



# **South Gloucestershire and Stroud College Annual Report and Financial Statements Year ended 31 July 2025**



# South Gloucestershire and Stroud College

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# South Gloucestershire and Stroud College

## Reference and Administrative Details

### Board of Governors

A full list of Governors is given on pages 19-21.

### Clerk to the Corporation

Mrs S Glover acted as Clerk to the Corporation throughout the period.

### Senior Management Team

Kevin Hamblin, Group CEO & Executive Principal; Accounting Officer (left College employment 31 March 2025)

David Withey, CEO & Principal (from 24 March 2025)

Sara-Jane Watkins, SGS College Principal (left College employment 31 August 2024)

Judith Saunderson, Deputy CEO and Chief Financial Officer

Gavin Murray, Deputy Principal Curriculum and Quality

Kelly Gillett, Executive Director of People and Organisational Culture

Liam Evans, Vice Principal Corporate and Community

Alex Gaiger, Executive Director of Curriculum & Quality

### Principal and Registered Office

Stratford Road, Stroud, Gloucestershire, GL5 4AH

### Professional advisors

External auditors: Bishop Fleming, Bristol

Internal auditors: RSM Risk Assurance Services LLP, Birmingham

Solicitors: Irwin Mitchell, London

FootAnstey LLP, Bristol

Bankers: Lloyds Bank PLC, Bristol

# South Gloucestershire and Stroud College

## Strategic Report

### OBJECTIVES AND STRATEGY

The Corporation presents its annual report together with the financial statements and auditor's report for South Gloucestershire and Stroud College 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 South Gloucestershire and Stroud College ("The College"). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Group includes the College and its subsidiary undertakings, South Gloucestershire and Stroud College Commercial Services Limited (company number 9241494) and SGS College Limited (company number 15651860).

South Gloucestershire and Stroud College Commercial Services Limited was formed on 30 September 2014 as a private company limited by shares under the Companies Act 2006 and was sold on 21 August 2024.

SGS College Limited was incorporated on 16 April 2024 as a dormant company.

As at the 31 July 2025 the College was the registered holder of one fully paid ordinary share in SGS College Limited which comprises the only issued share capital.

The Directors of the companies are disclosed on page 26.

#### Mission and Strategy

The College's current strategy was adopted in 2022 and is scheduled to run until 2026/27. However, following the appointment of a new CEO & Principal in March 2025 the College is undertaking work to develop a new strategy which we expect to launch in 2026.

Throughout this reporting year, the strategic priorities were:

- Strategic Priority 1: Our Students: to be recognised as an outstanding College by enhancing the quality of the experience we provide for all learners
- Strategic Priority 2: Our Staff: to ensure we invest and develop our staff to support our Plan
- Strategic Priority 3: Our Stakeholders and Communities: to be visionary and innovative in providing educational opportunities by anticipating and meeting demand through our responsive partnerships with stakeholders

- Strategic Priority 4: Our Finance and Resources: to provide a sustainable educational and training environment which is equipped for the delivery of high-quality learning

## **Resources**

During the year, the College operated from three main campuses at Stroud, Filton and Stoke Gifford, with specialist satellite campuses for the School of Art and Design at the Royal West of England Art Academy at Queen's Road in Clifton, the Bristol School of Animal Management and Conservation at Bristol Zoological Gardens also in Clifton and The Bristol Zoo Project in South Gloucestershire, Berkeley campus within Gloucestershire Science and Technology Park and the Horizon campus near the Filton Avenue campus.

During 2024/25 the College employed on average 963 people, of whom 482 were teaching staff. As at 31 July 2025 the College had £31.0m (2023/24: £27.3m) of net assets, excluding a Nil pension liability (2023/24: £3.6m). As at 31 July 2025, the College had bank debt of £2.4m (2023/24: £2.9m).

The College's share of the LGPS pension scheme assets and liabilities is calculated as at 31 July each year based on assumptions made by the actuary, some of which are stipulated by FRS102. This does not reflect the true liability which is calculated every three years. There are, as a result, significant fluctuations in the balance sheet year on year. The triennial valuation informs the contribution rate and lump sum deficit payments to reduce the liability over the period agreed with the scheme administrators. Neither the asset or liability is included in the DfE's financial health calculations as it is not expected to crystallise and has been discounted when considering the net asset position of the College.

## **Stakeholders**

In line with other colleges and with universities, South Gloucestershire and Stroud College has many stakeholders. These include:

- Learners - current, future and past students
- Parents / guardians
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers
- Our partners including schools and other training providers
- Local and Combined Local Authorities
- Local Enterprise Partnerships (LEPs)
- Our Communities
- Our supply chain
- Other FE and HE institutions
- Trade Unions
- Professional bodies
- Private Training Partners
- University Technical Colleges

- Academy Trusts, in particular South Gloucestershire and Stroud Academy Trust
- Regulators, including the Department for Education (DfE), the West of England Combined Authority (WECA) and the Office for Students (OfS)

The College considers effective communication with students, apprentices, and employees to be fundamental to its success. During 2024/25, there were two student governor positions on the Corporation and five cross-college Student Forums. Students are invited to participate in every deliberative committee as part of academic governance and are full partners in their learning. Students are also encouraged to provide feedback through satisfaction surveys and to engage with student representative elections and activities such as college societies, volunteering, and enrichment opportunities.

