

LOUGHBOROUGH COLLEGE

Report of the Members of the Corporation and Financial Statements

for the year ended 31 July 2025

Loughborough College

Key Management Personnel, Board of Governors and Professional advisers

Key Management Personnel

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2024/25:

Mrs C Harris – Chief Executive Officer; Accounting officer
Mrs H Clarke – Deputy Principal
Mr H Khurmi – Chief Financial Officer
Mrs H Van Aardt – Vice Principal Curriculum
Mr I Jones – Director of Governance and Legal
Mr C Cockerton – Dean of HE
Mrs E Kilby Brooks – Director of HR
Mr B Docherty – Director of Planning Performance and MIS
Mr D Richardson – Director of Estates and Sustainability
Mrs L Shepherd – Director of Strategic Partnerships and External Relationships
Mrs L Howes – Assistant Principal for Quality and Standards

Board of Governors

A full list of Governors is given on page 22 of the report of the Members.

Mr I Jones acted as Clerk to the Corporation.

Registered Office

Radmoor Road
Loughborough
Leicestershire
LE11 3BT

Professional advisers

Financial Statements Auditors and Reporting Accountants

RSM UK Audit LLP
103 Colmore Row
Birmingham
B3 3AG

Independent Assurance Advisors

ICCA Education Training & Skills Limited
Charles House
Great Charles Street
Birmingham
B3 3HT

Bankers

Santander
Bootle
Merseyside
L30 4GB

Loughborough College

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Loughborough College

Members' Report

Nature, Objectives and Strategies

The members present their annual report and the 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 Loughborough College ("the College"). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Merger

The College had successfully tendered and been selected to be the preferred merger partner with the SMB College group, through a FE commissioner led strategic prospects and appraisals (SPA) exercise in July 2024. During 2024/25 the College carried out full legal and financial due diligence and prepared and submitted a robust and sustainable business plan to DFE. This successfully gained approval from the Secretary of State on the 11th of June 2025 for merger by the 1st of August 2025. This was supported by the dissolution of the SMB College corporation and the assets and liabilities of the SMB College group transferring to Loughborough College on the 1st of August 2025. The College has agreed with DFE key performance indicators which will be measured and monitored in relation to the three year merger plan. The first year of the plan will be monitored by the DFE under the Post Intervention Monitoring and Support process (PIMS), and covers agreed targets across Governance and Leadership, Financial, Staffing, Learner Recruitment, Curriculum & Quality and Estates metrics. The Loughborough College group is the new trading name of the merged group from the 1st of August 2025, and the legal status remains unchanged as the Loughborough College.

Vision and Mission

The College's vision is "Broadening horizons, Transforming lives and Shaping futures", its mission is "To transform and enrich lives through lifelong learning, empowering the workforce of tomorrow".

Public Benefit

Loughborough College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 22.

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. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- High-quality teaching;
- Widening participation and tackling social exclusion;
- Excellent employment record for students;
- Strong student support systems;
- Links with employers, industry and commerce;
- Links with Local Enterprise Partnerships (LEPs)

Loughborough College

Members' Report (continued)

Implementation of Strategic Plan

In December 2020 the College adopted a College strategy for the period 1 August 2020 to 31 July 2025, this was the final year of the strategy. The College has developed a new strategic plan during 2025/26. The Corporation monitors the performance of the College against these strategic plans. The College's continuing strategic objectives is to achieve the following by July 2026:

- Deliver a technical and academic curriculum offer that enables progression into employment, higher education and supports the community we serve;
- High performance standards across all aspects of provision compared to national benchmarks;
- Financial performance enabling investment in learning, staffing and resources required for industry 4.0;
- Learners, staff and employers have a great experience at College;
- Excellence in all aspects of our work with the College operating effectively, efficiently and safely.

The College has an annual leadership and business plan with strategic priorities and actions which enables the College to support achievement of its strategy. The core priorities for 2024/25 were as follows under each strategic theme with a summary of their status at the end of the academic year:

Learners and Community

- An exceptional and personalised student experience which prepares every individual with the skills for work, life and success; Achieved.
- Work with key stakeholders to drive up local productivity through the delivery of labour market responsive solutions and programmes; Achieved.
- Innovative delivery that develops on-trend skills and embeds sustainability and digital literacy in all curriculum areas; Achieved.
- Develop and implement curriculum strategies to grow provision and meet local and national skills needs for priority areas and digital; Achieved.
- Enhance the College's innovation support services to align seamlessly with the business development team's offerings, fostering stronger employer partnerships and supporting local business growth; Achieved.

Quality

- Achievement rates are significantly above benchmark for all provision types; Achieved.
- A high number of students are meeting or exceeding their target grades; Achieved.
- To be above regulatory threshold in all OFS conditions of registration; Achieved.
- Delivering an outstanding student experience with high student satisfaction rates; Achieved.
- To have no more than 5% of delivery staffing in coaching; Achieved.
- Raise the quality and consistency of careers provision across the College; Achieved.

Finance

- Ensure Financial health remains at a Good health rating by July 2025; Achieved.
- Ensure College solvency in 2024/25 with robust cashflow above 25 days each month, and bank covenants continuing to be passed; Achieved.
- Capital investment plans and capital building projects delivered to time and budget; Achieved.
- Feasibility studies delivered to support the estates master plan; Achieved.

Loughborough College

Members' Report (continued)

Implementation of Strategic Plan (continued)

People

- Support staff wellbeing and maintain high levels of engagement and satisfaction; Achieved.
- Upskilling of staff including digital technologies and AI, and industry upskilling for future proofing and progression; Achieved.
- Improvements with succession planning including appraisals and objectives; Achieved.
- Review and implement Performance management and induction processes supported by robust training for staff and governors; Achieved.

Operational Excellence

- Data platforms provide insight and analysis to all users on key business metrics; Achieved.
- Communicate effectively with our students, parents and stakeholders; Achieved.
- Deliver excellent residential services and student support with an Outstanding Ofsted rating; Achieved.
- Higher education internal progression of 12% is met; Achieved.
- Ensure the Merger project plan is delivered to enable a successful merger on the 1st August 2025; Achieved.

Financial Objectives

The College Group's financial objectives for 2025/26, which is the first year of the three-year merger plan agreed with the DFE, is as follows:

- To maintain a financial health rating of no lower than Requires Improvement and at 140 points under the DFE's financial reporting model;
- To achieve an EBITDA surplus performance of £598k and 0.80% and equivalent deficit performance no worse than £986k;
- To achieve an adjusted current ratio of 1.22 by the 31st of July 2026;
- To continue to maintain robust unrestricted cash balances and achieve £5.062m by the 31st of July 2026;
- To maintain unrestricted cash days at or above 25 for all months;
- To achieve borrowing of 14.94% of adjusted income by the 31st of July 2026, this excludes the needs of any future estate's strategy or other major developments where this may be agreed to rise;
- Pay costs as a % of adjusted income at 64.90%, whilst also supporting the needs of any pay award in light of national recommendations, and in light of inflation and the difficult cost of living climate;
- In line with the approved estates strategy for the merger, the College approved capital budget and the terms of the condition grant monies provided by DFE, to continue to invest in and upgrade the estate, IT infrastructure and equipment for the College group.

Loughborough College

Members' Report (continued)

Performance Indicators

The College specific objectives for 2024/25 and the achievement of those objectives are shown below:

Budget Objectives 2024/25	Achievement Status 2024/25
Total Income £50.514m	£53.086m
Operating surplus position of £296k excluding FRS102 pension adjustments	£1.675m underlying operational surplus excluding FRS102 pension adjustments
EBITDA of 5.41% of income	7.44%
Financial Health Category: Good	Good
Adjusted Current Ratio: 1.24	1.37
Achieve Cash Balances of £4.075m	£5.725m unrestricted cash excluding £2.848m of restricted cash relating to condition grants and the trust fund
Cash days of 32 days by the 31 st of July 2025, and no lower than 30 days for any month	43 cash days, and lowest point above 30 cash days
Borrowing as a % of Income 14.71%	13.85%
Staff costs as a % of Income 61.51% (excluding FRS102 adjustments)	60.92% (excluding FRS102 adjustments)
Operational Capital budget expenditure of £2.1m	£1.5m

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Department for Education (DFE).

The College was assessed by the ESFA (now DFE) as having a “Good” financial health grading for 2023/24. The current self-assessed rating of Good for 2024/25 is considered a positive outcome especially given the challenging financial climate, inflationary pressures, pre-merger work and high utility costs.

Loughborough College

Members' Report (continued)

Financial Position

Financial Results

The Group generated total comprehensive income of £1.675m (2023/24 comprehensive income of £1.047m), excluding the movement on restricted funds of £1k. The total comprehensive income in 2024/25 is stated after accounting for the actuarial deficit on pension schemes. The results prior to pension costs and adjustments were total comprehensive income of £2.099m (2023/24 total comprehensive income of £1.376m). The FRS102 'Pension Adjustment' set out in the table below are non-cash adjustments posted to the financial statements. The entries are based on an independent actuarial review of the adequacy of the payments the College makes to its Local Government Pension Scheme.

The table below highlights the consolidated underlying performance before accounting for the pension adjustments.

Consolidated Underlying Performance

	Year ended 31 July 2025	
	Group Result	
	Including Pension Adjustment	Excluding Pension Adjustment
	£'000	£'000
Total Income	53,086	53,086
Total Expenditure	50,987	51,411
Surplus before other Gains and Losses	2,099	1,674
Loss on Disposal of Assets	0	0
Comprehensive income	2,099	1,674
Loss on Investments	(1)	(1)
Total Tax	0	0
Surplus for the year	2,098	1,674
Actuarial Deficit in respect of Pensions Schemes	(424)	0
Total Comprehensive Income for the year	1,674	1,674

The financial results for 2024/25 show that the College has achieved an underlying operational surplus of £1.674m (prior to FRS102 pension adjustments and endowment reserve movements), and a financial health rating of Good.

The group results post FRS102 pension adjustments of the College have also been significantly impacted by the actuarial valuation as of 31st July 2025. As a result, the College experienced an actuarial deficit of £0.424m, other pension adjustments of £20.6m. Overall pension liabilities in the balance sheet have remained the same at £Nil.

In 2024/25 the College delivered to 4,175 16–18-year-old learners (3,950 2023/24) against an original allocation amounting to 3,958 learners. Within the year, exceptional growth funding from DFE increased the funded allocation to 4,031 learners.

The Group has accumulated reserves of £31,009,000 (College £31,579,000) and cash and short-term investment balances of £8,325,000. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Loughborough College

Members' Report (continued)

Financial Results (continued)

Tangible fixed asset additions during the year amounted to £20.639m. This was split between land and buildings acquired of £0.886m, buildings under construction of £18.756m and equipment purchased of £0.997m. Assets in the course of construction included the DFE funded Institute of Technology, which was completed in March 2025, and as a result £9.561m was then transferred in to land and buildings and equipment during the year. Remaining within Assets in the course of construction is the DFE transformation grant funded new Sports building, and the towns funded Digital Skills Hub both due to respectively open in September and November 2025. Disposals costing £101k are due to fully written down assets.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2024/25 the FE funding bodies provided 72.6% of the Group's total income (2023/24; 69.9%).

