risk Review Group also considers any risks, which may arise as a result of a new area of work being undertaken by the College.

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

Outlined below is a description of the principal risk factors that may affect the College with the key mitigations that the College has identified, and which are documented within the Strategic Risk Register of the College. Not all the factors are within the College’s control. Other factors besides those listed below may also present risk to the College.

Key risk	Key mitigations
Failure to deliver high quality teaching and learning to students	<ul style="list-style-type: none"> • Robust recruitment process led by professional HR team • Annual CPD cycle ensures necessary and appropriate training is implemented • Robust teaching & learning quality processes identify areas of concern and direct improvement programmes led by the Quality Unit independent of the teaching departments • College wide performance management policy embedded and operating effectively

Key risk	Key mitigations
<p>Financial performance of the College falls below levels required to maintain necessary resources to meet its obligations, including loan covenants and strategic aims</p>	<ul style="list-style-type: none"> • Robust safeguarding policies defined and implemented / trained into all staff • High level of visibility of safeguarding protocols amongst staff and students • Well-resourced and experienced staff responsible for safeguarding implementation • Regular refresher and induction training to ensure all staff are aware of responsibilities
<p>Failure to adequately safeguard all learners</p>	<ul style="list-style-type: none"> • Robust safeguarding policies defined and implemented / trained into all staff • High level of visibility of safeguarding protocols amongst staff and students • Well-resourced and experienced staff responsible for safeguarding implementation • Regular refresher and induction training to ensure all staff are aware of responsibilities • Safer recruitment implemented for all staffing recruitment
<p>Failure of investment in the physical infrastructure of the College</p>	<ul style="list-style-type: none"> • Annual budget cycle ensures sufficient resources are deployed in the context of the overall financial position • Well trained and competent estates management team ensure long term estates maintenance is addressed • Senior leaders engage with grant making opportunities to bring focussed additional investment • Property strategy approved by Corporation on a periodic basis supports strategic oversight of capital development to inform and develop plans • External condition surveys form basis of prioritisation of planned remedial works and ensure visibility of short- and medium-term challenges

Key risk	Key mitigations
<p>Failure of investment in the information technology estate of the College</p>	<ul style="list-style-type: none"> • Annual budget cycle ensures sufficient resources are deployed in the context of the overall financial position • Well trained and competent IT management team ensures appropriate roadmap for investment in core technologies • Senior leaders engage with grant making opportunities to bring focussed additional investment • Investments made in software and hardware solutions to mitigate cyber attacks
<p>Failure to attract, recruit and retain a high-quality workforce</p>	<ul style="list-style-type: none"> • Robust recruitment and selection process, including safer recruitment practices, which ensures assessment of new starter candidate against approved job requirements • Wide range of advertising approaches used to attract candidates from a wide pool of applicants • Structured induction programme ensures staff onboarded effectively • Competitive employee benefits package in place to enhance • Market intelligence utilised to monitor pay scales • Comprehensive health & wellbeing support in place supported by regular staff engagement initiatives • Structured continuing professional development in place supports the achievement of outstanding performance and the effective management of underperformance

Key risk	Key mitigations
<p>Failure to comply with funding body regulation throughout the group</p>	<ul style="list-style-type: none"> • Well trained and resourced MIS department with oversight over all regulated activity • Use of industry specific database tools to ensure sector wide consistency • Regular attendance at briefing seminars or webinars for senior staff • Departmental audits of data to provide in year insight into data errors • Use of external validation reports to ensure data quality is robust • Appropriate oversight by experienced sector specialists for subsidiary operations, including funding requirements associated with ONS reclassification
<p>Failure to protect staff, students and visitors from health and safety hazards throughout the College</p>	<ul style="list-style-type: none"> • Well trained and resourced Health & Safety manager in place with authority throughout the college • Use of consistent risk assessment templates, reviewed by the H&S manager • Culture of openness and transparency supported by policies to ensure H&S issues are raised and communicated • Health and safety committee ensures there is a forum for issues to be raised as required • Investment in safety facilities (e.g. fire alarms, training software) to ensure compliance

Key risk	Key mitigations
<p>Failure to attract and recruit learners to College offerings</p>	<ul style="list-style-type: none"> • Curriculum review and planning process ensures the College’s offering meets employer and learner needs • Admissions and marketing have agreed targets and are monitored against their achievement • Annual business planning cycle challenges excessively optimistic or pessimistic recruitment ambitions, supported by marketing and labour market intelligence which is centrally sourced and provided to all curriculum leadership • Marketing budget ensures that the College can advertise through all necessary channels • Marketing team ensures that annual approaches are reviewed to reflect current trends

KEY PERFORMANCE INDICATORS

Student achievements

Student performance at Hugh Baird College is strong. Below outlines overall achievement outcomes for all qualifications within Education and Training, Apprenticeship provision and Higher Education and provides some detail on externally graded qualifications.

- The overall achievement rate for young learners is high at 88.2%. This is 1.4 percentage points above the 2023/24 achievement rate and 6.4 percentage points above national rate. It places the College in the top 10% when compared nationally (based on 2023/24 QAR data). Additionally, it demonstrates a 4-year trend of improving performance for this age group.
- The overall achievement rate for adult learners is 90.8%, which is also an increase on the previous year of 2.2 percentage points and 3.8 percentage points above national rate.
- The College has performed strongly across a range of externally examined qualifications including A Levels where achievement is high at 83.9%. This is broadly in line with achievement in 2023/24 and places the College 3.4pp above the national achievement rate for A Level qualifications. Those students on GCSE English and maths qualifications also performed strongly with high grade outcomes (4-9 grade) exceeding national averages for both subjects and age groups (*source- AoC - Post 16 GCSE Results Briefing (August 25)*). Students on Level 2 and Level 3 vocational qualification types performed well when compared nationally with most exceeding national rates. Achievement on T Levels is variable. Overall achievement across these qualifications has seen a 3.5 percentage point decline from 69.4% to 65.9%.
- Apprenticeship achievement in 2024/25 is 65.1%. This is 3.9pp below achievement in 23/24, however, it remains 2.8pp above national rate. This achievement rate places the College in the top 38% when compared nationally (based on the 23/24 QAR).
- Higher Education achievement is 80.8% for 2024/25 which is 8.8 percentage points higher than achievement in 23/24 with no national rate to compare to.

Detailed achievement outcomes across both Education and Training and Apprenticeship provision including how the College has performed across SSAs/Level and EDIMs will be outlined in the College's Self-Assessment Report (SAR – 2024/25).

Attendance

Overall attendance for 2024/25 was 87.1%, which is high and in line with the previous year.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the year the College paid 67% of its invoices within 30 days of receipt. The College incurred no interest charges in respect of late payment for this period.

STREAMLINED ENERGY AND CARBON REPORTING

The College is committed to reducing its carbon emissions, and has taken the following measures in the year to improve energy efficiency:

- Measure 1 – Installation of solar panels
- Measure 2 – Installation of new windows
- Measure 3 – Installation of LED lighting at the South Sefton College Campus

The College's greenhouse gas emissions and energy use for the year are set out as follows:

UK Greenhouse gas emissions and energy use data for the year	Year ended 31/07/25	Year ended 31/07/24	Year ended 31/07/23
Energy consumption used to calculate emissions (kWh)			
Scope 1 emissions in metric tonnes CO₂e			
Gas consumption	665.9	723.8	657.6
Owned transport	2.9	6.2	5.0
Total	668.8	730.0	662.6
Scope 2 emissions in metric tonnes CO₂e			
Purchased Electricity	386.2	469.6	439.3
Scope 3 emissions in metric tonnes CO₂e			
Business travel in employee-owned vehicles	5.4	5.2	5.7
Total gross emissions in metric tonnes CO₂e	1,060.4	1,204.8	1,107.7
Intensity ratio			
Metric tonnes CO ₂ e per FTE staff member	2.5	2.88	2.64

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Governments Conversion Factors for Company Reporting.

Intensity Ratio

The chosen intensity measure ratio is tonnes CO₂ per staff member.

EQUALITY & DIVERSITY

Equal Opportunities

The College is committed to providing a learning and work environment free from direct or indirect discrimination, harassment, or victimisation where all members of our community are treated with respect and dignity and valued for their contribution and individuality. We believe in inclusivity and opportunity for all students, staff and the wider community and recognise the key role education has in helping to transform society for the benefit of individuals and communities.