Employers are regularly invited onto campus to engage with curriculum staff and managers, contributing to the design and development of our curriculum and ensuring a focus on current and future skills needs.

In particular, the College considers good communication with its staff to be very important and to this end publishes regular newsletters and bulletins. The College publishes a weekly Community Newsletter for employees and encourages staff involvement through regular team meetings, keeping-in-touch meetings, committee membership, working groups, and a staff forum scheme. The CEO & Principal holds regular employee webinars and executive updates for all colleagues. Formal representation of employees is provided through recognised trade unions. Employees also have the opportunity to elect two staff governors to serve on the Corporation.

### **Public Benefit**

The College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 19-21.

In setting and reviewing the College's Strategic priorities the Corporation 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 returns are for the public benefit.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 4,000 16-18-year olds, 3,000 adults, 500 HE learners, 1,000 apprentices and 100 14-16-year olds (within the SGS Create Centre). The College also has over 500 16-24 learners with Educational Health Care Plans. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## DEVELOPMENT AND PERFORMANCE

### Financial Results

The Group generated a surplus before other gains and losses of £2,222k (2023/24: surplus of £1,322k) and total comprehensive income of £7,329k (2023/24: £932k). These financial results include adjustments to the valuation of the Local Government Pension Scheme as detailed in note 27 to the accounts. These are based on the full valuation as at 31 March 2022 rolled forward using assumptions as required by FRS102.

|                                                                | 2024/25<br>£'000 | 2023/24<br>£'000 |
|----------------------------------------------------------------|------------------|------------------|
| Surplus before FRS102 and other gains and losses and tax       | 1,842            | 909              |
| FRS102 LGPS adjustments to I&E                                 | 380              | 413              |
| <b>Surplus / (Deficit) before other gains and losses</b>       | <b>2,222</b>     | <b>1,322</b>     |
| Net FRS102 LGPS actuarial (loss)/gain                          | 3,227            | (29)             |
| Unrealised (loss)/gain on revaluation of investment properties | -                | (346)            |
| Gain/(Loss) on disposal of fixed assets                        | 1,880            | (3)              |
| Deferred tax charge                                            | -                | (12)             |
| <b>Total comprehensive income</b>                              | <b>7,329</b>     | <b>932</b>       |

The financial performance for the year has resulted in the College recording an Outstanding Financial Health score; the FRS102 pension adjustment, actuarial gain/(loss), unrealised loss/gain on revaluation of investment properties, gain/(loss) on disposal of fixed assets and the deferred tax charge are all discounted from the Financial Health calculation.

At the start of 2024/25, the College had two subsidiary companies, SGS College Limited (a dormant company) and South Gloucestershire and Stroud College Commercial Services Limited. The principal activity of South Gloucestershire and Stroud College Commercial Services Limited is the management and development of property. The subsidiary was sold in August 2024, with the gain on disposal being reflected in the financial results for the year.

### Cash flows and liquidity

The College had a net cash inflow from operating activities of £1,936k (2023/24: £848k). The size of the College's total borrowing and its approach to interest rates has been managed to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow.

During the year the College had a total cash inflow of £11,253k, inclusive of proceeds (£6,500k total consideration, with £1,350k payable August 2026) from the disposal of the aforementioned South Gloucestershire and Stroud College Commercial Services Limited (2023/24: £3,135k outflow). Total cash and current asset investments ended at £14,432k (£6,904k 2023/24).

The ESFA/DfE awarded 2 capital grants during 2023/24 and 2024/25:

1. FE Capital Transformation Fund. This was awarded for £2,651k with £811k paid to the College in 2022/23 and the remaining £1,840k received in 2023/24. This capital funding is to be spent on capital projects that reduce the proportion of the College estate that is in unsatisfactory condition, prioritising projects that address the worst condition across the estate. As at the end of July 2025, the College had spent £1,080k of the grant, with plans to utilise the balance of £1,570k in 2025/26.
2. FE College Condition Allocation. The award of £1,992k, received in 2024/25 is to maintain, improve and ensure suitability of their estate.

The total cash from these grants have been ringfenced for future capital development including addressing issues at the Filton site, where large areas of the estate are in need of modernisation. The development will also help to ensure the College is able to deliver on it's longer term academic priorities across all sites.