The College has only one subsidiary company at year end, The Leicestershire College Ltd. The Leicestershire College Ltd operates on private sector principles, which includes having its own defined pension scheme and its own terms and conditions of supply. The Leicestershire College Ltd was set up in 2016/17, was dormant in 2017/18 and started to trade from the beginning of 2018/19. The Leicestershire College Ltd provides support to Loughborough College with its development and ability to increase competitiveness in the economy whilst providing opportunity for improved quality and efficiency. Any surpluses generated by the subsidiary is transferred to the College under deed of covenant. In the current year, the profits generated were £256,884 (2023/24: £172,328).

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.

All borrowing requires the authorisation of the DfE and shall comply with the requirements of the Financial Memorandum. The College had £7.214m of unsecured bank loans on 31st July 2025. The current Santander bank loan was used to refinance the indebtedness of the previous borrowers in 2019/20. The previous loans were used to fund capital building replacement and refurbishment projects. During the year DfE loans of £2.4m was provided to support the DFE transformation funded sports building and £450k to repay the additional Santander facility which matured in April 2025.

Group Cash Flows, Liquidity and Going Concern

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded. The Group and the College are in a net current assets position of £3.511m and £3.206m respectively on 31 July 2025. The Members of the Corporation have concluded the merged College can continue as a going concern due to the current self-assessed health at Good status, the supporting post-merger loans and grant support from the DfE, and the strength of underlying cash generation from operations. The planned financial health position is as a result robust and sustainable and will temporarily drop to requires improvement as agreed with DfE in 2025/26 and 2026/27 before a return to a Good health rating by year three of the merger plan in 2027/28.

Loughborough College

Members' Report (continued)

Reserves Policy

The College Group has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The Group has reserves of £31,009,000 comprising of £25,887,000 in general reserves, £4,863,000 in revaluation reserves and £259,000 in a restricted permanent endowment reserve. It is the Corporation's intention to increase reserves over the life of the three-year merger plan through the generation of annual EBITDA surpluses.

The College's income and expenditure has been significantly impacted by the actuarial pension fund results as of the 31st of July 2025. This is mainly as the value of the College's share of net assets has been restricted due to the effect of the asset ceiling being the present value of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period. These have maintained the overall pension liability at £Nil (2023/24 £Nil).

Current and Future Development and Performance

The College's 2025/26 leadership business plan supports the achievement of the 2025/26 strategic priorities including post-merger objectives, and is structured under five strategic themes, Learners and Community, Quality, Finance, People and Operational Excellence. A new strategic plan is in development during 2025/26. The core priorities for 2025/26 are as follows and are supported by the relevant key performance indicators-

Strategic Driver 1, Learners and Community

- An exceptional and personalised students experience prepares every individual with the skills for work, life and success;
- Offer high quality adult learning including Higher education to support progression into employment and / or to progress within work;
- Create Centres of Excellence at the different Colleges to grow provision to meet local and national skills needs for priority areas;
- Ensure best practice in curriculum design and implementation across all Colleges;

Strategic Driver 2, Quality

- Achievement rates above benchmark for all provision types;
- A high number of students are meeting or exceeding their target grades;
- To be above regulatory threshold in all OfS conditions of registration;
- Delivering an outstanding student experience with high student satisfaction rates;
- To have more than 5% of delivery staff in coaching;
- Raise the quality and consistency of careers provision across the College;

Loughborough College

Members' Report (continued)

Current and Future Development and Performance (continued)

Strategic Driver 3, Finance

- Managing financial health;
- Ensuring financial solvency;
- Capital investment plans and capital building projects delivered to time and budget;
- Feasibility studies delivered to support the estates master plan;

Strategic Driver 4, People

- Support staff wellbeing and maintain high levels of engagement and satisfaction;
- Upskilling of staff across the College group and industry upskilling for future proofing and progression;
- Improve succession planning including appraisals and objectives;
- Equality and Diversity Inclusion;

Strategic Driver 5, Operational Excellence

- Data platforms provide insight and analysis to all users on key business metrics;
- Work with key stakeholders to position the College with National Skills Priorities;
- Deliver excellent service and student support;
- Deliver merger objectives including rationalisation of systems, estates, information technology, governance and pay scales whilst also meeting DFE key performance indicators in relation to the three year merger plan;

Financial Health

The College's health has been assessed by the ESFA (now DFE) as Good for 2023/24. Based on these financial statements the College's health will be Good for 2024/25. A three-year merger plan was submitted to the DFE as part of the plan for the merger in March 2025, and it is the College's intention to deliver a planned requires improvement financial health rating in 2025/26. The merger plan is to return to a Good financial health rating by the third year of the merger in 2027/28. The DFE have provided a funding package of merger support which allows the planned financial health positions to be robust, sustainable and achievable.

Loughborough College

Members' Report (continued)

Student Numbers

	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
The College has delivered activity against the main Funding Body Main Allocation of (Note 2)	38,516	33,752

	Year Ended 31 July 2025 No. Students	Year Ended 31 July 2024 No. Students
The college's student population is as follows:		
Funded Learners		
16-18 year olds*	4,175	3,950
Diploma in Sporting Excellence	1,965	1,816
16-18 Apprentices	413	368
19+ Apprentices	460	492
Higher Education Students	1,043	1,164
International Students	112	145
ASF Students	1,209	1,677
Advanced Learner Loan Students	38	81
Total Funded Learners	9,415	9,693
Non-Funded Learners	650	580
Total Learners	10,065	10,273

* 16-18 Allocation (original allocation was 3958 but was updated in year)	4,031	3,763
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Loughborough College

Members' Report (continued)

Provision and Learner Type

Loughborough College has a mission “to transform and enrich lives through lifelong learning, empowering the workforce of tomorrow.” Our vision is “Broadening horizons. Transforming Lives. Shaping Futures.” Students are at the heart of everything that we do and meeting local, regional and national skills needs is at the core of what we deliver, and we focus clearly on the destinations of our outstanding students.

Loughborough College delivers to c.10,000 students across Charnwood, Leicestershire, Nottingham and Derby, as well as national and international sport provision. Provision is organised from pre-entry to degree level. We welcome students from a large and diverse recruitment area. Our catchment area includes two neighbourhoods that are recognised as being in the most deprived top 10% in the Index of Multiple Deprivation and a further two neighbourhoods in the bottom 20% of deprivation areas - the only such neighbourhoods in Charnwood.

Learner Achievements

The College has achieved the full Matrix reaccreditation. Learners enjoy their time at Loughborough College and satisfaction rates are high across both FE and HE. Student outcomes in 2024-25 were strong. Overall, FE 16-18 achievement rate for 2024-25 was 89%; A level achievement rate and GCSE grades 4-9 were above sector benchmark. Apprenticeship achievement rates improved by 11% to significantly above sector benchmark.

The College's excellence and achievement are demonstrated below:

- Ofsted Outstanding for: Education for Young People, Personal Development Adult Learning Programmes and Behaviour and Attitudes.
- Strong partnerships with government, local markets and key stakeholders including global companies Balfour Beatty, National Grid, SSE, CIMSPA and local SMEs Brush Transformers, Limetree Nursery and Graffio Arts Ltd.
- TEF Gold for Higher Education student satisfaction and 95% for Further Education student satisfaction.
- Trauma informed approach to student welfare, care, and support, embedding an inclusive and diverse culture.
- Investors in Diversity Accreditation.
- >£40m capital funding and investment into student facilities and resources.
- First global NFL Academy for American Football in partnership with Loughborough University.
- Competition winners across various areas including Health and Social Care, Hospitality and Catering and Business and Management.
- Largest sports ecosystem in the UK working in partnership with Loughborough University and hypothetically being 6th in the Commonwealth games if Loughborough College was a country illustrating the world leading impact of Loughborough's sport offer.

Loughborough College Offer

Our comprehensive suite of ground-breaking and award-winning programmes across A-Levels, technical and vocational qualifications, apprenticeships, and higher education courses, are delivered in industry-standard facilities by highly skilled staff who are both qualified teachers and technical specialists.

Understanding the dynamic nature of the employment market, particularly with the rapid advancements of Industry 4.0, the College remains committed to equipping learners with the tools needed to thrive in an ever-evolving landscape. Strong partnerships with a wide array of employers allow the College to continuously incorporate best practices and address current employability demands.

At Loughborough College, we are proud to pave the way for our students' future success, ensuring they are not just prepared but poised to excel in their chosen fields. This has been supported by the £40 million investment that has transformed Loughborough College's campus with state-of-the-art teaching and learning facilities. This investment has revolutionised our educational environment and as a result, our students now thrive in industry-standard settings, enhancing their educational journey and preparing them for successful careers.

Loughborough College

Members' Report (continued)

Loughborough College Offer (continued)

The College has a significant HE offer which has grown over the last 7 years to the point where we are now the 5th largest HE in FE College in the country. Our HE Student Satisfaction rates are amongst the highest in the country with every question in the National Students Survey (NSS) ranked above benchmark.

Over the past 2 years nearly all the provision has been re-validated and 12 new courses have been introduced to ensure the offer is up to date and meets the needs of learners and employers. There is a varied and flexible provision offered with a range of HNC/D, Foundation Degree and Honours Degrees which are awarded and validated by a range of partner universities (Loughborough, Sheffield Hallam and Derby) and Pearson. The offer includes Business and Management, Early Years, Engineering, Public Services, a number of Sports degrees, E-Sports, Psychology and Criminology and Teacher Training. There is also a Blended learning option which provides opportunities for those students engaged in work or full time sport, to complete a degree via a more flexible route. The College also has a sub-contract agreement that offers Sport courses through a range of Football academies across the country.

We serve our community through adult education courses, supporting students with learning difficulties and disabilities and by devising initiatives to help local businesses thrive. We are deeply committed to environmental sustainability and have implemented a carbon-natural strategy to promote a greener future.

The desired direction of curriculum development is to meet and address the skills needs of the local, regional and national economy, where appropriate, and the communities the College serves. Central to this is ensuring that learners' destination opportunities are clear and of value to them. The College has a performance monitoring framework to drive improvement across the College and ensure high levels of positive progression.

Capital Developments

The College has had significant success with capital funding applications. In December 2021 the College in partnership with Loughborough University, Derby College and Derby University was successful with its bid to DFE for a new East Midlands Institute of Technology. This has led to a brand new three storey building with state-of-the-art facilities at the gateway to the campus, adjacent to the new T level centre which was completed in March 2025. The new 1,426 sqm building costing £9.642m will operate as close to a net zero carbon basis as possible and will host specialist delivery in new higher-level technical training focused on meeting the needs of industry.

In April 2022 the College was notified of its successful application to the DFE further education transformation fund. The project was completed in August 2025 and created a world class three storey sports building, including a state-of-the-art sports hall, and will enhance elite level training facilities. The project also includes for the future planned demolition of the L block building which is in poor condition. The demolition was originally planned for summer 2025 but has been delayed for up to five years by the DFE to support the merger. The whole project is estimated to cost £15.8m.