Through its Equality, Diversity & Inclusion Policy, and action plans, the College is committed to:

- Ensuring that people are treated equally regardless of their identification with one or more of the protected characteristics, including those who identify as transgender, non-binary and gender fluid, socio-economic background, family responsibilities, or other appropriate distinction.
- Taking a zero-tolerance approach to discrimination, victimisation, harassment, or any other prohibited conduct of any kind by any party. Behaviour found to be in breach of this policy will be addressed in accordance with the relevant College Policy.
- Being proactive in all matters relating to equality, diversity, and inclusion, valuing and celebrating the richness brought by a diverse population of staff, students, and partners.
- Developing and improving our responses and learning provision to under-represented groups to increase participation and improve community cohesion.
- Developing responses to address social and economic disadvantage, developing and delivering projects that seek to engage hard to reach learners.
- Narrowing the gaps in achievement between different groups of learners by providing timely support to enable curriculum teams to respond positively to under-achievement.
- Ensuring our learners are well-equipped with the skills and knowledge to live and work in a diverse and multi-cultural society through the delivery of teaching, learning and enrichment activities that positively represents different groups within society, improves group cohesion and values diverse contribution.

- Ensuring the principles of equality, diversity and inclusion are applied consistently across all aspects of teaching, learning and assessment, including admissions, student services and learner support.
- Ensuring the principles of equality, diversity and inclusion are applied to recruitment, redeployment, staff development and promotion, to ensure that all individuals are encouraged to achieve their full potential.

The College publishes an annual Equality and Diversity Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The report reviews our progress over the last year in relation to equality and diversity and is one of the ways we make visible how we are meeting our obligations to recognise diversity and promote equality. The report reflects the work of the College within our diverse communities as well as reporting key equality data/information.

Gender Pay Gap Reporting

The College publishes on its website an annual Gender Pay Gap report which meets its obligations under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The latest report published provides the required analysis of data on the snapshot date of 31 March 2024. This report was approved at Full Corporation on 26 March 2025 and is available via the College's website.

Employment of Disabled Persons

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

Disability Statement

The College publishes on its website a Disability Statement, setting out the range of support and facilities available for learners with a physical or sensory impairment, mental health or physical related disability, or specific learning disability. The leaflet is available in different formats including large print, audio tape and braille.

100% of the College accommodation used for curriculum delivery is accessible by wheelchair users and a range of specialist equipment and assistive technology is available for use by students.

The Learner Support Team makes detailed assessments of learners' support needs to provide appropriate support.

The College has made a significant investment in the appointment of staff to support learners with learning difficulties and/or disabilities. There is a team of Learning Support Assistants and Personal Support Assistants who provide support for learning. In addition,

there is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.

Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.

The student POD provides a central place for all students to get information and advice on a wide range of pastoral and welfare matters during their time at the College.

Trade Union Facility Time

As part of the Trade Union (Facility Time Publication Requirements) Regulations 2017, which took effect from 1st April 2017, we are required to publish information on trade union facility time. Employers that are in scope must publish the required information relating to the 12-month relevant period. The relevant period is the 12 months from 1 April 2024 to 31 March 2025.

Hugh Baird College recognises the following trade unions for the purpose of collective bargaining:

- NASUWT and NEU for teaching staff
- UCU for lecturing and management spine staff
- UCU and NEU for management spine staff
- UNISON and UNITE for support staff

For the year from 1 April 2024 to 31 March 2025 the following applies:

Number of employees who were relevant trade union officials:	
Headcount	5
FTE	4.4
Percentage of time spent on facility time	3.8%
Total cost of facility time	£6,672
Total Pay Bill (1st April 2023 to 31 st March 2024)	£11,388,233
Percentage of total pay bill spent on facility time	0.058%
Time spent on paid trade union activities as a percentage of total paid facility time hours	0%

GOING CONCERN

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

EVENTS AFTER REPORTING PERIOD

There were no adjusting or non-adjusting events identified between the reporting date and the date on which these financial statements were authorised for issue. The absence of post-period events indicates that no circumstances arose which would require amendments to the reported financial position, the results for the period, or additional disclosures. Consequently, the financial statements reflect conditions existing at the reporting date without subsequent material developments.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on **17th December 2025** and signed on its behalf by:

Signed by:

CEA524295D18446...

K Kirkwood
Chair of the Corporation
17th December 2025

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

In carrying out its responsibilities, the College takes full account of the Further Education Code of Good Governance (the Code), revised by the Association of Colleges (AoC) in 2024 to ensure alignment with the unique challenges and opportunities faced by Further Education institutions. The old Code was retired on 31 July 2024 and fully withdrawn on 31 December 2024. The Code does not set 'must do' provisions, instead focussing on the fundamental pillars of effective governance with six overarching governance principles, with the Board outlining compliance or explaining any deviation:

1. Determination of aims and strategic oversight
2. Responsibility and accountability
3. Leadership and integrity
4. Collaboration and stakeholder engagement
5. Regulatory compliance
6. Board and organisational effectiveness

On 27 March 2019 the Corporation resolved to approve the AoC Senior Staff Remuneration Code as an annex to the Code of Good Governance for English Colleges for implementation from 1 September 2019.

Compliance with the Code has been reviewed for 2024/25, with all provisions evidenced.

The College 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.

The Corporation

The members who served on the Corporation during the year are listed in the table below.

	Date of Latest Appointment	Current Term of Office	Date of resignation / end of term of office	Status	Committee Served	Attendance 2024/2025
Paul Cherpeau	25/06/25	4 years First appointed 12/07/21	24/06/29	Independent Governor	Chair of Search & Governance Committee, Member of Quality & Standards Committee and Remuneration Committee	12/14 (86%)
Diane Flynn	08/01/25	1 year (probation period)	07/01/26	Staff Governor (Teaching)	Quality & Standards Committee	4/5 (80%)
Robert Gaskell	01/08/24	4 years	17/07/25 (resigned)	Independent Governor	Finance & Resources Committee	8/9 (89%)
Andrew Gibbons	30/11/21	4 years First appointed 01/12/17	29/11/25	Vice Chair of the Corporation	Vice Chair of the Corporation; Chair of Finance & Resources Committee; Member of Remuneration Committee	11/11 (100%)
Ruth Harding-Quinn	25/06/25	4 years First appointed 12/07/21	24/06/29	Independent Governor	Chair of Audit Committee, member of Higher Education Committee and Remuneration Committee	12/13 (92%)
Rachael Hennigan	03/02/20	N/A	N/A	Principal & Chief Executive	Member of Quality & Standards; Higher Education; Finance & Resources & Search & Governance	19/21 (90%)
Danyella Johnston	01/01/25	1 year (probation period)	31/12/25	Independent Governor	Member of Quality & Standards Committee	5/6 (83%)

Kerry Kirkwood	31/12/23	4 years	31/12/27	Independent Governor	Chair of Corporation (from June 2025), Chair of Quality & Standards Committee, member of Search & Governance Committee and Remuneration Committee	14/16 (88%)
Robin Leatherbarrow	01/09/24	4 years	31/08/28	Independent Governor	Chair of Higher Education Committee (from June 2025)	7/8 (88%)
Chris Lyons	01/09/24	4 years	31/08/28	Independent Governor	Member of Quality & Standards Committee	7/9 (78%)
Lisa Pearson	01/01/25	1 year (probation period)	31/12/25	Independent Governor	Member of Audit Committee	3/4 (75%)
Lydia Redican	16/10/22	4 years First appointed 17/10/18	15/10/26	Independent Governor	Vice-Chair, member of Audit Committee and Remuneration Committee	5/10* (50%)
Kevin Rice	20/11/21	4 years First appointed 21/11/17	19/11/25	Staff Governor (Business Support)	Member of Finance & Resources Committee	4/9 (44%)
Jas Samra	01/09/24	4 years	31/08/28	Independent Governor	Member of Audit Committee	6/8 (75%)
Geraldine Sloan	30/08/24	1 year First appointed 23/05/12 and served until 22/05/16 Formally reappoint	29/06/25	Chair of Corporation	Chair of Corporation; Member of Finance & Resources Committee; Remuneration Committee & Search & Governance Committee	12/12 (100%)

		ed 01/09/19 Third term 31/08/20				
Lynsey Unsworth	01/09/24	4 years	31/08/28	Independent Governor	Member of Finance & Resources Committee	6/9 (67%)
Joe Yates	19/10/22	4 years	01/11/25 (resigned)	Independent Governor	Chair of Higher Education Committee (until June 2025) & Member of Remuneration Committee	8/10 (80%)
Alison Stokes	24/10/24	1 year	End of study June 2025	Student Governor	Member of Higher Education Committee	2/7 (29%)
Nadia Madajewska	24/10/24	1 year	End of study June 2025	Student Governor	Member of Quality & Standards Committee	1/7 14%

*A formally approved leave of absence for L Redican impacted on their ability to attend Committee and Corporation meetings for a period through the financial year.

Members' terms of office vary between one and four years. All initial appointments are for one year which may be extended to a full four-year term upon successful completion of a probationary review with the Chair of the Corporation. As set out in the Instrument and Articles of Government, the Corporation will have no more than 20 and no less than 10 members alongside the Principal and Chief Executive, two members of staff and two students. As of 1 November 2025, there were 11 independent Governors, two staff Governors and the Principal and Chief Executive on the Corporation Board.

The Chair of the Corporation, Geraldine Sloan, term of office came to an end in June 2025. Subsequently, following recruitment to the role, Kerry Kirkwood, an existing independent Governor on the Board, was appointed as Chair of the Corporation in July 2025.

The Governance Framework

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 College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met four times during the year 2024/25, with one additional extraordinary meeting and a strategic planning day.

The Corporation conducts its business through several committees. Each committee has terms of reference, which have been approved by the Corporation. In 2024/2025 these committees were Finance and Resources Committee, Audit Committee, Quality and Standards Committee, Higher Education Committee, Remuneration Committee and Search and Governance Committee.

Full minutes of all meetings, except those in draft and deemed to be confidential by the Corporation, are available on the college's website (www.hughbaird.ac.uk) or from the Director of Governance at the college's registered address.

Hugh Baird College
Balliol Road
Bootle
L20 7EW

The Director of Governance maintains a register of financial and personal interests of the governors which is requested and, where required, updated annually. The registers are available for review via contact with the Director of Governance.

All governors can take independent professional advice in furtherance of their duties at the college's expense and have access to the Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance 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 provided on an ad hoc basis to Governors on relevant matters and updates. 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.

During 2024/25 the Corporation and its Committees held scheduled meetings on a hybrid basis with some meetings being fully online. All meetings achieved quorum, and all papers were sent out electronically within the 7-day rule found in the Instrument and Articles.

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

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is

responsible for ensuring that appropriate training is provided as required and the Director of Governance delivers detailed induction sessions for all new governors.

Members of the Corporation are appointed for a term of office not exceeding four years. Each member can serve the equivalent of two consecutive four-year terms of office with a third four-year term (maximum 12 years by exception). The Chair agreed to serve an additional one-year term following the end of their second term 31 August 2024 to support the Corporation as it transitioned with several Governors leaving the Corporation. This additional one-year term ended 29 June 2025 at which time a new Chair was duly appointed. Since 31 July 2024, seven new governors were appointed, five starting from September 2024 and two from January 2025.

Corporation performance

An internal Governance Review was completed by the Interim Director of Governance for 2024/25, with a self-assessment undertaken by the Corporation, seeking feedback on all aspects of governance, including induction and training. Due to the interim nature of the Director of Governance, the outcome of the survey was reported to the Corporation at its meeting in December 2025. With the permanent Director of Governance in post from October 2025, the next internal governance review would be completed before the end of the academic year.

Highlights from the Review included:

- A high level of engagement and commitment from Governors, with sustained support for the College.
- Clear understanding of the role of a Governor versus that of College leadership.
- Governor commitment to, and understanding of safeguarding, is strong.
- Equality, Diversity and Inclusion was fully supported and led by the Corporation.

Areas for improvement were also identified, including the need to strengthen finance and audit skills and understanding throughout the Board, the need for a permanent Director of Governance to support the Corporation in discharging its responsibilities effectively and greater focus on Governor succession planning and training and development.

A subsequent Governance Improvement Plan is to be developed and implemented through 2025/26 to further bolster the areas that the Corporation is working well in and to address those where it would benefit from greater focus. This will be developed by the Director of Governance, in conjunction with the Chair of the Corporation and the Principal and CEO. This will also incorporate recommendations made as part of the 2023/24 External Governance Review to ensure governance is robust across all aspects of the College and Corporation. Progress against the Governance Improvement Plan will be shared with the Corporation on a termly basis.

Governor training during 2024/25

Audit Committee

- Global Internal Audit Standards in the UK Public Sector
- Employment Rights Bill

Finance and Resources Committee

- Pensions Accounting – Assumptions and Other Considerations (including Audit Compliance)
- Business Planning 2025/26

Quality and Standards Committee

- Strong Start & Personal Development

Full Corporation

- Managing Key Risks
- Self-Assessment Process

Strategic Planning Day

- Growth
- AI In Education
- Learning Walks

All new Governors are provided with induction training sessions with the Director of Governance.

Remuneration Committee

Throughout 2024/25 the College's Remuneration Committee comprised the Chairs of the Corporations committees. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

The College has adopted the AoC's Senior Remuneration Code with effect from September 2019 and complies with its requirements. The Corporation's policy statement for 2024/25 was reviewed at its Remuneration Committee in October 2024 with no changes made.

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

Principal and Chief Executive's Earnings for 2024/25

The current value for the College of the pay multiple of the Principal and Chief Executive's earnings against the median of all staff, plus details of how this indicator has changed over an extended of period time is stated as:

	2025	2024	2023
Principal's basic salary as a multiple of the median of all staff	4.81	4.89	4.95
Principal and CEO's total remuneration as a multiple of the median of all staff	5.10	5.13	5.22

Institutional Performance and Performance Related Pay

The Corporation's Senior Postholder Remuneration Policy Statement stipulated that the Corporation will not make any performance-related or bonus pay awards for senior postholders.

Payment of Expenses

The Corporation has approved an expenses policy for all staff including senior postholders and this is detailed within Financial Regulations. Payment of expenses to governors and senior postholders is set out in Financial Regulations and the amounts paid during 2024/25 are detailed in note 18.

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

Audit Committee

Through 2024/25 the Audit Committee comprised up to four members of the Corporation (excluding the Accounting Officer and Chair of the Corporation) and a co-optee. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets three times a year and provides a forum for reporting by the college's internal auditors, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of college management. The Committee also receives and considers reports from the main FE funding bodies as they affect the college's business.

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

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

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

The Audit Committee met three times in the year to 31 July 2025. The members of the committee and their attendance records are shown below.

Committee member	Meetings attended
R Harding-Quinn	3/3
J Samra	2/3
L Redican	1/3*
L Pearson	1/2
D Johnston	1/1

*A formally approved leave of absence for L Redican impacted on their ability to attend Committee and Corporation meetings for a period through the financial year.

Search and Governance Committee

During 2024/25 Search and Governance Committee met three times and fulfilled its terms of reference in relation to advising the Corporation on all matters relating to its composition and the development of best practice. Minutes of all meetings (excluding confidential discussions with applicants) are available on the college website. During 2024/25 the Committee advised the Corporation on targeted recruitment, recommended processes for appointments, reviewed role descriptions and overall Corporation governance performance.

Going forward, the Corporation has agreed to combine the Search and Governance Committee and Remuneration Committee into one, new Committee; the Governance, Search and Remuneration Committee. The terms of reference and work plan for the Committee were approved at its inaugural meeting 26 November 2025.

Finance and Resources Committee

During 2024/25 Finance and Resources Committee met four times and scrutinised and challenged management reports on the College’s financial position at each meeting. Each of the meetings focused on the efficient and effective use of resources, the solvency of the institution and the progress of the budget. Consideration was also given to draft estimates of income and expenditure for 2025/26 before being approved by the Corporation in June 2025.

Quality and Standards Committee

The Quality and Standards Committee met four times during 2024/25 and has terms of reference approved by the Corporation. The Committee agrees an annual schedule of

business at its first meeting each academic year. In 2024/25 the Committee reviewed and approved several student-facing policies, in addition to closely monitoring and challenging the intent, implementation and impact of the curriculum. Additionally, the Committee scrutinises the College-wide self-assessment report before the final report is submitted for Board approval in December.

Higher Education Committee

The Higher Education Committee met three times during 2024/25. It has terms of reference approved by the Corporation. The Committee agrees an annual schedule of business at its first meeting each academic year. The Committee receives regular reports on financial sustainability and detailed reports relating to the Higher Education Strategy, student experience, standards and Office for Student (OfS) compliance and risks.