In January 2022 the College was notified of its successful bid to the local Towns fund for a new £2.6m 426 sqm Digital Skills Centre building. This project received final approval from government to proceed in the summer of 2024 and has started construction in March 2025 and will be completed by October 2025.

The College also made significant investments over the summer of 2024 with works to support the creation of four new classrooms and eight offices in the Hub, S block (sixth form) building developments with an office conversion to create a new classroom and an expansion of a staff office, Technology building developments with the electrical testing room conversion to a multi-use space, B block developments with a green room upgrade in B block, and a new sound room created in B block for the T level in media.

Loughborough College

Members' Report (continued)

Capital Developments (continued)

Summer 2025 works included the conversion of a small building in to a start of the art gym for staff and students, a full redevelopment of the main campus kitchen improving the front counters, dining experience and service to students in the Hub building, the development of a new performance and recovery centre to support elite training programmes and comprehensive health training for HE learners in the Radmoor building.

Future developments of the estate will also focus on the merged college and in addition to the Loughborough site, the newly acquired campuses in Coalville, Brooksby and Melton. In support of this the DFE have provided merger grant monies to specifically address historic issues for the estate and information technology. In line with the merger estates strategy this will improve safeguarding, health and safety, IT infrastructure and systems, utilisation, and ensure the campuses are future proofed for teaching and learning and meet local and national priorities. Any excess surplus estate will be identified for disposal, mothballing or alternative use in line with the DFE agreed merger plan and estates strategy.

The DFE have also provided condition grant monies in June 2025 to the further education sector, and these will be prioritised to improve and upgrade the condition of the estate over a three year period. In support of this the College has independent condition surveys for each campus which prioritises and highlights the area of most need and the costs of likely rectification.

The College has also developed a three year capital plan approved by the board in July 2025 which incorporates the merger. Condition and core operational related needs for the College group.

Resources

The College Group has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College site, and the recently opened new East Midlands Institute of Technology building.

Reputation

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

Stakeholder Relationships

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

- Students;
- Education sector funding bodies;
- Sixth Form /FE Commissioner;
- Staff;
- Local employers;
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions; and
- Professional bodies.

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

Loughborough College

Members' Report (continued)

Key Performance Indicators

The College measures itself and is measured externally by certain key performance indicators.

First and foremost, student recruitment, retention and achievement are measured internally and is also scrutinised externally via Ofsted inspections.

The financial health of the College is assessed via a suite of prescribed DFE formulae. The College is required to submit funding returns each year which sets out its anticipated performance over the life of the financial plan. This model includes all the key ratios widely used in the sector to assess performance.

In terms of staffing the College carries out a staff survey each year. The staff survey was carried out in July 2024 and a summary shared with the Executive. 90% of staff agree that the college is a good place to work and would recommend to a friend or family member. There was a 6% increase in the staff survey about staff agreeing there is an opportunity for them to progress within the College and 96% of staff (2% increase) state they are proud to be a member of staff at the College. We are extremely proud of our staff survey results and work on continuous improvement of staff wellbeing.

Principal Risks and Uncertainties:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Executive team and Heads of Departments 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 year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the executive team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A College risk register, and Corporate risk register is maintained, which is reviewed at least annually by the Audit Committee and more frequently where necessary. The 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.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

The Corporate risk register which is regularly maintained and monitored highlights the top key principal risks that the College currently manages as part of risk management planning. For 2024/25 the College corporate risk register highlighted twelve key risks for monitoring and management, and not all of these are within the College's control. Four key corporate risks are highlighted in more detail below including examples of the measures to mitigate them.

1 Failure to adapt to changes in Government Policy.

Changes in key guidance, policies and the future budget settlements could impact the long term finances for the College and the Further education sector.

The risk is mitigated in a number of ways, some examples within the corporate risk register are highlighted below:

- Rigorous budget setting procedures and sensitivity analysis
- Regular in year business planning forecasts and monitoring of budgets
- Robust financial controls
- Up to date long term financial strategies supporting key income streams
- Regular long term financial plan modelling
- AOC membership and attendance at networking events, AOC/DFE briefings
- Accurate and timely management accounts
- Use of frameworks for the supply of utilities
- Use of the subsidiary company to employ support staff

Loughborough College

Members' Report (continued)

Principal Risks and Uncertainties (continued)

2 Failure to effectively carry out the merger with the SMB College Group

The risk is that there will be significant reputational and financial health damage leading to retention and recruitment issues if the merger is not effectively carried out.

This risk is mitigated in a number of ways, some examples within the corporate risk register are highlighted below:

- A high quality external professional team appointed and led by an external experienced project manager
- Timely and effective due diligence for all legal, financial, people, IT, Estates and taxation matters
- Effective workstreams in place for all college functions meeting regularly and planning for the merger
- A robust curriculum and financial plan developed for the merger
- Regular liaison with the DFE, and the FE Commissioners team throughout the merger process
- A comprehensive and robust merger implementation plan created and monitored for effective implementation

3 Lack of Business Continuity Planning

The risk is that the College's business operations and plans fail to adapt to impactful events resulting in learning not taking place effectively, College departments not operating effectively, the risk of an environment which is not safe and possible closure of all or parts of the campus.

This risk is mitigated in a number of ways, some examples within the corporate risk register are highlighted below:

- A College business continuity plan with supporting department continuity plans
- An up to date and robust College critical incident management plan
- Corporate risk and Departmental risk registers
- Leadership business plans
- Regular review of critical activities within business continuity plans
- Cloud based critical systems

4 Failure of College operations in the event of Cyber security breaches

The potential risk of being targeted by External or Internal sources leading to lack of business continuity and loss of data and significant costs of rectification. This includes external stakeholders and reviewing any impact to them that may impact the College.

This risk is mitigated in a number of ways, some examples within the corporate risk register are highlighted below:

- A comprehensive suite of security across firewalls, spam filters supported by software measures such as AI systems
- Multifactor authorisation for all staff and students
- Regular and timely implementation of security patches
- Cyber essentials controls
- A comprehensive and up to date back up process and systems
- Regular training for all staff and students
- Regular disaster recovery and testing of back up restores
- Dedicated staff and systems to monitor critical services

Loughborough College

Members' Report (continued)

Equality and Diversity

Equality

At Loughborough College we are committed to Fairness, Respect, Equality, Diversity, Inclusion and Engagement, beyond compliance with legislation and towards mainstreaming equality, diversity and inclusion throughout our College community to ensure equality of opportunity for all students, staff and service users. By following our FREDIE (fairness, respect, equality, diversity, inclusion and engagement) values we work hard to break down barriers to ensure that discrimination in any form is eliminated, unfairness is challenged, diversity is celebrated and achievement gaps between different groups of learners are reduced.

All people are treated with dignity and respect and offered equality of access to aspire to and achieve the best that they can in a safe, welcoming and supportive environment. Equality, diversity and inclusion underpin all key College strategies to ensure equality of opportunity for all Loughborough College group students, employees and stakeholders in all locations and all modes of delivery.

Regular staff training takes place to ensure that all staff are conversant with and recognise the importance of their responsibilities within the Equality Act in relation to each individual's unique and protected characteristics through the Diversity and Inclusion training. The College uses an Equality Duty Framework (EDF) to ensure compliance with all relevant equality legislation, including the Equality Act 2010. The College group undertakes equality impact assessments on all new policies and procedures and for existing policies and procedures on a regular, planned basis.

The College group is actively working with the National Centre for Diversity and has achieved the Investors in Diversity Award. The active Equality, Diversity and Inclusion (EDI) Steering Group with a representative membership continues to shape College policy and provision. There is a link governor on the College board for Equality and Diversity to ensure representation at senior leadership level. A 'Diversity Hub' has been developed as a repository for EDI information, updates and links to provide current and inspiring content for staff and students

Disability Statement

Loughborough College is an accredited 'disability confident' employer, and we actively encourage applications from underrepresented groups such as potential employees with disabilities. We are committed to making reasonable adjustments and offering additional support to ensure that students, who may otherwise be disadvantaged due to learning difficulties, physical or sensory disabilities or medical conditions, have an equal chance of being recruited to and successfully completing their programme of learning.

Loughborough College Group has an inclusive culture whereby the learning needs of students are promoted and supported throughout their learning. Inclusion is central to our ethos, and we welcome a diverse student population from all over the world, every year, to our friendly campus. We want each student to have an individualised learning experience that promotes positive behaviours, attitudes and values. Reasonable adjustments are made, and additional support is offered based on assessment and review of each individual's needs.

We have invested significantly to establish a team of specialist staff to effectively support students with learning difficulties and/or disabilities. We have a team of Learning Support Co-ordinators who lead a number of learning support assistants who provide a variety of support for student's learning and additional needs. There is a continuing programme of staff development to ensure the provision of high levels of appropriate support for students who have learning difficulties and/or disabilities. In addition, our Safeguarding and Welfare Team provides support for students experiencing challenges related to inclusion, general wellbeing and mental health.

The College group has strong links with local authorities and complies with current SEND legislation to ensure best endeavours are applied throughout each student's journey. The College group pays close regard to the SEND Code of Practice and fulfils its statutory duty towards children and young people with SEND.

The College group is committed to eliminating discrimination, promoting equality of opportunity and fostering good relations between disabled and non-disabled children and young people, fostering trauma informed approaches.

Loughborough College

Members' Report (continued)

Trade Union Facility Time

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

The College had 5 employees (FTE) who were trade union representatives from 1 April 2024 to 31 March 2025, with the time being spent and approximate costs shown below.

Percentage of working hours spent on facility time	Number of Employees
0%	0
1-50%	7
51-99%	0
100%	0

Total cost of facility time	£14,968
Total pay bill	£31,818,000
Percentage of total bill spent on facility time	0.05%

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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Gender Pay Gap Reporting

The College has a mean hourly gender pay gap of 11.11% and a median hourly gender pay gap of 20.64%. Which is below the national average. This year the figures show a decrease of the mean gap by 0.44% from last year.

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 – Lower quartile	17%	83%
2 – Lower middle quartile	36%	64%
3 – upper middle quartile	54%	46%
4 – Upper quartile	46%	54%

The College publishes its annual gender pay gap report on its website.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations 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. During the accounting period 1 August 2024 to 31 July 2025, the College paid 87.75% of its invoices within 30 days of receipt (2023/24; 87.26%). The College incurred £348 in respect of late payment penalties for this period (2023/24; £62).

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.

Loughborough College

Members' Report (continued)

Going concern

At the time of approving the financial statements, the governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus, the governors continue to adopt the going concern basis of accounting in preparing the financial statements. Management has reassessed the going concern assumption and confirm that it remains appropriate based on the strong cash and net asset position, excluding long term pension liabilities, which enables it to meet its liabilities as they fall due.

The College currently has £4.425m of unsecured loans outstanding with bankers on terms negotiated in 2020. The terms of the existing agreements are for 20 years. The College has also got a £2.789m DFE loan. This is in relation to the refinance of a previous bank loan and to support the match funding required for the transformation grant funded new sports building. The terms of these loans are based on repayments over 20 years.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the College has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the College's ability to continue as a going concern.

Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Energy and Carbon Report - Group only

The college's greenhouse gas emissions and energy use for the period are set out below:

	2025	2024
Total consumption of electricity (kWh)	3,176,997	2,817,938
Total consumption of gas (kWh)	2,849,246	2,983,339
Total consumption of fuel for the purposes of transport - Diesel (litres)	4,921	4,975
Total consumption of fuel for the purposes of transport - Petrol (litres)	1,316	1,478

	Tonnes of Carbon Dioxide (kgCO ₂ e)	Tonnes of Carbon Dioxide (kgCO ₂ e)
Total consumption of electricity	1,309,082	1,161,131
Total consumption of gas	524,253	548,925
Total consumption of fuel for the purposes of transport - Diesel	12,853	12,993
Total consumption of fuel for the purposes of transport - Petrol	2,891	3,247
	1,849,076	1,726,296

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

Stephen Smith

Stephen Smith
Chair of Governors

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the Annual Report and Financial Statements to gain a clear and informed understanding of the governance arrangements and legal structure of the College. This statement relates to the reporting period from 1 August 2024 to 31 July 2025 and covers the period up to the date of approval of the Annual Report and Financial Statements by the Corporation Board.

The College is committed to conducting its business:

- i. in line with the seven principles set out by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership); and
- ii. in full compliance with the guidance for colleges outlined in the Code of Good Governance for English Colleges (“the Code”).

The College is committed to the highest standards of governance and ethical conduct in the stewardship of its resources, the pursuit of its aims, and the fulfilment of its responsibilities to learners, employers, staff, and the wider local and national community. The College has adopted and complied with the Code of Good Governance for English Colleges since its initial publication in 2015. Following its revision in 2022/23, the Board adopted the updated Code with effect from 1 January 2024.

The Corporation Board has drawn upon recognised best practice in corporate governance and has committed to pursuing excellence in governance.

In the opinion of the Governors, the College has complied with, and in several respects exceeded, the requirements of the Code through to the end of the financial year on 31 July 2025. The Corporation Board recognises its duty as the steward of public and charitable funds and is committed to demonstrating accountability, transparency, and prudent oversight in all matters of governance and leadership.

The College is an exempt charity under Part 3 of the Charities Act 2011. The Governors, who are also the Trustees of the College for the purposes of the Act, confirm that they have had due regard to the Charity Commission’s guidance on public benefit and that the College’s public benefit statement is set out elsewhere within these Annual Report and Financial Statements.

Statement of Corporate Governance and Internal Control (Continued)

The Corporation

The members who served on the Corporation Board during the period 1 August 2024 and 31 July 2025 and up to the date of the signature of this report are listed in the table below. Attendance is reported for the Academic Year 2024/2025 for these members.

	Date of commencement / Appointment to Corporation	Term of office	Date of Resignation/ expiry of term	Status of appointment	Committees served in addition to Corporation Board in year 2024/25 and up to date of signature (not including Chairs' action single meeting attendance)	Overall Meeting attendance - Board & Committees- in year 2024-25 (as percentage of possible attendance)	Corporation Board Attendance in year 2024-25 (as percentage of possible attendance)
Mrs G Bacon	March 2023	4 years		Independent Governor	Standing Committee	57%	29%
Mr R Brewill	December 2024	4 years		Independent Governor	Audit & Risk	100%	100%
Ms P Dawson	September 2024	4 years		Independent Governor	QTLA	64%	57%
Mrs J Dickenson-Darcy	October 2024 (2 nd term)	4 years		Independent Governor & Vice-Chair	QTLA People & Culture Remuneration Standing Committee JMSG	89%	71%
Ms J Gallimore	December 2022	4 years	16 October 2024	Independent Governor	Audit & Risk	50%	0%
Mrs C Harris CEO	May 2024	n/a		CEO & Principal	FPEC, QTLA, Standing Committee, HE Panel, People & Culture	96%	100%
*Mr M Hollingsworth	Aug 2025 (Continuous service SMB November 2023)	*4 years		Independent Governor	HE Panel, Remuneration		
Mr I Jones	October 2024 (2 nd term)	4 years		Independent Governor	FPEC (Chair) Standing Committee JMSG	91%	100%
*Mrs C Kinnell	July 2025	4 years		Independent Governor	QTLA, People & Culture		
Mr P Makepeace	April 2025 wef	4 years		Independent Governor	FPEC	80%	75%
Mr C Manton	December 2022 (2 nd term)	3 years	31 July 2025	Staff Governor	FPEC	100%	100%
Mr N Rughani	December 2023	4 years	24 September 2024	Independent Governor	Audit & Risk	0%	0%
Mr S Smith	April 2024	4 years		Independent Governor & Chair	Standing Committee Remuneration QTLA, FPEC HE Panel JMSG	77%	86%
Mrs J Spencer	September 2024	4 years		Independent Governor	FPEC	100%	100%
Mr J Taylor	October 2023	4 years		Independent Governor	Remuneration People & Culture	23%	14%
Prof R Thomson	May 2024	4 years		Independent Governor	HE Panel	90%	86%
Mr M Vyner	October 2023 (2 nd term)	4 years		Independent Governor & Vice-Chair wef 4.07.24	Audit & Risk (Chair) Remuneration Standing Committee JMSG	88%	100%
W Zhang	April 2024	4 years		Staff Governor	QTLA	91%	100%

Loughborough College

Statement of Corporate Governance and Internal Control (Continued)

The Corporation (Continued)

	Date of Appointment to Corporation	Term of office	Date of Resignation/ expiry of term	Status of appointment	Committees served in addition to Corporation Board in year 2023/24 and up to date of signature (not including chairs' action single meeting attendance)	% Overall Meeting attendance (Board & Committees) in year 2024-25 (as percentage of possible attendance)	Corporation Board Attendance in year 2024-25 (as percentage of possible attendance)
*S Howard	Aug 2025 (Continuous service SMB November 2024)	*3 years		Staff Governor	QTLA		
* P Bosworth	December 2025	3 years		Staff Governor	QTLA		
AJ Hamilton	August 2024	1 year	31 July 2025	Student Governor FE	QTLA	57%	43%
P McLean-Tattan	April 2024	1 year	21 May 2025	Student Governor HE	HE Panel	0%	0%
*Mr B Smallbone	October 2025	1 year		Student Governor HE	HE Panel		
*Miss S Ullah	October 2025	1 year		Student Governor FE	QTLA		

Note

- Where the governors attended meetings of committees to which they were not appointed, these are not reflected in the meeting membership attendance figures
- * Denotes Members appointed after 31 July 2025 up to the date of signature of this report
 - Standing Committee (previously Chairs') includes Search Committee function
 - QTLA – Quality, Teaching, Learning & Assessment Committee, renamed Quality and Curriculum Committee with effect from August 2025.
 - FPEC - Financial Performance & Efficiency Committee – renamed Finance and Resources committee with effect from August 2025.
 - HE – Higher Education (HE) Panel
 - JMSG – Joint Merger Steering Group

The independent governor Ian Jones is not connected with the Director of Governance & Legal Services of the same name.

The Director of Governance & Legal Services maintains a register of financial and personal interests of the Governors. The register is available for inspection upon request.

All Governors are able to obtain independent professional advice in furtherance of their duties at the College's expense and have access to the Director of Governance & Legal Services, who is responsible to the Corporation Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation, and removal of the Director of Governance & Legal Services is reserved for the Corporation as a whole.

Formal agendas, papers, and reports are provided to Governors in a timely manner in advance of Corporation Board meetings, enabling informed discussion and effective decision-making. Additional briefings are issued as required to ensure Governors remain updated on relevant matters outside the regular business of meetings.

Loughborough College

Statement of Corporate Governance and Internal Control (Continued)

The Corporation (continued)

The Corporation benefits from a robust and independent non-executive membership, and its governance arrangements are structured to ensure that no individual or group exerts undue influence over collective decisions. The Corporation is satisfied that all non-executive members are independent of management and are free from any relationships or interests that could compromise, or could reasonably be perceived to compromise, the impartiality of their judgement.

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

Appointments to the Corporation

Any new appointments to the Corporation are matters for the consideration of the Corporation as a whole, with appointments recommended by the Standing Committee following a recruitment and interview process.

Stephen Smith was the Chair of the Corporation for the period supported by Jayne Dickenson-Darcy (reappointed for 2nd term) and Mark Vyner as Vice-Chairs. Ian Jones was also reappointed for a 2nd term. Four independent governors (two being previously co-opted members), and a student governor were appointed to the Corporation Board during the period to 31 July 2025. In addition, two associate members (one staff and one independent) were coopted to the People & Culture Panel and Quality & Curriculum Committee respectively. A further two independent governors (one previously co-opted), two staff governors and two new student governors have been appointed to the Corporation Board up to the date of signature of this report. two associate members (one staff and one independent).

Corporation Performance

Governor Development

During 2024-2025, the Corporation Board, alongside co-opted members, were provided with in-house training and development opportunities. The topics covered included:

Safeguarding and Prevent.
Cyber Security, Finance, and Estates.
Apprenticeships & employer engagement.

Governors were supported with opportunities for external development, with committee chairs attending relevant AoC conferences and network events.

One Governor Away Day was held during the year, focusing on key strategic themes including the curriculum development, finance and estates, governance and board responsibilities, and the merger. Although it is usual practice to hold more than one Away Day within the year, it was collectively agreed that, due to the ongoing merger process, any further session would be deferred to a later date.

All new Governors complete mandatory training in EDI, GDPR, Safeguarding, Prevent, and KCSIE, with refresher training provided for Governors whose certification has lapsed. During the year, the College reviewed its Governor training and induction processes, with a revised process ready for implementation in the coming year.

The Chair of the Corporation undertakes annual one-to-one reviews with Governors. These reviews provide an opportunity to reflect on individual contributions, discuss areas for development, offer guidance, and provide feedback. They also allow Governors to raise any questions or concerns and ensure they are fully supported by the Director of Governance & Legal Services in their roles.

The Chair of the Corporation attended the AoC Conference in November 2024, engaging with national leaders to share best practice and discuss sector developments. The Chair also participated regularly in AoC online network events, maintaining connections with colleagues and staying informed on policy, governance, and strategic issues affecting colleges nationwide. The Chair, Director of Governance and CEO together attended a Just One More Thing conference on mergers and governance.

Statement of Corporate Governance and Internal Control (Continued)

Governor Development (Continued)

The Director of Governance & Legal Services attended the AoC National Conference in November 2024 and the Governance Professional AoC Regional network (as Chair) and National committee, as well as the University of Sunderland Governance conference.

The Corporation Board commissioned an External Governance Review in August 2023, which was carried out in October 2023. The findings were considered in detail at a dedicated Governor Away Day during that year, at which the Board reviewed the full report and agreed an action plan to address identified areas for development and improvement. The themes and recommendations arising from this review have continued to inform governance practice throughout the current year, with progress against the action plan monitored and implemented on an ongoing basis by the Director of Governance & Legal Services. An internal review against best practice was carried out during the year, to inform post-merger governance arrangements.