Internal control

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

The Corporation has delegated the day to day responsibility to the Principal and Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between the College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

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

Risks faced by the Corporation

The Corporation has approved a Risk Management Policy which sets out the structures and processes for identifying, evaluating and managing risks faced by the College. A Strategic Risk Register is maintained at the College level, which is reviewed regularly by the Audit Committee and annually by the Corporation. The Strategic Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The risks identified and managed through this process inform the principal risks as set out in the Strategic Report.

Control weaknesses identified

Through the internal audit reviews the Corporation has received reports and assurances of the effectiveness of controls which are in place at the College to safeguard the assets and ensure effective use of resources. There have been no significant control weaknesses or failures identified in the year.

Responsibilities under accountability agreements

The College has reviewed its policies, procedures and approval processes in line with the 2024/25 College Finance Handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the audit committee

The Audit Committee has advised the Board of Governors that the Corporation has an effective framework for governance, risk management and internal control in place. This opinion is supported by the 2024/25 annual report of the internal audit partner RSM UK Risk Assurance Services LLP.

The specific areas of work undertaken by the audit committee in 2024/25 and up to the date of the approval of the financial statements were:

- Retention and Staff Sickness Absence
- Commercial Operations
- Bursary Process
- Student Records Testing - Apprenticeships
- Follow – up

Draft reports for each of these reviews were considered by members of the College Management Teams, whose responses to the audit recommendations and details of their implementation, where applicable, were included in the final reports.

The audits of Commercial Operations and Bursary Process resulted in reasonable assurances; the Retention and Sickness Absence review resulted in substantial assurance. The Student Records Testing review was to test compliance. The Follow Up audit resulted in good progress being made.

The overall internal audit opinion for 2024/25 is reasonable assurance, with the College deemed as having an adequate and effective framework for risk management, governance and internal control. However, further enhancements to the framework of risk management, governance and internal control can be made to ensure it remains adequate and effective.

RSM's Governance opinion has been informed by several assignments that have considered the College's governance arrangements, as above, as well as attendance at Audit Committee. RSM's Risk Management opinion has been informed by assessment of the College's risk mitigation procedures as part of the risk-based assignments completed as part of the 2024/25 internal audit plan, alongside attendance at Audit Committee.

The internal audit service opinions from all audits have been used in forming the Committees opinion on the adequacy and effectiveness of the Colleges audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness. All audits have included reference to the College's system of controls published in relevant policies procedures and the College's detailed scheme of Financial Regulations.

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for Colleges subject to funding audit) in their external auditor's auditor finding report (management letter) and other reports.
- The regularity self-assessment questionnaire

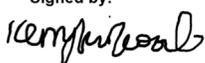
The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

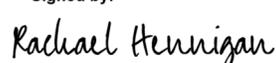
The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2025 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2025.

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

Approved by order of the members of the Corporation on 17th December 2025 and signed on its behalf by:

Signed by:

CEA524295D18446...

Kerry Kirkwood
Chair

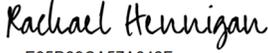
Signed by:

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Rachael Hennigan
Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

I can confirm that no instances of material irregularity, impropriety or noncompliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Governors and DfE.

Signed by:

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R Hennigan
Accounting Officer
Principal and Chief Executive

Date: 17th December 2025

STATEMENT OF 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.

Signed by:

CEA524295D18446...

Kerry Kirkwood
Chair of Governors

Date: 17th December 2025

STATEMENT OF THE 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 accountability agreements and contracts with ESFA and DfE, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, DfE's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

In preparing the financial statements, the Corporation is required to:

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

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

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities. The Corporation is responsible for the maintenance and integrity of its websites; the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from

DfE and any other public funds are used only in accordance with grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funds, including that any transactions entered into by the Corporation, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the Board of Governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from DfE, ESFA, and other public bodies are not put at risk.

Approved by order of the members of the Corporation on **17th December 2025** and signed on its behalf by:

Signed on behalf of the Corporation

Signed by:

CEA524295D18446...

Kerry Kirkwood
Chair of the Corporation

Independent Auditors Report on the Financial Statements

Opinion

We have audited the financial statements of Hugh Baird College (the parent 'College') and its subsidiary companies (the 'Group') for the year ended 31 July 2025 which comprise the Consolidated Statement of Comprehensive Income, the Statement of Changes in Reserves, the Group and College Balance Sheets, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and College's affairs as at 31 July 2025, and of its income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS Accounts Direction').

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the following matters in relation to which the Regulatory Advice 9: Accounts Direction issued by the Office for Students requires us to report to you if, in our opinion:

- where applicable, funds from whatever source administered by the provider for specific purposes have not been properly applied to those purposes and managed in accordance with relevant legislation; or
- where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Department for Education have not been applied in accordance with the relevant terms and conditions; or
- the requirements of the OfS's accounts direction have not been met; or
- the provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the College's expenditure on access and participation activities for the financial year has been materially misstated

Responsibilities of the Corporation

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

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group and 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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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.

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

- Extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the Group and College, the environment in which it operates, and the control procedures implemented by management and the Corporation; and

- Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

Based on our understanding of the Group and College and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the College's operations;
- Compliance with the Framework and Guide for External Auditors and Reporting Accountants of Colleges 2024-25;
- Compliance with the requirements of the Department for Education, and the Office for Students; and
- Compliance with the requirements of the Office for Standards in Education

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Framework and Guide for External Auditors and Reporting Accountants of Colleges 2024-25.

We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

Posting inappropriate journal entries

Audit response to the risks identified

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, the Office for Students and the Office for Standards in Education;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; and
- evaluating rationale of any significant transactions that are unusual or outside the normal course of business. In testing these journals we looked at the following areas:
 - o Prepayments and Accrued Income
 - o Deferred Capital Grants
 - o Accruals and Deferred Income

- o Wages and Salaries
- o Bad debt Provision

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by Department for education and our engagement letter.

Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

0575527041FA406...

WBG (Audit) Limited
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date: 17th December 2025

Independent Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Hugh Baird College and Secretary of State for Education, through the Department for Education

In accordance with the terms of our engagement letter dated 5th August 2025 and further to the requirements of the Department for education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Hugh Baird College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

Respective responsibilities of Hugh Baird College and the reporting accountant

The Corporation of Hugh Baird College is responsible, under the requirements of the corporations accountability agreement with the Secretary of State for education and the College Financial handbook, the Further and 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 that govern them.

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

Approach

We conducted our engagement in accordance with the Code issued by the DfE. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

Conclusion

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

Signed by:

0575527041FA406...
WBG (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Date: 17th December 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE PERIOD FROM 1 AUGUST 2024 TO 31 JULY 2025

	Notes	Year ended 31 July 2025		Year ended 31 July 2024 (As restated)	
		Group £'000	College £'000	Group £'000	College £'000
<u>Income</u>					
Funding body grants	2	24,731	22,453	23,931	21,756
Tuition fees and education contracts	3	4,684	4,042	4,825	3,801
Other income	4	1,249	1,100	1,336	1,112
Investment income	5	112	112	104	104
Total Income		<u>30,776</u>	<u>27,707</u>	<u>30,196</u>	<u>26,773</u>
<u>Expenditure</u>					
Staff costs	6	21,756	20,289	18,883	17,574
Other operating expenses	7	7,606	6,091	9,281	7,747
Interest payable	8	60	60	94	68
Depreciation	9	2,547	2,187	2,512	2,143
Total expenditure		<u>31,969</u>	<u>28,627</u>	<u>30,770</u>	<u>27,532</u>
Deficit before gains and losses		(1,193)	(920)	(574)	(759)
Deficit before tax		(1,193)	(920)	(574)	(759)
Taxation		-	-	-	-
Deficit for the year		(1,193)	(920)	(574)	(759)
Actuarial (loss) in respect of pension schemes	15	(402)	(323)	(383)	(309)
Total Comprehensive (Loss) for the year		(1,595)	(1,243)	(957)	(1,068)

STATEMENT OF CHANGES IN RESERVES (GROUP AND COLLEGE)

GROUP

	Note	Income and expenditure account £'000	Revaluation reserve	Total £'000
<u>Balance at 1st August 2023 as previously reported</u>		<u>17,775</u>	<u>995</u>	<u>18,770</u>
Prior year adjustment	20	(390)		(390)
Restated balance at 1st August 2023		<u>17,385</u>	<u>995</u>	<u>18,380</u>
Deficit from the income and expenditure account		(526)	-	(526)
Other comprehensive expenditure		(383)	-	(383)
Transfers between revaluation and income and expenditure reserves		59	(59)	-
Total comprehensive income / (deficit) for the year as previously reported		<u>(850)</u>	<u>(59)</u>	<u>(909)</u>
Balance at 31st July 2024		<u>16,535</u>	<u>936</u>	<u>17,471</u>
Prior year adjustment	20	(48)	-	(48)
<u>Balance at 31st July 2024 (restated)</u>		<u>16,487</u>	<u>936</u>	<u>17,423</u>
Deficit from the income and expenditure account		(1,193)	-	(1,193)
Other comprehensive expenditure		(402)	-	(402)
Transfers between revaluation and income and expenditure reserves		59	(59)	-
Total comprehensive income for the year		<u>(1,536)</u>	<u>(59)</u>	<u>(1,595)</u>
<u>Balance at 31st July 2025</u>		<u>14,951</u>	<u>877</u>	<u>15,828</u>

**STATEMENT OF CHANGES IN RESERVES
HUGH BAIRD COLLEGE**

	Note	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
<u>Balance at 1st August 2023 as previously reported</u>		<u>17,357</u>	<u>995</u>	<u>18,352</u>
Prior year adjustment	20	(390)	-	(390)
<u>Restated Balance at 1st August 2023</u>		<u>16,967</u>	<u>995</u>	<u>17,962</u>
Deficit from the income and expenditure account		(407)	-	(407)
Other comprehensive expenditure		(309)	-	(309)
Transfers between revaluation and income and expenditure reserves		59	(59)	-
Total comprehensive income / (deficit) for the year as previously reported		(657)	(59)	(716)
<u>Balance at 31st July 2024</u>		<u>16,310</u>	<u>936</u>	<u>17,246</u>
Prior year adjustment	20	(352)	-	(352)
<u>Restated Balance at 31st July 2024</u>		<u>15,958</u>	<u>936</u>	<u>16,894</u>
Deficit from the income and expenditure account		(920)	-	(920)
Other comprehensive expenditure		(323)	-	(323)
Transfers between revaluation and income and expenditure reserves		59	(59)	-
Total comprehensive income for the year		(1,184)	(59)	(1,243)
<u>Balance at 31st July 2025</u>		<u>14,774</u>	<u>877</u>	<u>15,651</u>

Consolidated Balance Sheet

	Notes	Year ended 31 July 2025		Year ended 31 July 2024 (As restated)	
		Group £'000	College £'000	Group £'000	College £'000
<u>Fixed assets</u>					
Tangible assets	9	36,077	33,793	36,281	33,680
<u>Current assets</u>					
Debtors	10	1,774	1,168	1,394	755
Cash at bank and in hand	14	<u>1,473</u>	<u>1,471</u>	<u>3,267</u>	<u>2,855</u>
Total current assets		3,247	2,639	4,661	3,610
Creditors: amounts falling due within one year	11	<u>(5,644)</u>	<u>(4,591)</u>	<u>(6,202)</u>	<u>(5,038)</u>
Total net current (liabilities)		<u>(2,393)</u>	<u>(1,952)</u>	<u>(1,540)</u>	<u>(1,428)</u>
Total assets less current liabilities		<u>33,680</u>	<u>31,841</u>	<u>34,741</u>	<u>32,252</u>
Creditors: amounts falling due after more than one year	12	(17,852)	(16,190)	(17,317)	(15,358)
Net assets excluding pension liability		15,828	15,651	17,423	16,894
Net pension liability	15	-	-	-	-
Net assets including pension liability		<u>15,828</u>	<u>15,651</u>	<u>17,423</u>	<u>16,894</u>
<u>Reserves</u>					
Revaluation reserve		877	877	936	936
Income & expenditure account		14,951	14,774	16,487	15,958
Pension reserve		-	-	-	-
Total		<u>15,828</u>	<u>15,651</u>	<u>17,423</u>	<u>16,894</u>

The financial statements on pages 50 to 77 were approved by the Corporation on 17th December 2025 and were signed on its behalf by:

Signed by:

 CEA524295D18446
 K. Kirkwood
 Chair of the Corporation

Signed by:

 E05D39CA57A642F...
 R Hennigan
 Principal and Chief Executive

STATEMENT OF CONSOLIDATED CASHFLOWS

FOR THE PERIOD FROM
1 AUGUST 2024 TO 31 JULY 2025

		Year ended 31 July 2025		Year ended 31 July 2024 (As restated)	
		Group £'000	College £'000	Group £'000	College £'000
Cash flows from operating activities:					
Deficit for the year		(1,193)	(920)	(574)	(759)
Adjustment for non-cash items					
Depreciation	9	2,547	2,187	2,512	2,143
(Increase)/decrease in debtors	10	(380)	(413)	97	56
(Decrease) / Increase in creditors due within one year	11	(539)	(493)	298	130
(Decrease) / increase in creditors due after one year	12	939	1165	(1,161)	(744)
Pensions costs less contributions payable	15	(402)	(323)	(383)	(309)
Adjustment for investing or financing activities					
Investment income	5	(112)	(112)	(104)	(104)
Interest payable	8	60	60	94	68
Net cash flow from operating activities		<u>920</u>	<u>1,151</u>	<u>779</u>	<u>481</u>
Cash flows from investing activities					
Investment income	5	112	112	104	104
Payments to acquire fixed assets	9	(2,343)	(2,300)	(1,442)	(1,425)
		<u>(2,231)</u>	<u>(2,188)</u>	<u>(1,338)</u>	<u>(1,321)</u>
Cash flows from financing activities					
Interest paid	8	(60)	(60)	(94)	(68)
Repayments of amounts borrowed	11,12	(423)	(287)	(339)	(275)
		<u>(483)</u>	<u>(347)</u>	<u>(433)</u>	<u>(343)</u>
Decrease in cash and cash equivalents in the year		(1,794)	(1,384)	(992)	(1,183)
Cash and cash equivalents at the beginning of the year		3,267	2,855	4,259	4,038
Cash and cash equivalents at the end of the year		<u>1,473</u>	<u>1,471</u>	<u>3,267</u>	<u>2,855</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1ST AUGUST 2024 TO 31ST JULY 2025

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

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

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

Basis of Accounting

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

Basis of Consolidation

The Group financial statements consolidate the financial statements of the College and its subsidiaries (see note 20). The financial statements of all companies in the group have been prepared to 31 July 2025.

Going concern

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

The College had £1,158k of loans outstanding with bankers at 31/07/25 on terms negotiated in 2013. The terms of the existing agreement extend to the end of term, with full repayment scheduled by 2028. The College’s forecasts and financial projections indicate that operations will continue within the existing facility and covenants for the duration of the repayment period.

Accordingly, the Group and College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future,

and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

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.

Government revenue grants including funding body recurrent grants are recognised in line with best estimates for the period for what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

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

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

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

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded.

Post Employment Benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). 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 College, in such a way that the pension cost is a substantially level percentage of current and future

pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

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

Merseyside Pension Fund (MPF)

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

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

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

Short Term Employment Benefits

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

Tangible Fixed Assets

a) Land and Buildings

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at their valuation at the time of incorporation.

Freehold land is not depreciated. Freehold buildings are depreciated over the expected useful economic life to the College or 40 years, whichever is the shorter.

Where land and buildings are acquired or modified with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

b) Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Inherited equipment has been fully depreciated. All other equipment is depreciated over its useful economic life on a straight-line basis as follows:

	Hugh Baird College	Subsidiary
Motor vehicles and general equipment	10 years	5 years
Computer equipment	5 years	3 years

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

Leased assets

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

Maintenance of Premises

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

Taxation

The College 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 College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The subsidiary is made up of 2 companies. North West Training Council (“NWTC”) is a charity, exempt from UK Corporation tax on its charitable activities. Its subsidiary, NWTC Commercial Services, does not have charitable status and is therefore not exempt from Corporation tax.