Work of the Corporation

During the year, the Corporation Board's work was shaped significantly by the progression of the College merger. Board discussions and decision-making were centred on ensuring that the merger created a strong, sustainable, and high-quality College Group for the future. This included close oversight of curriculum plans, financial modelling and performance, and organisational readiness, alongside alignment of strategic priorities going forward.

In addition, the Corporation Board continued to monitor and support the quality of the College's provision, including the outstanding outcome of the Ofsted inspection of accommodation conducted during the year. The Board also reviewed and approved key elements of the long-term College strategy, including funding for capital and estates developments, with merger in mind, and ensured that appropriate executive structures, governance arrangements, and staffing were in place to support the newly merged College Group.

As part of the merger process, Instruments & Articles and Standing Orders of the College Corporation were updated to ensure they reflected the newly merged organisation and governance needs. This included adjustments to the size of the Board, enhanced flexibility in the appointment of staff and student governors, provisions for written resolutions, and revised authorisation for witnessing the College seal. These changes were approved by the Board and implemented from 1 July 2025.

The Corporation Board undertook recruitment processes during the year to ensure that the Board maintained the appropriate range of skills, experience, and perspectives to support its responsibilities. In addition to external recruitment, there was a strong emphasis on internal progression and succession planning. Several co-opted members, having demonstrated a keenness to contribute further, were appointed as full Governors, strengthening continuity and Board effectiveness.

Policies approved by the Board during the year included the Fees & Charges Policy, the Sub-Contractor & Fees Policy, the Senior Post Holder Policy, and revisions to the Financial Regulations. In preparation for merger, all corporate policies were also systematically reviewed by the relevant departments and updated by Document Control to ensure consistency, compliance, and alignment with the governance and operational arrangements of the merged organisation. As part of this process, the Board also approved policies for Whistleblowing, Health & Safety, Modern Slavery, Equality Diversity & Inclusion, Safeguarding, and PREVENT.

In support of the Corporation Board's continuing focus on improving the quality of provision for all learners and strengthening the College's financial sustainability, Governors maintained oversight of performance against the Leadership Business Plan for 2024-2025 and a suite of high-level Key Performance Indicators. The Board also considered the College's long-term strategic direction in parallel with ongoing scrutiny of the current financial position and future planning.

During the year, the Board approved entering into a grant and loan agreement with the Secretary of State in relation to merger.

Loughborough College

Statement of Corporate Governance and Internal Control (Continued)

The Corporation (continued)

Looking Forward

Following the merger, the Corporation's focus is on embedding a unified culture, streamlining processes, and maintaining a high-quality teaching and learning experience across the now larger organisation. Priority will be given to Governor recruitment and development, curriculum planning, and strengthening employer and community engagement to enhance learner opportunities and outcomes.

The Corporation will continue to strive for excellence in governance, ensuring strong oversight, effective risk management, and transparent decision-making. These actions will support the College's long-term sustainability, drive educational outcomes for learners, and maximise its positive impact on the communities it serves.

Remuneration Committee

As at the end of the year ending 31 July 2025, the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other defined Senior Post Holders. Details of the remuneration for the year ending 31 July 2025 may be found in the financial statements.

The Corporation Board approved an updated Senior Post Holders Remuneration Policy (the "Remuneration Policy") in July 2025 providing a method by which discussions on senior post holders pay can be held, and decisions made. This policy takes into account and embodies relevant provisions of the AoC Senior Post Holder Remuneration Code and the parallel HE Senior Staff Remuneration Code (CUC) and complies with national rules and guidance on senior pay control and special payments issued by DFE and HM Treasury. The AoC SPH Remuneration Code continues to be integrated into the AoC Code of Good Governance 2024 and the governing body complies with the recommendations of the AoC Code of Good Governance in this regard.

The remuneration package of Senior Post Holders, including the CEO, is subject to annual review by the Remuneration Committee who use benchmarking information to provide objective guidance. The CEO reports to the Chair of the Corporation who undertakes an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Audit & Risk Committee

The Audit & Risk Committee currently comprises three members and does not include the Accounting Officer or Chair of the Corporation. Membership included a co-opted member throughout the period. The Committee operates in accordance with written terms of reference approved by the Corporation and reviewed annually by the Committee.

The internal auditors for the period were ICCA and the external audit provision was provided by RSM.

The Audit & Risk Committee has met four times during the year and provides a forum for reporting by the College's internal reporting accounts 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.

Throughout the year, the Committee undertook a series of reviews focusing on one headline area of risk at each of its meetings.

The College's independent assurance advisers review the systems of internal control, risk management controls, and governance processes in accordance with an agreed balanced and robust internal audit plan and report their findings to management and the Audit & Risk Committee.

Management is responsible for the implementation of previously agreed internal audit recommendations, and the independent assurance advisers undertake periodic follow-up reviews of management progress to ensure such recommendations have been implemented.

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

Loughborough College

Statement of Corporate Governance and Internal Control (Continued)

The Corporation (*continued*)

Internal control

Scope of responsibility

The Corporation has overall responsibility for the College's system of internal control and for monitoring and reviewing its effectiveness. It is recognised, however, that the system is designed to manage risk in support of the achievement of business objectives; it cannot eliminate risk entirely. As such, it provides reasonable, but not absolute, assurance against material misstatement or loss.

The Corporation has delegated day-to-day responsibility to the 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 he is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum/Financial Agreement between Loughborough College and the funding bodies. The CEO is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Loughborough 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 year ended 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. In particular, it includes:

- Comprehensive budgeting system with an annual budget, which is reviewed and agreed by the Corporation.
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.
- Setting targets to measure financial and other performances.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

Loughborough College has an independent assurance service, whose work is informed by an analysis of the risks to which the College is exposed, and annual plans are also based on this analysis. The analysis of risks and the assurance plans are endorsed by the Corporation on the recommendation of the Audit and Risk Committee. At a minimum, annually, the Corporation Board is provided with a report on assurance activity in the College. The report includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls, and governance processes.

Statement of Corporate Governance and Internal Control (Continued)

The Corporation (*continued*)

Review of effectiveness

As Accounting Officer, the Chief Executive holds responsibility for reviewing the effectiveness of the College's system of internal control. This review is informed by:

- The work of the independent assurance advisers.
- 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 statement auditors, the reporting accountant for regularity assurance in their management letters and other reports.

The Chief Executive & Principal has been advised on the outcomes and implications of this review by the Audit & Risk Committee, which oversees the work of the independent assurance advisers and other sources of assurance. Where areas for improvement have been identified, an action plan is in place to address these and to support the ongoing strengthening and continuous improvement of the internal control framework.

The Executive Team receives reports from senior management 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 Audit & Risk Committee also receive regular reports from the independent assurance advisers and other sources of assurance, which include recommendations for improvement. The Audit & Risk Committee's role in this area is confined to 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 Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At the December 2025 meeting, the Corporation carried out the annual assessment for the year end 31 July 2025 by consideration documentation from the senior management team and independent assurance advisers, and taking account of the events since 31 July 2025.

Based on the advice of the Audit & Risk Committee and the Chief Executive, 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:



Stephen Smith
Chair of Governors



Corrie Harris
Chief Executive

Loughborough College

Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

As accounting officer, I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the college's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the corporation's board of governors and DfE of material irregularity, impropriety and non-compliance with terms and conditions of all funding.

I confirm that I, and the board of governors, are able to identify any material irregular or improper use of all funds by the corporation, or material non-compliance with the framework of authorities.

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



Corrie Harris
Chief Executive
17th December 2025

Statement of the Chair of Governors

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



Stephen Smith
Chair of Governors
17th December 2025

Statement of Responsibilities of the Members of the Corporation in respect of the Financial Statements

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

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

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

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the corporation, the chair of the board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

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

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

Stephen Smith

Stephen Smith
Chair of Governors

Independent auditors' report to the Corporation of Loughborough College

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Independent auditors' report (Continued)

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

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

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of the Corporation of Loughborough College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 30, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditors' report (Continued)

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

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

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

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

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

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

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

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

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and performing detailed substantive testing over revenue transactions including testing transactions recognised both pre and post year end.

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

Independent auditors' report (Continued)

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Accountability Agreement published by the Department for Education and our engagement letter dated 2 November 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Paul Oxtoby (Dec 18, 2025, 2:51pm)

RSM UK AUDIT LLP

Chartered Accountants

103 Colmore Row

Birmingham

West Midlands

B3 3AG

18 Dec 2025

Independent Reporting Accountant's Report on Regularity to The Corporation of Loughborough College and The Secretary of State for Education

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 2 November 2021 and further to the requirements of the Department for Education (the "DfE") as included in the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the DfE, to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Loughborough College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

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

Basis for conclusion

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

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

Responsibilities of the accounting officer of Loughborough College and Corporation

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Corporation of Loughborough College (who are also the trustees for the purposes of charity law) are responsible for the proper conduct and financial operation of Loughborough College and appointment of the accounting officer.

Responsibilities of the reporting accountant

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Framework and Guide for External Auditors and Reporting Accountants of Colleges.

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

We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Independent Reporting Accountant's Report (continued)

Responsibilities of the reporting accountant (continued)

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

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

Use of our report

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

RSM UK Audit LLP

Paul Oxtoby (Dec 18, 2025, 2:51pm)

RSM UK AUDIT LLP

Chartered Accountants

103 Colmore Row

Birmingham

West Midlands

B3 3AG

18 Dec 2025

Loughborough College

Consolidated and College Statements of Comprehensive Income and Expenditure Year Ended 31 July 2025

	Note	Year ended 31 July 2025		Year ended 31 July 2024	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	2	38,516	38,516	33,752	33,752
Tuition fees and education contracts	3	7,370	7,370	8,755	8,755
Other income	5	6,996	7,418	5,723	6,036
Investment Income	6	204	204	234	234
Total Income		53,086	53,508	48,464	48,777
Expenditure					
Staff costs	8	31,392	24,904	28,063	22,932
Other operating expenses	9	16,296	23,291	16,000	21,531
Depreciation	12	2,888	2,888	2,607	2,607
Interest and other finance costs	10	411	411	418	418
Total Expenditure		50,987	51,494	47,088	47,488
Surplus before other gains and losses		2,099	2,014	1,376	1,289
Loss on disposal of assets	12	0	0	0	0
Loss on investments		(1)	(1)	(4)	(4)
Surplus/(Deficit) for the year before tax		2,098	2,013	1,372	1,285
Taxation	11	0	0	0	0
Surplus/(Deficit) for the year		2,098	2,013	1,372	1,285
Actuarial loss in respect of pensions schemes		(424)	(424)	(329)	(329)
Total Comprehensive Income for the year		1,674	1,589	1,043	956
Represented by:					
Unrestricted comprehensive Income		1,675	1,590	1,047	960
Restricted comprehensive expense		(1)	(1)	(4)	(4)
		1,674	1,589	1,043	956

All Income and Expenditure relates to continuing activities.