Provisions and contingent liabilities

Provisions would be recognised when:

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

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

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

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

Cash and cash equivalents

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 19 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying accounting policies

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

- Determine whether leases entered into by the Group and College either as a lessor or a lessee are operating or finance lease. 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 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 are depreciated over their useful economic lives considering residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assigning asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, and remaining life of the asset and projected disposal values.
- The present value of the Merseyside 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 the pensions include the discount rate. Any changes in these assumptions, which are disclosed at note 15, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. FUNDING BODY GRANTS

	Year ended 31 July 2025		Year ended 31 July 2024 (As restated)	
	Group £'000	College £'000	Group £'000	College £'000
DfE Recurrent Grant (16-18)	13,317	13,317	12,879	13,231
DfE/LCR Recurrent Grant (Adults)	3,297	3,297	3,373	3,332
DfE Apprentices	4,920	2,864	4,645	2,463
Release of deferred capital grants	1,403	1,181	1,451	1,157
DfE PCDL	113	113	116	116
DfE Thornton LLDD	627	627	627	627
WEX Capital Funding	-	-	42	42
Teachers Pension	1,054	1,054	788	788
	<u>24,731</u>	<u>22,453</u>	<u>23,931</u>	<u>21,756</u>

3. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
UK Further Education Students	592	63	947	36
UK Higher Education Students	2,522	2,409	2,843	2,730
OFS Income	272	272	297	297
	<u>3,386</u>	<u>2,744</u>	<u>4,087</u>	<u>3,063</u>
LEA	440	440	101	101
Advanced Learner Loans	154	154	94	94
Thornton – Sefton MBC	704	704	544	544
	<u>4,684</u>	<u>4,042</u>	<u>4,825</u>	<u>3,801</u>

Details of sources of Higher Education funding body grants and tuition fees

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Grant income from the Office for Students	272	272	297	297
Fee income for taught awards	2,409	2,409	2,730	2,730
	<u>2,681</u>	<u>2,681</u>	<u>3,027</u>	<u>3,027</u>

4. OTHER INCOME

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Sales and other income	<u>1,249</u>	<u>1,100</u>	<u>1,336</u>	<u>1,112</u>

5. INVESTMENT INCOME

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Interest receivable	<u>112</u>	<u>112</u>	<u>104</u>	<u>104</u>

6. STAFF NUMBERS AND COST

The average number of persons (including senior post holders) employed by the College during the year, expressed as full-time equivalents was:

	2025 Numbers		2024 Numbers	
	Group	College	Group	College
Teaching Staff	206	192	219	203
Non-Teaching Staff	<u>258</u>	<u>233</u>	<u>242</u>	<u>215</u>
	464	425	461	418

	2025		2024	
	Group £'000	College £'000	Group £'000	College £'000
Staff costs for the above persons:-				
Wages and Salaries	16,641	15,310	14,796	13,488
Social Security Costs	1,750	1,643	1,333	1,333
Other Pension Costs	3,365	3,336	2,753	2,753
Total Staff Costs	<u>21,756</u>	<u>20,289</u>	<u>18,882</u>	<u>17,574</u>

The College / College group paid 8 severance payments in the year, disclosed in the following bands:

£0-£25,000	8
£25,001-£50,000	0
£50,001-£100,000	0
£150,000+	0

Included in staff restructuring costs are special severance payments totalling £88,669 (2023/24: £35,407).

The number of staff, including senior post-holders (shown in brackets) and the Principal and Chief Executive who is also the accounting officer, who received emoluments, excluding pension contributions and employer contributions to national insurance but including benefits in kind, in the following ranges was:

			Year ended 31 July 2025		Year ended 31 July 2024	
			Group	College	Group	College
			2025		2024	
£40,001	-	£45,000	0(0)	0(0)	1(0)	1(0)
£55,001	-	£60,000	1(0)	1(0)	0(0)	0(0)
£60,001	-	£65,000	1(0)	1(0)	5(0)	5(0)
£65,501	-	£70,000	1(0)	1(0)	0(0)	0(0)
£70,001	-	£75,000	3(0)	3(0)	2(0)	2(0)
£75,001	-	£80,000	0(0)	0(0)	0(0)	0(0)
£80,001	-	£85,000	1(0)	1(0)	0(0)	0(0)
£85,001	-	£90,000	2(0)	1(0)	3(1)	2(1)
£90,001	-	£95,000	0(0)	0(0)	0(0)	0(0)
£95,001	-	£100,000	0(0)	0(0)	0(0)	0(0)
£100,001	-	£105,000	1(1)	1(1)	1(1)	1(1)
£105,001	-	£110,000	0(0)	0(0)	0(0)	0(0)
£110,001	-	£115,000	1(1)	1(1)	0(0)	0(0)
£115,001	-	£120,000	0(0)	0(0)	0(0)	0(0)
£145,001	-	£150,000	0(0)	0(0)	1(1)	1(1)
£150,001	-	£155,000	0(0)	0(0)	0(0)	0(0)
£155,001	-	£160,000	0(0)	0(0)	0(0)	0(0)
£160,001	-	£165,000	1(1)	1(1)	0(0)	0(0)
			12	11	13	12

KEY MANAGEMENT PERSONNEL

Senior post-holders are defined as the Principal and Chief Executive and holders of the other senior posts whom the Corporation have selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Corporation.

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
The number of senior post-holders including the Principal and Chief Executive	4	4	4	4

Senior post-holders' emoluments are made up as follows:

	£	£	£	£
Salaries	426,061	426,061	392,095	392,095
Benefits in kind	-	-	-	-
Pension contributions	<u>164,762</u>	<u>164,762</u>	<u>141,473</u>	<u>141,473</u>
	<u>590,823</u>	<u>590,823</u>	<u>533,568</u>	<u>533,568</u>

The above emoluments include amounts payable to the Principal and Chief Executive (who is the highest paid senior post holder).

	2025	2024
	£	£
Salary	160,244	147,018
Benefits in Kind	-	-
Pension Contributions	67,731	56,412
Total emoluments	227,975	203,430

The pension contributions in respect of the Principal and Chief Executive and senior post holders are in respect of employer's contributions to the Teachers' Pension Scheme and Merseyside Pension Fund and are paid at the same rate as for other employees.

The Corporation adopted the AoC's Senior Staff Remuneration code in July 2019 and assesses pay in line with its principles, this is reviewed annually.

The remuneration package of Senior Postholders, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance.

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

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Principal's and CEO's basic salary as a multiple of the median of all staff	4.81	4.81	4.89	4.89
Principal and CEO's total remuneration as a multiple of the median of all staff	5.10	5.10	5.13	5.13

7. OTHER OPERATING EXPENSES

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Teaching Costs	2,912	2,415	2,948	2,475
Non-Teaching Costs	2,953	2,116	3,698	2,899
Premises Costs	1,741	1,560	2,636	2,373
	<u>7,606</u>	<u>6,091</u>	<u>9,281</u>	<u>7,747</u>

Other operating expenses include:

Auditor's remuneration:

- external audit	59	32	62	26
- external audit (non-audit services)	-	-	7	-
- internal audit	35	35	35	35

Hire of plant and machinery:

- operating leases	275	53	261	54
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Access and Participation Spending (HE)

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Access Investment	451	451	434	434
Financial Support to Students	39	39	39	39
Disability Support	20	20	20	20
Research and Evaluation	10	10	10	10
	<u>520</u>	<u>520</u>	<u>503</u>	<u>503</u>

8. INTEREST PAYABLE

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Pension finance costs (note 15)	-	-	-	-
Other interest payable	3	3	-	-
Bank loan interest payable	57	57	94	68
Total	60	60	94	68

During the period, loan interest of £56,562 (2023/24 £79,141) was paid to Lloyds Bank. The loan is being paid on a fixed rate of 4.2% over a term of 15 years.

9. TANGIBLE FIXED ASSETS (Group)

	Freehold Land and Buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2024	52,222	21,901	74,123
Additions	992	1,351	2,343
Disposals	-	(2)	(2)
At 31 July 2025	<u>53,214</u>	<u>23,250</u>	<u>76,464</u>
Depreciation			
At 1 August 2024	19,622	18,220	37,842
Depreciation Charge	1,929	618	2,547
Disposals	-	(2)	(2)
At 31 July 2025	<u>21,551</u>	<u>18,836</u>	<u>40,387</u>
Net book value at 31 July 2025	<u>31,663</u>	<u>4,414</u>	<u>36,077</u>
Net book value at 31 July 2024	<u>32,600</u>	<u>3,681</u>	<u>36,281</u>

TANGIBLE FIXED ASSETS
(College only)

	Freehold Land and Buildings	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2024	49,539	19,622	69,161
Additions	992	1,308	2,300
Disposals	-	-	-
At 31 July 2025	<u>50,531</u>	<u>20,930</u>	<u>71,461</u>
Depreciation			
At 1 August 2024	18,685	16,796	35,481
Depreciation Charge	1,749	438	2,187
Disposals	-	-	-
At 31 July 2025	<u>20,434</u>	<u>17,234</u>	<u>37,668</u>
Net book value at 31 July 2025	<u>30,097</u>	<u>3,696</u>	<u>33,793</u>
Net book value at 31 July 2024	<u>30,854</u>	<u>2,826</u>	<u>33,680</u>

Land and buildings were valued at incorporation at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local authority at incorporation have been valued by the College on a depreciated replacement cost basis. The College does not have a policy for revaluation.

10. TRADE AND OTHER RECEIVABLES

	Year ended 31 July 2025		Year ended 31 July 2024 (As restated)	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade receivables (net of bad debts provision)	292	77	355	119
Prepayments and accrued income	1,479	1,088	1,039	636
Other receivables	3	3	-	-
	<u>1,774</u>	<u>1,168</u>	<u>1,394</u>	<u>755</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 July 2025		Year ended 31 July 2024 (As restated)	
	Group £'000	College £'000	Group £'000	College £'000
Payments on account	516	516	1,136	1,128
Trade creditors	2,029	1,656	1,687	1,354
Taxation and social security	55	1	288	288
Accruals	890	779	930	751
Holiday pay accrual	215	141	181	107
Deferred income – government capital grants	<u>1,640</u>	<u>1,199</u>	<u>1,662</u>	<u>1,157</u>
	5,345	4,292	5,884	4,785
Bank Loans	299	299	318	253
Creditors falling due within one year	<u>5,644</u>	<u>4,591</u>	<u>6,202</u>	<u>5,038</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year ended 31 July 2025		Year ended 31 July 2024 (As restated)	
	Group £'000	College £'000	Group £'000	College £'000
Deferred income – government capital grants	15,919	14,257	16,053	14,166
Bank Loans	860	860	1,264	1,192
Other creditors	1,073	1,073	-	-
Creditors falling due after more than one year	<u>17,852</u>	<u>16,190</u>	<u>17,317</u>	<u>15,358</u>

13. MATURITY OF DEBT

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans are repayable as follows:				
In one year or less	298	298	351	286
Between one and two years	312	312	299	299
Between two and five years	548	548	932	860
In five or more years	-	-	-	-
	<u>1,158</u>	<u>1,158</u>	<u>1,581</u>	<u>1,445</u>

14. CASH AND CASH EQUIVALENTS

	At 1 August 2024		Cashflows		At 31 July 2025	
	Group £'000	College £'000	Group £'000	College £'000	Group £'000	College £'000
Cash and cash equivalents	<u>3,267</u>	<u>2,855</u>	<u>(1,794)</u>	<u>(1,384)</u>	<u>1,473</u>	<u>1,471</u>

15. DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Wessex Local Government Pension Scheme (LGPS) for non-teaching staff. 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 as at 31 March 2020 and of the LGPS 31 March 2022.

Total Pension Cost for the year	2025	2024
	£'000	£'000
Teachers' Pension Scheme: Contributions paid	2,299	1,900
Merseyside Pension Scheme: Contributions paid	1,184	1,063
FRS 102 (28) charge	-	-
Total Pension Cost for the year within staff costs	3,483	2,963

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the Teachers' Pension Scheme was 31 March 2016, and the Merseyside Pension Scheme was 31 March 2019.

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

TEACHERS' PENSION SCHEME

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared with 16.48% during 2018-19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 202/23 academic year and beyond.

A full copy of the valuation report and supporting documentation can be found on the Teachers’ Pension Scheme website.

The contributions paid to the TPS in the year amounted to £2,991,000 (2024 £2,548,000).

MERSEYSIDE PENSION FUND

The Merseyside Pension Fund (MPF) is a funded defined benefit plan, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2025 was £1,539,000, of which employer’s contributions totalled £1,184,000 and employees’ contributions totalled £355,000. The agreed contribution rate for the year was 20.2% for employers and between 5.5% and 9.9% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	4.0%	4.1%
Rate of increase in pensions	2.6%	2.7%
Discount rate for scheme liabilities	5.9%	4.9%
Inflation Assumption (CPI)	2.5%	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 2025	At 31 July 2024
<i>Retiring Today</i>	<i>Years</i>	<i>Years</i>
Males	20.6	20.8
Females	23.3	23.4
<i>Retiring in 20 years</i>	<i>Years</i>	<i>Years</i>
Males	21.7	22.0
Females	24.7	25.1

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

	2025		2024	
	Long Term rate of Return expected at 31.7.25	Fair Value at 31.7.25 £'000	Long Term rate of Return expected at 31.7.23	Fair Value at 31.7.23 £'000
Equities	42.8%	13,240	41.1%	11,899
Government Bonds	16.1%	4,980	17.5%	5,066
Other Bonds	4.9%	1,516	6.0%	1,737
Property	8.6%	2,660	8.7%	2,519
Cash/Liquidity	7.2%	2,227	5.5%	1,592
Other	20.4%	6,310	21.2%	6,138
Total Market Value of assets		30,933		28,951
Present value of scheme liabilities		(23,716)		(27,394)
Surplus (Deficit) in the scheme		7,217		1,557

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

	2025 £'000	2024 £'000
Fair value of plan assets	30,933	28,951
Present value of plan liabilities	(23,716)	(27,394)
Curtailment of pension surplus	(7,217)	(1,557)
Net pensions asset (liability)	-	-

In accordance with FRS102 paragraph 28.22, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover

the surplus either through reduced contributions in the future or through refunds from the plan. Since the College cannot request a refund of the contributions and cannot at this time confirm that there will be any reductions in future contributions payable to the scheme, the pension scheme asset has not been recognised within these financial statements, and the pension scheme gain has only been recognised up to a scheme value of zero on the Balance Sheet.

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

Amounts included in staff costs:

	2025 £'000	2024 £'000
Current Service Cost	938	814

Amounts included in Interest Payable:

	2025 £'000	2024 £'000
Net interest income	(105)	(85)

Amounts recognised in Other Comprehensive Income

	2025 £'000	2024 £'000
Return on pension plan assets	594	421
Changes in assumptions underlying the present value of plan liabilities	4,746	(297)
Curtailment of pension surplus	(5,663)	(433)
Amount recognised in Other Comprehensive Income	(323)	(309)

Movement in net defined benefit asset / (liability) during the year

	2025	2024
	£'000	£'000
Surplus / (deficit) in scheme at 1 August	-	-
Movement in year:		
Current service cost	(938)	(814)
Employer contributions	1,184	1,063
Net interest/return on assets	105	85
Administration Cost	(28)	(25)
Past Service Cost	-	-
Curtailments	-	-
Actuarial (loss)/Gain	(323)	(309)
Surplus / (deficit) in scheme at 31 July	-	-

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	2025	2024
	£'000	£'000
Defined benefit obligations at start of period	27,397	25,525
Current service cost	938	814
Interest cost	1,314	1,288
Member contributions	355	317
Past service cost	-	-
Curtailments	-	-
Remeasurements (liabilities)	(4,746)	297
Estimated benefits paid	(1,542)	(844)
Net benefit obligation at end of period	23,716	27,397

Change in fair value of plan assets

	2025	2024
	£'000	£'000
Fair value of plan assets at start of period	28,951	25,525
Interest on plan assets	1,419	1,373
Remeasurements (assets)	594	421
Employer contributions	1,184	1,063
Member contributions	355	317
Benefits paid	(1,542)	(844)
Administration Expenses	(28)	(25)
Curtailment	-	(433)
	<hr/>	<hr/>
Fair value of plan assets at end of period	30,933	28,951
	<hr/>	<hr/>

Retirement Benefit schemes – NWTC Group and Charity

Defined benefit schemes

North West Training Council (the Council) administers a defined benefit pension scheme, the North West Training Council Pension Scheme (the Scheme), which provides retirement, service exit, or death benefits based on final salary and length of service. These disclosures exclude defined contribution plans and AVC-related investments.

Under the Pensions Act 2004, the Scheme must meet the Statutory Funding Objective, with valuations conducted at least every three years to assess funding adequacy. The Council and Scheme Trustees must agree on contribution levels to maintain funding.

The most recent comprehensive actuarial valuation was carried out in as at 31 July 2022. If the deficit is larger than anticipated, the Council may need to increase contributions, conversely if the position is better than expected, contributions may be reduced.