Loughborough College

Consolidated and College Statements of Changes in Reserves Year Ended 31 July 2025

	Income and Expenditure account	Revaluation reserve	Restricted permanent endowment reserve	Total reserves
	£'000	£'000	£'000	£'000
Group				
Balance at 31st July 2023	23,062	4,965	264	28,291
Surplus for the year from the income and expenditure account	1,372	0	0	1,372
Other comprehensive income	(329)	0	0	(329)
Endowment investments	4	0	(4)	0
Transfers between revaluation and income and expenditure reserves	51	(51)	0	0
Total Comprehensive Income/(Expense) for the year	1,098	(51)	(4)	1,043
Balance at 31st July 2024	24,161	4,914	260	29,334
Surplus for the year from the income and expenditure account	2,098	0	0	2,098
Other comprehensive income	(424)	0	0	(424)
Endowment investments	1	0	(1)	0
Transfers between revaluation and income and expenditure reserves	51	(51)	0	0
Total Comprehensive Income/(Expense) for the year	1,726	(51)	(1)	1,674
Balance at 31st July 2025	25,887	4,863	259	31,008
College				
Balance at 31st July 2023	23,805	4,965	264	29,034
Surplus for the year from the income and expenditure account	1,285	0	0	1,285
Actuarial loss in respect of pensions schemes	(329)	0	0	(329)
Endowment investments	4	0	(4)	0
Transfers between revaluation and income and expenditure reserves	51	(51)	0	0
Total Comprehensive Income/(Expense) for the year	1,011	(51)	(4)	956
Balance at 31st July 2024	24,816	4,914	260	29,990
Surplus for the year from the income and expenditure account	2,013	0	0	2,013
Actuarial loss in respect of pensions schemes	(424)	0	0	(424)
Endowment investments	1	0	(1)	0
Transfers between revaluation and income and expenditure reserves	51	(51)	0	0
Total Comprehensive Income/(Expense) for the year	1,641	(51)	(1)	1,589
Balance at 31st July 2025	26,457	4,863	259	31,579

Restricted permanent endowment reserve is held with Loughborough College Educational Trust. Their object is to promote the education of persons who are under the age of 25 and are in need of financial assistance and are or have at any time been a student at Loughborough College or who are resident in the area of benefit.

Loughborough College

Consolidated and College Balance Sheets as at 31 July 2025

	Note	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Non Current Assets					
Tangible Fixed Assets	12	72,796	73,671	55,045	55,920
Investments	13	259	259	260	260
		73,055	73,930	55,305	56,180
Current Assets					
Stocks		17	17	16	16
Trade and Other Receivables	14	3,095	3,018	2,215	2,173
Cash and Cash Equivalents	20	8,325	8,054	5,656	5,362
		11,437	11,089	7,887	7,551
Less: Creditors – Amounts Falling Due Within One Year	16	(7,926)	(7,883)	(6,792)	(6,676)
Net Current Assets		3,511	3,206	1,095	875
Total Assets less Current Liabilities		76,566	77,136	56,400	57,055
Less: Creditors – Amounts Falling Due After More Than One Year	17	(45,319)	(45,319)	(26,761)	(26,761)
Provisions					
Defined Benefit Obligations	19, 25	0	0	0	0
Other Provisions	19	(238)	(238)	(303)	(303)
Total Net Assets		31,009	31,579	29,336	29,991
Restricted Reserves					
Income & Expenditure Account - Endowment Reserve		259	259	260	260
Total Restricted Reserves		259	259	260	260
Unrestricted Reserves					
Income and Expenditure Account		25,887	26,457	24,161	24,816
Revaluation Reserve		4,863	4,863	4,915	4,915
Total Unrestricted Reserves		30,750	31,321	29,076	29,731
Total Reserves		31,009	31,579	29,336	29,991

The financial statements on pages 37 to 69 were approved and authorised for issue by the Corporation on 17th December 2025 and were signed on its behalf on that date by:

Stephen Smith

Stephen Smith
Chair of Governors

Corrie Harris

Corrie Harris
Chief Executive Officer

Loughborough College

Consolidated Statement of Cash Flows Year ended 31 July 2025

	Note	2025 £'000	2024 £'000
Cash inflow from operating activities			
Surplus for the Year		2,098	1,372
Adjustment for non-cash items			
Depreciation		2,888	2,607
Increase in Stocks		(0)	(3)
Increase in Debtors		(879)	(877)
Increase/ (Decrease) in Creditors Due Within One Year		375	(399)
(Decrease)/ Increase in Creditors Due After One Year		(0)	3
Decrease in Provisions		(65)	(45)
Decrease in Endowments		1	4
Pensions Costs less Contributions Payable		(424)	(329)
Adjustment for Investing or Financing Activities			
Investment Income		(204)	(234)
Interest Payable		420	426
Net Cash Flow from Operating Activities		<u>4,210</u>	<u>2,525</u>
Cash Flows from Investing Activities			
Investment Income		204	234
Capital Grants Received		17,288	5,068
Payments Made to Acquire Fixed Assets		(20,639)	(8,588)
Total Investing Activities		<u>(3,147)</u>	<u>(3,286)</u>
Cash Flows from Financing Activities			
Interest Paid		(420)	(426)
New DfE Loan		2,858	0
Repayments of Amounts Borrowed		(833)	(329)
Total Financing Activities		<u>1,605</u>	<u>(755)</u>
Increase/ (Decrease) in Cash and Cash Equivalents in the Year		<u>2,668</u>	<u>(1,516)</u>
Cash and Cash Equivalents at Beginning of the Year	20	5,656	7,172
Cash and Cash Equivalents at End of the Year	20	<u><u>8,325</u></u>	<u><u>5,656</u></u>

Loughborough College

Notes to the Statements

1 Accounting policies and estimation techniques

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

General information

Loughborough College is a corporation established under the Further & Higher Education Act 1992 as an English general College of further education.

The address of the College's principal place of business is given on page 2. The nature of the College's operations is set out in the Member's Report.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (FE & HE SORP 2019)*, the *College Accounts Direction for 2020 to 2021*, and *Regulatory Advice 9: Accounts Directions issued by the Office for Students* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, The Leicestershire College Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2025.

Reduced disclosures

In accordance with the FE & HE SORP 2019 and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of financial instruments.

Loughborough College

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Going concern

At the time of approving the financial statements, the governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus, the governors continue to adopt the going concern basis of accounting in preparing the financial statements. Management has reassessed the going concern assumption and confirm that it remains appropriate based on the strong cash and net asset position, excluding long term pension liabilities, which enables it to meet its liabilities as they fall due.

The College had £7.214m of unsecured bank loans on 31st July 2025. The current Santander bank loan was used to refinance the indebtedness of the previous borrowers in 2019/20. The previous loans were used to fund capital building replacement and refurbishment projects. During the year DFE loans of £2.4m was provided to support the DFE transformation funded sports building and £450k to repay the additional Santander facility which matured in April 2025.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the College's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

Capital grant funding

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

Fee income

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

Investment Income

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

Loughborough College

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Agency Arrangements

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 from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the 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.

Leicestershire County Council Local Government Pension Scheme (LGPS)

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

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

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

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

Short Term Employment Benefits

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

Enhanced Pensions

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

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Subsidiary Pension Scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pensions cost charge represents contributions payable by the company to the existing scheme.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- New buildings – 45 to 50 years
- Major refurbishments – 10 to 30 years

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

Freehold buildings are depreciated over their expected useful economic life to the College of between 45 to 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 30 years.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Loughborough College

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Equipment

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

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

- Technical equipment 2 to 10 years
- Motor vehicles 5 years
- Computer equipment 3 years
- Furniture, fixtures and fittings 2 to 10 years

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

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Other investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Loughborough College

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

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

Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

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

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statements of Comprehensive Income and Expenditure.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statements of Comprehensive Income and Expenditure.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statements of Comprehensive Income and Expenditure, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Loughborough College

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets, including goodwill. 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.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to include in the asset ceiling for measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Impairment of Fixed Assets

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

Loughborough College

Notes to the Statements (continued)

2 Funding Body Grants

	Year Ended 31 July		Year Ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent Grants				
Education and Skills Funding Agency - Adult	1,368	1,368	1,143	1,143
Education and Skills Funding Agency - 16-18*	23,795	23,795	26,040	26,040
Education and Skills Funding Agency - Apprenticeships	3,733	3,733	3,575	3,575
Office for Students	656	656	614	614
Total Recurrent Grants	29,552	29,552	31,372	31,372
Specific Grants				
Education and Skills Funding Agency - Loans to Learners	86	86	147	147
Releases of Government Capital Grants	963	963	804	804
Teacher Pension Scheme grant	1,313	1,313	923	923
16 to 19 Tuition Fund	0	0	225	225
T Level Industry Placements	57	57	58	58
T Level Careers Guidance Fund	0	0	10	10
Principle Reference Group	0	0	3	3
Local Skills Improvement Fund	0	0	136	136
Further Education Innovation Fund - Innovate UK	324	324	74	74
Sports Aid - DiSE*	5,276	5,276	0	0
Skills Bootcamp	100	100	0	0
DfE Pay Grant	276	276	0	0
NI Grant	191	191	0	0
Merger Grant	26	26	0	0
Per-Merger Grant	297	297	0	0
Turing Scheme	55	55	0	0
Total Specific Grants	8,964	8,964	2,380	2,380
Total Funding Body Grants	38,516	38,516	33,752	33,752

*Sports Aid - DiSE reallocated from Education and Skills Funding Agency - 16-18 for 2025, due to change in funding provider

3 Tuition Fees and Education Contracts

	Year Ended 31 July		Year Ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Apprenticeship Contracts	10	10	9	9

Loughborough College

Notes to the Statements (continued)

4 Total Grant and Fee Income

	Year Ended 31 July		Year Ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant Income from OfS	656	656	614	614
Grant Income from Other Bodies	37,860	37,860	33,138	33,138
Total Grants	38,516	38,516	33,752	33,752
Fee Income from Non-Qualifying Courses (exclusive of VAT)	7,370	7,370	8,755	8,755
Total Tuition Fees and Education Contracts	7,370	7,370	8,755	8,755
Total Grant and Fee Income	45,886	45,886	42,507	42,507

5 Other Income

	Year Ended 31 July		Year Ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and Residences	1,992	1,992	1,574	1,574
Other Income Generating Activities*	2,033	2,726	2,038	2,766
NFL Income	1,150	722	1,110	621
Non Government Capital Grants	50	50	42	42
Miscellaneous Income	1,771	1,928	958	1,033
Total	6,996	7,418	5,723	6,036

* College figure includes Subsidiary Undertakings of:

784

794

6 Investment Income

	Year Ended 31 July		Year Ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other Investment Income	204	204	234	234
Total	204	204	234	234

7 Donations and Endowments

	Year Ended 31 July		Year Ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Unrestricted Donations	0	0	0	0
Total	0	0	0	0

Notes to the Statements (continued)

8 Staff Costs

The average number of persons (including key management personnel) employed by the College during the year, expressed as average headcount and calculated on a monthly basis, was:

	Year Ended 31 July		Year Ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	No.	No.	No.	No.
Teaching Staff	503	428	476	419
Non Teaching Staff	400	143	375	158
	903	571	851	577

Staff Costs for the Above Persons

	Year Ended 31 July		Year Ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and Salaries	24,060	18,191	21,336	16,641
Social Security Costs	2,417	1,930	1,955	1,624
Other Pension Costs	4,003	3,871	3,560	3,455
Payroll Sub Total	30,480	23,992	26,851	21,720
Contracted out Staffing Services	912	912	1,212	1,212
	31,392	24,904	28,063	22,932
	31,392	24,904	28,063	22,932

There were no fundamental restructuring costs, contractual or non contractual, during the year. (2024 Nil)

Salary Sacrifice

The Corporation has the following salary sacrifice arrangements in place:

Child Care Vouchers, Cycle Scheme, Holiday Plus, Scottish Widows Pension Scheme

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal and Chief Executive, Chief Financial Officer, Deputy Principal, 2 Vice Principals, Director of Governance and Legal, Director of Strategic Partners, Director Of Estates & Sustainability, Dean Of Higher Education, Director Of HR, Director Of Planning & MIS and Director of IT & Digital. Staff costs include compensation paid to key management personnel for loss of office of £21,851 (2024 £24,103).

Emoluments of Key Management Personnel, Accounting Officer and other Higher Paid Staff

	31 July	31 July
	2025	2024
	No.	No.
The Number of Key Management Personnel Including the Accounting Officer was:	12	12

Notes to the Statements (continued)

8 Staff Costs (continued)

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

	Key management personnel		Other staff	
	Year Ended		Year Ended	
	31 July 2025	31 July 2024	31 July 2025	31 July 2024
	No.	No.	No.	No.
£60,000 to £65,000 p.a.	0	2	1	0
£65,001 to £70,000 p.a.	1	3	0	1
£70,001 to £75,000 p.a.	3	0	1	0
£75,001 to £80,000 p.a.	2	3	0	0
£80,001 to £85,000 p.a.	2	1	0	0
£85,001 to £90,000 p.a.	1	0	0	0
£90,001 to £95,000 p.a.	0	1	0	0
£95,001 to £100,000 p.a.	1	1	0	0
£100,001 to £110,000 p.a.	0	0	0	0
£110,001 to £115,000 p.a.	1	0	0	0
£115,001 to £165,000 p.a.	0	0	0	0
£165,001 to £170,000 p.a.	1	1	0	0
	12	12	2	1

Where bandings have zero staff, they have been consolidated.

Key Management Personnel Emoluments are made up as follows:

	Year Ended	
	31 July 2025	31 July 2024
	£'000	£'000
Salaries - Gross of Salary Sacrifice and Waived	1,178	1,007
Social Security Costs	171	123
Benefits in Kind	-	-
	1,349	1,130
Pension Contributions	233	224
Total Emoluments	1,582	1,354

There were no amounts due to key management personnel that were waived in the year.

Notes to the Statements (continued)

8 Staff Costs (continued)

The emoluments on page 52 include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	Year Ended 31 July 2025	Principal and Chief Executive (1 Aug 2023 to 31 Dec 2023)	Year Ended 31 July 2024	Acting Principal (1 Jan 2024 to 26 May 2024)	Principal and Chief Executive (From 27 May 2024)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	168	67	63	30	160	
Benefits in Kind	0	0	0	0	0	
	168	67	63	30	160	
Social Security Costs	23	9	8	4	21	
Pension Contributions	38	16	15	7	37	

The governing body has adopted the HE Senior Staff Remuneration and assesses senior pay in line with the principles of the Code (as revised). The code was introduced to give better guidance to the institutions which adopt the Code and comfort to policymakers (and the public) that the governance and assurance of Chief Executive Officer and other senior staff pay is conducted appropriately. The AoC Senior Post Holder Remuneration Code Dec 2018 is expressly equivalent to the HE Remuneration Code. The AoC SPH Remuneration Code continues to be integrated into the AoC Code of Good Governance 2024 and the governing body complies with the recommendation of the AoC Code of Good Governance in this regard.

The remuneration package of key management staff, including the Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The Chief Executive reports to the Chair of Governing Body who undertakes an annual review of their 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	31 July 2024
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	5.8	6.3
Principal and CEO's total remuneration as a multiple of the median of all staff	5.8	6.3

Compensation for Loss of Office Paid to Former Key Management Personnel

The severance payments are approved by the College's remuneration committee and are included within the Staff Costs above. There was one payment in the current financial year totalling £21,851 (2024 £24,103).

Notes to the Statements (continued)

9 Other Operating Expenses

	Year Ended		Year Ended	
	31 July	31 July	31 July	31 July
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching Costs	4,614	4,614	5,554	5,554
Non Teaching Costs *	8,255	15,267	6,786	12,328
Premises Costs	3,427	3,410	3,660	3,649
Total	16,296	23,291	16,000	21,531

* College figure includes Subsidiary Undertakings of:

7,083 5,590

Other Operating Expenses Include:

	Year Ended		Year Ended	
	31 July	31 July	31 July	31 July
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Auditors' Remuneration:				
Financial Statements Audit	61	51	58	48
Independent Assurance	17	17	14	14
Other Services Provided by the Financial Statements Auditors	6	6	7	7
Depreciation	2,888	2,888	2,607	2,607
Hire of Assets Under Operating Leases	83	83	64	64
Payments to Subcontractors and Partners	4,614	4,614	5,554	5,554

9a Office for Students, Access and Participation

	Year Ended		Year Ended	
	31 July	31 July	31 July	31 July
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Access investment	75	75	73	73
Financial support to students	147	147	117	117
Disability Support	0	0	0	0
Research and evaluation	10	10	7	7
Total	231	231	197	197

Loughborough College

Notes to the Statements (continued)

10 Interest and Other Finance Costs - College and Group

	Year Ended	
	31 July 2025	31 July 2024
	£'000	£'000
On Bank Loans, Overdrafts and Other Loans	420	426
	420	426
Net Interest on Defined Pension Liability (note 25)	(9)	(8)
Total	411	418

11 Taxation - College and Group

	Year Ended	
	31 July 2025	31 July 2024
	£'000	£'000
United Kingdom Corporation Tax	0	0
Provision for Deferred Corporation Tax in the Accounts of the Subsidiary Company	0	0
Total	0	0

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

12 Tangible Fixed Assets - (Group)

	Land and Buildings	Equipment	Assets Under Construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 August 2024	69,835	7,149	6,419	83,403
Additions	886	997	18,756	20,639
Transfers	8,338	1,223	(9,561)	(0)
Disposals	(72)	(29)	0	(101)
At 31 July 2025	78,987	9,340	15,614	103,941
Accumulated Depreciation				
At 1 August 2024	24,161	4,197	0	28,358
Charge for the Year	1,654	1,234	0	2,888
Transfers	0	0	0	0
Elimination in Respect of Disposals	(72)	(29)	0	(101)
At 31 July 2025	25,743	5,402	0	31,145
Net Book Value at 31 July 2025	53,244	3,938	15,614	72,796
Net Book Value at 31 July 2024	45,674	2,952	6,419	55,045

Loughborough College

Notes to the Statements (continued)

12 Tangible Fixed Assets (continued) - (College only)

	Land and Buildings	Equipment	Assets Under Construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 August 2024	70,375	7,131	6,419	83,925
Additions	886	997	18,756	20,639
Transfers	8,338	1,223	(9,561)	(0)
Disposals	(72)	(29)	0	(101)
At 31 July 2025	79,527	9,322	15,614	104,463
Accumulated Depreciation				
At 1 August 2024	23,823	4,182	0	28,005
Charge for the Year	1,654	1,234	0	2,888
Transfers	0	0	0	0
Elimination in Respect of Disposals	(72)	(29)	0	(101)
At 31 July 2025	25,405	5,387	0	30,792
Net Book Value at 31 July 2025	54,122	3,935	15,614	73,671
Net Book Value at 31 July 2024	46,552	2,949	6,419	55,920

The cost and net book value of the College's land and buildings is higher than that of the Group because in 2016, certain property owned by a previous subsidiary undertaking (that was subsequently liquidated), was transferred to the College at a cost that reflected fair value at that date. The amounts in the Group continue to reflect the original cost to the Group.

There are no assets held under finance leases.

Included within in the Land and Buildings, is £4.1m of land that is not depreciated.

Loughborough College

Notes to the Statements (continued)

13 Non Current Investments - Group & College

	2025 £'000	2024 £'000
Investments in Subsidiary Companies	0	0
Other Non Current Investments	259	260
Total	259	260

The Leicestershire College Limited was set up in 2016/17 and is incorporated in England and Wales. Loughborough College holds 100% of the ordinary share capital. The registered office address is Loughborough College, Radmoor Road, Loughborough, LE11 3BT.

14 Trade and Other Receivables

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Amounts Falling Due Within One Year:				
Trade Receivables	385	314	629	627
Amounts Owed by Group Undertakings:				
Subsidiary Undertakings	0	0	0	0
Prepayments and Accrued Income	2,710	2,704	1,586	1,546
Total	3,095	3,018	2,215	2,173

Amounts owed by group undertakings are trading balances repayable on demand and are non-interest bearing.

Loughborough College

Notes to the Statements (continued)

15 Current Investments

	31 July 2025 Group £'000	31 July 2025 College £'000	31 July 2024 Group £'000	31 July 2024 College £'000
Short Term Deposits	0	0	0	0
Total	0	0	0	0

16 Creditors - Amounts Falling Due Within One Year

	31 July 2025 Group £'000	31 July 2025 College £'000	31 July 2024 Group £'000	31 July 2024 College £'000
On Bank Loans, Overdrafts and Other Loans	453	453	329	329
Trade Payables	874	826	1,043	1,006
Amounts Owed to Group Undertakings:				
Subsidiary Undertakings	0	196	0	52
Other Taxation and Social Security	1,079	924	977	863
Accruals and Deferred Income	3,532	3,532	2,995	2,988
Holiday Accrual	166	130	58	47
Deferred Income - Capital Grants	1,508	1,508	876	876
Amounts Owed to the ESFA	314	314	515	515
Total	7,926	7,883	6,792	6,676

Amounts owed by group undertakings are trading balances repayable on demand and are non-interest bearing.

17 Creditors - Amounts Falling Due After More Than One Year

	31 July 2025 Group £'000	31 July 2025 College £'000	31 July 2024 Group £'000	31 July 2024 College £'000
On Bank Loans and Other Loans	6,761	6,761	4,859	4,859
Deferred Income - Capital Grants	38,558	38,558	21,902	21,902
Total	45,319	45,319	26,761	26,761

Notes to the Statements (continued)

18 Maturity of Debt

Bank Loans and Overdrafts

On Bank Loans, Overdrafts and Other Loans are Repayable as Follows:

	31 July 2025 Group £'000	31 July 2025 College £'000	31 July 2024 Group £'000	31 July 2024 College £'000
In One Year or Less	453	453	329	329
Between One and Two Years	607	607	359	359
Between Two and Five Years	1,360	1,360	988	988
In Five Years or More	4,794	4,794	3,512	3,512
Total	7,214	7,214	5,188	5,188

The current bank loan was used to refinance the indebtedness of the previous borrowers. The loan is for £6m and repayable over 20 years at 3 month SONIA (migrated from LIBOR) + 2.95% interest.