The Scheme is managed by a Trustee Board, partially appointed by the Council and partially elected by members. Trustees oversee fund valuation, benefits payments, and asset investments, delegating specific tasks to professional advisors as needed. No amendments, curtailments, or settlements were planned during this period.

Risk mitigation:

- **Investment risk:** The Scheme holds investments in asset classes which have volatile market values and although these are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if deficits emerge.
- **Interest rate risk:** The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the scheme holds assets such as equities, the value of assets and liabilities may not move in the same way.

- **Inflation risk:** Some Scheme benefits are inflation-linked. Although assets are expected to hedge inflation long-term, short-term fluctuations may cause deficits.
- **Mortality risk:** Longer-than-expected member lifespans could create deficits.

Defined benefit obligation profile:

- Weighted average obligation duration: 8 years.

The financial disclosures for the period ending 31 July 2025 are rounded to the nearest £1,000, under FRS102.

Principal actuarial assumptions

	2025	2024
Discount rate	5.35%	4.80%
Inflation rate (RPI)	3.15%	3.45%
Inflation rate (CPI)	2.60%	2.80%
Pension increase (RPI max 5% pa)	3.10%	3.35%

Mortality - For 2025 & 2024 100% S3PA tables, CMI 2024 projections, 1.25% p.a., nil initial addition & default other parameters.

Commutation - For both 2023 & 2022 members are assumed to take 25% of their pension as tax free cash.

Proportion married at retirement or earlier death - For both 2025 & 2024 75% males, 70% females. GMP equalization allowance - For both 2025 & 2024 1.2% of Scheme liabilities.

Asset split

	Bid Values	
	2025	2024
	£'000	£'000
Equities	1,585	1,529
Bonds	4,242	4,422
Cash	93	15
	<u>5,920</u>	<u>5,966</u>

Amounts recognised in the profit and loss account

	2025	2024
	£'000	£'000
Past service costs		
Interest on liabilities	232	257
Restriction on net interest income curtailment	-	-
Interest on assets	<u>(276)</u>	<u>(297)</u>
Total costs/(income)	<u>(44)</u>	<u>(40)</u>

Amounts recognised in other gains and losses

	2025	2024
	£'000	£'000
Losses/(gain) from changes in financial assumptions	(225)	176
Losses/(gain) from changes in demographic assumptions	54	(12)
Losses/(gain) on assets in excess of interest	(115)	(256)
Experience losses/(gain) on liabilities	7	(6)
Total remeasurements	<u>(279)</u>	<u>(98)</u>

Amounts recognised in Balance sheet

	2025	2024
	£'000	£'000
Present value of funded obligations	(4,656)	(5,060)
Fair value of assets	5,920	5,966
Surplus in scheme	1,264	906
Curtailement of pension assets	(1,264)	(906)
Total asset recognised	<u>-</u>	<u>-</u>

Movements in present value of defined benefit obligations

	2025	2024
	£'000	£'000
Liabilities 1 August	5,060	5,155
Benefits paid	(472)	(510)
Experience gain/(loss) on liabilities	7	(6)
Changes to financial assumptions	(225)	176
Interest on liabilities	232	257
Changes to demographic assumptions	54	(12)
Liabilities at 31 July	<u>4,656</u>	<u>5,060</u>

Movements in fair value of plan assets	2025	2024
	£'000	£'000
Fair value of assets 1 August	5,966	5,889
Interest on assets	276	297
Return on plan assets less interest	115	256
Benefits paid	(472)	(510)
Employer contributions	35	34
Fair value of assets 31 July	<u>5,920</u>	<u>5,966</u>
Actual return on assets	<u>391</u>	<u>533</u>
Projected Profit and loss for next year	2025	2024
	£'000	£'000
Interest on liabilities	237	231
Interest on assets	(232)	(274)
Total	<u>5</u>	<u>(43)</u>

The above estimate is based on the assumptions adopted at the Review Date and assumes the following:

- I) Cashflows to and from the pension scheme are broadly assumed as for the current period.
- II) There are no events (other than those already notified to us) that would give rise to a settlement, curtailment or past service cost.

16. CAPITAL COMMITMENTS

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Orders raised for Capital Programme 2025/26	99	99	349	349
	<u>99</u>	<u>99</u>	<u>349</u>	<u>349</u>

17. FINANCIAL COMMITMENTS

At 31 July, the Group had annual commitments under non-cancellable operating leases as follows:

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
Expiring within one year	50	50	50	50
Expiring between two and five years inclusive	151	151	201	201
	<u>201</u>	<u>201</u>	<u>251</u>	<u>251</u>

18. RELATED PARTY TRANSACTIONS

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

The total expenses paid to or on behalf of the Governors during the year was £NIL (2023/24: £13: 2 Governors). Where expenses are paid this represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration, and waived payments of expenses during the year amounted to £400 (2023/24 £817). Some meetings during the year were hybrid, and some were held remotely.

During the year, one Governor made a personal donation of £240 (2023-24 £240) to support Project Kindness. The contribution was treated as voluntary income and applied directly to the intended charitable initiative. No other donations were received from Governors during the period, and no conditions or restrictions were attached to the funds.

There were no disclosable related party transactions at the subsidiaries during the year (2023/24 £Nil).

19. LEARNER SUPPORT FUND

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000
16-18 Bursary Grants	700	700	714	714
Other funding body bursary grants	675	675	531	531
	1,375	1,375	1,245	1,245
Disbursed to Students	(863)	(863)	(995)	(995)
Administration Costs	<u>(48)</u>	<u>(48)</u>	<u>(54)</u>	<u>(54)</u>
Balance unspent at 31 July, included in creditors	<u>464</u>	<u>464</u>	<u>196</u>	<u>196</u>

The college distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE. In the accounting period ended 31 July 2025, the college received a total of £1,375k and disbursed £637k from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £35k for administration costs. As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £73k, of which £0 relates to funds that are in scope to be returned to DfE in March 2026. Comparatives for the accounting period ended 31 July 2024 are £714k received from DfE, £633k disbursed to learners after charging £36k for administration costs, and total cumulative unspent funds of £45k, of which £0 was repaid to DfE.

The Learner Support Fund has supported 887 16-18 students (852 in 2023/24) during the year with the costs of travel, meals and enrichment. During the same period support has been provided for 223 19+ students (189 in 2023/24) with childcare, travel, discretionary course fees and enrichments. In addition, 15 Advanced Learner Loan bursary students (32 in 2023/24) received support with childcare and travel costs.

Funding body grants are available solely for students. The College acts only as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

20. PRIOR YEAR ADJUSTMENT

During the year under review two matters came to light that have resulted in the comparative figures in the financial statements being restated, with an impact on both the standalone college and group position.

A review of funding submissions identified an overstatement of accrued income totalling £742k dating back several years. The overstatement has been corrected retrospectively to reflect the accurate receivables position at the respective year-ends. This matter impacts the college and group position only.

It was noted that in the 2024 financial year the deferred capital grants which are brought into the group on consolidation had not been amortised, resulting in an understatement of income and an overstatement of creditors due in more than one year of £304k. The deferred capital grants had also not been aged meaning a reallocation of £260k between creditors due in less than a year and creditors due in more than one year has also been implemented.

A summary of the impact of these matters on the previously reported College and Group financial year total comprehensive loss and net asset positions has been noted below:

Impact on brought forward net asset amounts as at 1st August 2023

	£'000
Group Net assets as at 1 st August 2023 as previously reported	18,770
Impact of accrued funding correction prior to 1 st August 2023	<u>(390)</u>
Group Net assets as at 1 st August 2023 as restated	<u>18,380</u>
College Net assets as at 1 st August 2023 as previously reported	18,352
Impact of accrued funding correction	<u>(390)</u>
College Net assets as at 1 st August 2023 as restated	<u>17,962</u>

21. WRITE-OFFS, LOSSES, GUARANTEES, LETTERS OF COMFORT, COMPENSATION

Following reclassification, colleges (and their subsidiaries) are now part of central government. They continue to be self-governing charities regulated by the Secretary of State for Education but are now subject to the framework for financial management set out in Managing Public Money (MPM). The College has operated within its delegated authority.

Write offs – The College has written off bad debts totalling £0 (2024: £26,208). There were no write-offs requiring DfE consent.

Guarantees letters of comfort and indemnities - The College has not committed to any guarantees, letters of comfort or indemnities outside the normal course business (2024: £0).

Compensation payments and ex-gratia payments – The College made compensation payments of £0 (2024: £0) and no ex-gratia payments in 2024-25 (2024: £0).