An additional DfE loan of £450k was used to repay a previous bank loan in support of capital projects. This is repayable over 20 years and repayable in line with the Public Works Loan Board rates, currently 5.02% reviewable annually in April

A further DfE loan of £2.4m was taken as part of a larger DfE funded FECTF capital project. This is repayable over 20 years and repayable in line with the Public Works Loan Board rates, currently 5.02% reviewable annually in April

19 Provisions

	Group and College		
	Defined Benefit Obligations £'000	Enhanced Pensions £'000	Other £'000
At 1 August 2024	0	303	0
Expenditure in the Period	0	(65)	0
Transferred from Income and Expenditure Account	0	0	0
At 31 July 2025	0	238	0

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in Note 25.

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

The principal assumptions for the calculation are:

	2025	2024
Price inflation	3.1%	3.3%
Discount rate	5.5%	4.8%

Notes to the Statements (continued)

20 Notes to Cash Flow Statement

Analysis of Change in Net funds

Group	At 1 August 2024	Cash Flows	Other Changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	5,656	2,669	0	8,325
Overdrafts	0	0	0	0
	5,656	2,669	0	8,325
Bank Loans	(5,188)	763	0	(4,425)
DfE Loans	0	(2,789)	0	(2,789)
Finance Leases	0	0	0	0
Net Funds	468	644	0	1,111

College	At 1 August 2024	Cash Flows	Other Changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	5,362	2,692	0	8,054
Overdrafts	0	0	0	0
	5,362	2,692	0	8,054
Bank Loans	(5,188)	763	0	(4,425)
DfE Loans	0	(2,789)	0	(2,789)
Finance Leases	0	0	0	0
Net Funds	174	666	0	840

21 Capital Commitments

	Group and College	
	2025	2024
	£'000	£'000
Commitments Contracted at 31 July	<u>2,601</u>	<u>17,366</u>

Loughborough College

Notes to the Statements (continued)

22 Lease Obligations - Group and College

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

	31 July 2025 £'000	31 July 2024 £'000
Future Minimum Lease Payments Due		
Land and Buildings		
Not Later Than One Year	0	0
Later Than One Year and Not Later Than Five Years	0	0
Later than Five Years	0	0
	0	0
Other		
Not Later Than One Year	83	64
Later Than One Year and Not Later Than Five Years	71	65
Later than Five Years	0	0
	152	129
Total Lease Payments Due	152	129

The impact of these lease payments on the Income and Expenditure account was £83,000

23 Contingent Liabilities - Group and College

There are no events during the reporting period (2024 Nil).

24 Events after the balance sheet date - Group and College

There are no adjusting / non-adjusting events after the reporting period.

Notes to the Statements (continued)

25 Defined benefit obligations - Group and College

Total Pension Cost for the Year	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
Teachers' Pension Scheme: Contributions Paid	2,926	2,478
Scottish Widows Pension Scheme: Contributions Paid	363	285
Local Government Pension Scheme:		
Contributions Paid	1,363	1,643
FRS 102 (28) Charge	(415)	(321)
Charge to the Statement of Comprehensive Income	948	1,322
Enhanced Pension Charge to Statement of Comprehensive Income	65	45
Total Pension Cost for the Year	4,303	4,130

All items relate to the college other than the Scottish Widows Pension Scheme.

FRS 102 (28)

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 Leicestershire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

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

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Leicestershire County Council. The total contribution made for the year ended 31 July 2024 was £1,760,000, of which employer's contributions totalled £1,363,000 and employees' contributions totalled £397,000.

The agreed contribution rates for future years are 21.9% Y/E 31 March 2026 for employers and range from 5.5% to 12.5% for employees, depending on salary.

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued)

Local Government Pension Scheme (Continued)

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:

	Year ended 31 July 2025	Year ended 31 July 2024
Rate of Increase in Salaries	3.25%	3.25%
Discount Rate for Scheme Liabilities	5.80%	5.00%
Inflation Assumption (CPI)	2.75%	2.75%

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

	Year ended 31 July 2025 years	Year ended 31 July 2024 years
<i>Retiring Today</i>		
Males	21.10	20.80
Females	24.10	24.10
<i>Retiring in 20 Years</i>		
Males	22.10	21.90
Females	25.50	25.50

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

	31 July 2025		31 July 2024	
	Long-term rate of return expected	Fair Value £'000	Long-term rate of return expected	Fair Value £'000
Equities	52.00%	29,052	51.00%	25,876
Bonds	32.00%	17,878	34.00%	17,251
Property	6.00%	3,352	6.00%	3,044
Cash	10.00%	5,587	9.00%	4,566
Total fair value of plan assets		55,869		50,738

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

	31 July 2025 £'000	31 July 2024 £'000
Fair Value of Plan Assets	55,869	50,738
Present Value of Plan Liabilities	(35,266)	(39,579)
Restriction on Movement of Pension Scheme Asset	(20,603)	(11,159)
Net Pensions Liability (Note 19)	0	0

Loughborough College

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued)

Local Government Pension Scheme (Continued)

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

	31 July 2025 £'000	31 July 2024 £'000
Amounts Included in Staff Costs		
Current Service Cost	948	978
Past Service Cost	0	344
Total	948	1,322
Amounts Included in Investment Income		
Interest (Income)/ Cost	(567)	(395)
Restriction of interest on asset ceiling	558	387
Net Interest (Income)/ Cost	(9)	(8)
Amounts Recognised in Other Comprehensive Income		
Return on Pension Plan Assets	(1,796)	(2,200)
Experience Gains Arising on Defined Benefit Obligations	(384)	1,283
Changes in Assumptions Underlying the Present Value of Plan Liabilities	(6,282)	(1,859)
Changes in the effect of the asset ceiling	8,886	3,105
Amount Recognised in Other Comprehensive Income	424	329

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued) Local Government Pension Scheme (Continued)

Movement in Net Defined Benefit Liability During the Year

	Year Ended	
	31 July 2025	31 July 2024
	£'000	£'000
Deficit in Scheme at 1 August	0	0
Movement in Year:		
Current Service Cost	(948)	(978)
Past Service Cost	0	(344)
Net Interest on the Defined Liability	567	395
Employer Contributions	1,363	1,643
Actuarial (Loss)/ Gain	8,462	2,776
Restriction on Movement of Pension Scheme Asset	(9,444)	(3,492)
Net Defined Benefit Liability at 31 July	0	0

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

Asset and Liability Reconciliation

	Year Ended	
	31 July 2025	31 July 2024
	£'000	£'000
Changes in the Present Value of Defined Benefit Obligations		
Defined Benefit Obligations at Start of Period	39,579	37,484
Current Service Cost	948	978
Past Service Cost	0	344
Interest Cost	1,987	1,912
Contributions by Scheme Participants	397	364
Estimated Benefits Paid	(979)	(927)
Changes in Financial Assumptions	(6,282)	(1,859)
Experience Gains on Defined Benefit Obligations	(384)	1,283
Defined Benefit Obligations at End of Period	35,266	39,579

	Year Ended	
	31 July 2025	31 July 2024
Reconciliation of Assets		
Fair Value of Plan Assets at Start of Period	50,738	45,151
Interest on Plan Assets	2,554	2,307
Contributions by Scheme Participants	397	364
Employer Contributions	1,363	1,643
Estimated Benefits Paid	(979)	(927)
Return on Plan Assets	1,796	2,200
Fair Value of Plan Assets at End of Period	55,869	50,738

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued)

Local Government Pension Scheme (Continued)

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgement, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pay increase would increase the estimated cost by 65%.

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

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced. Subject to the College being able to comply with the legislation and the pension scheme obtaining the required written actuarial confirmation(s), the College do not expect the valuation of the scheme liabilities to change.

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

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department in 26 October 2023). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £39.8 billion. Notional past service deficit totalled £39.8 billion (2016 £22 billion). The discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change has had the greatest financial significance))

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued) Teachers' Pension Scheme (continued)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2025.

The next valuation result is due to be implemented from 1 April 2026.

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

The pension costs paid to TPS in the year amounted to £2,926,000 (2024: £2,478,000).

Subsidiary Pension Scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pensions cost charge represents contributions payable by the company to the existing scheme.

26 Related Party Transactions - Group only

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

The total expenses paid to or on behalf of the Governors during the year was £2,464; 4 governors (2023/24: £578; 3 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

The Chair of the Corporation received £9,000 remuneration from the College for undertaking the role during 2024/25 (2023/24 £10,000). Consent for this was received from the Charity Commission.

Loughborough College wholly owns The Leicestershire College Limited and the principal activity of the company is the provision of support services to Loughborough College.

Loughborough College is an equal joint partner in the East Midlands Institute of Technology with Loughborough University, Derby University and Derby College, which was incorporated on 16th June 2022 (Company number 14176754).

Notes to the Statements (continued)

26 Related Party Transactions - Group only (continued)

Company

Other than the transactions disclosed in the Group note above, the Company's other related party transactions were with its wholly owned subsidiary and the East Midlands Institute of Technology.

	Year ended	
	31 July 2025	31 July 2024
	£'000	£'000
Subsidiary Undertakings	(52)	15
Secondment Costs	582	(133)
Management Costs	(29)	66
Amounts Owed by Group Undertakings	501	(52)
	Year ended	
	31 July 2025	31 July 2024
	£'000	£'000
East Midlands Institute of Technology		
Secondment Costs	98	73
Partner Contribution	(50)	(50)
Capital Grant	6,774	2,746
Total	6,822	2,769

27 Amounts Disbursed as Agent - Group and College

Learner Support Funds

	Year ended	
	31 July 2025	31 July 2024
	£'000	£'000
Funding Body Grants – Bursary Support	540	591
	540	591
Disbursed to Students	(318)	(565)
Administration Costs	(23)	(25)
Balance Underspent as at 31 July, Included in Creditors	199	0

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

Notes to the Statements (continued)

28 Write offs and losses - Group only

	Year ended 31 July 2025	Year ended 31 July 2024
	£	£
Total under £5,000	6,912	33,577
Total over £5,000	11,500	28,750
Total	18,412	62,327

Write offs over £5,000

	£	£
Overseas learner paid £3K and withdrew 03.03.22. Disciplinary/visa issues. County Court judgement in place as Debt Collectors found London address.		5,500
County Court judgement in place. Previous study exempted her from obtaining a student loan. Academic fail.		7,750
Student withdrawn. Subcontractor did not receive payment for this learner. County Court Judgement obtained.		7,750
Subcontractor did not receive payment for this learner. County Court Judgement obtained. EU Student unable to obtain SFE funding		7,750
Paid £3K of the full fee of £8.5K, last payment Apr 22. Closed account as evidence provided of outgoings exceeding income. No legal action taken.	5,500	
Paid £1K of £7K fee. Subcontractor did not receive payment for this learner. Legal action commenced 20/3/25	6,000	
Total over £5,000	11,500	28,750