### **Performance Report**

Following the appointment of a new CEO in March 2025, the College is undertaking a full review of its strategy. During this reporting year the College had the following current strategic priorities:

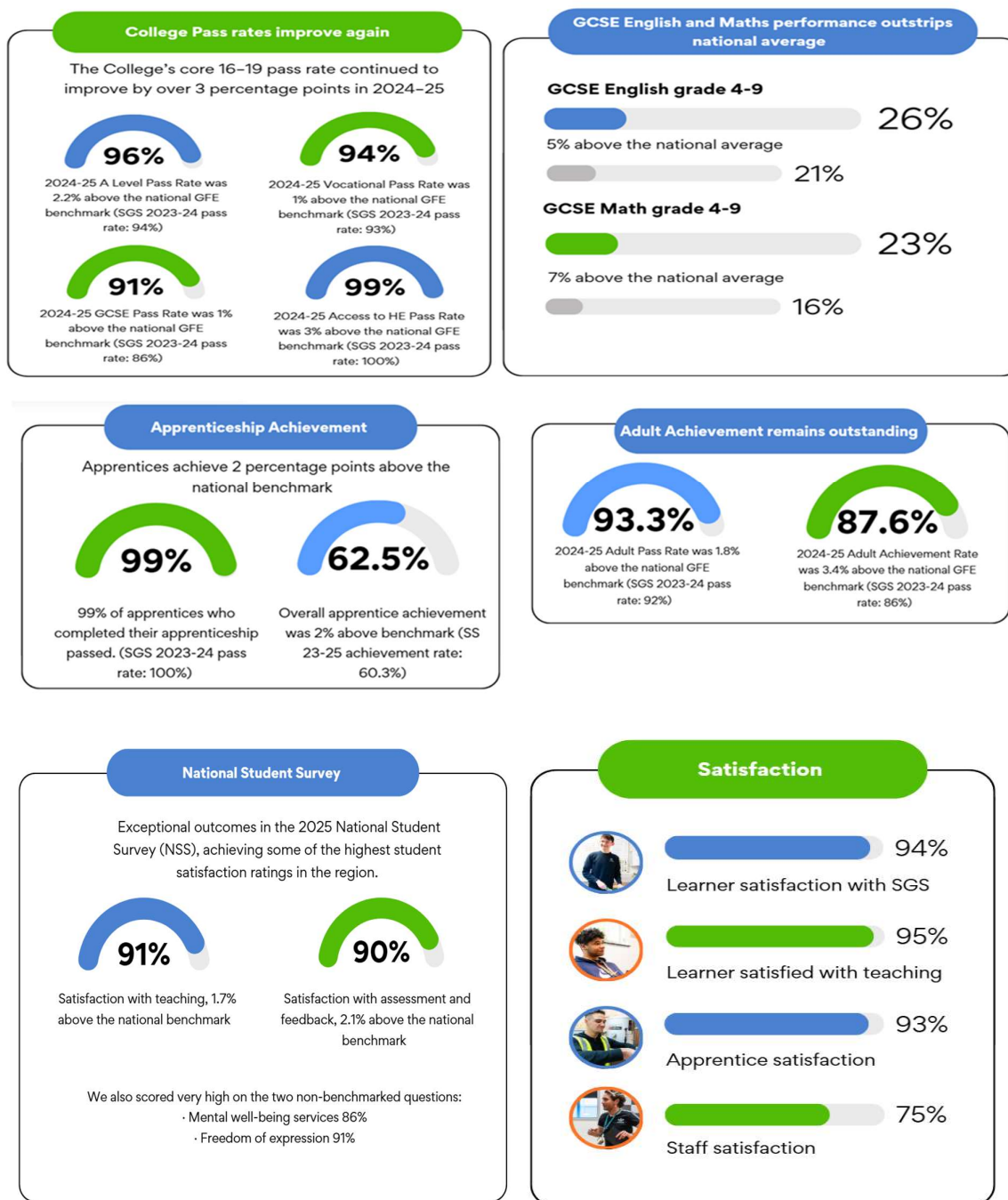
- Our Students;
- Our Staff;
- Our Stakeholders and Communities; and
- Our Finance and Resources.

**Strategic Priority 1: Our Students:** To be recognised as an outstanding College by enhancing the quality of the experience we provide for all learners

The College has made significant progress in delivering an outstanding learner experience. Key performance highlights in 2024/25 include:

- Ongoing improvements in our core 16-19 achievement rates, with a 3 percentage point improvement in 2024-25. A Level pass rates are at 96% (2% above the national average), vocational courses at 94%, and GCSEs at 91%. T Level students achieved a 100% pass rate, with 75% attaining Merit or above, and Access to Higher Education courses saw a 99% pass rate.
- Strong performance in English and Maths retakes, with both English and Maths performing well above national benchmarks (5% above for English and 7% above for Maths).
- Adult achievement remains outstanding, with ongoing improvements to pass and achievement rates; and improvements in our apprenticeship achievement rate maintaining SGS above national benchmarks.
- Student satisfaction remains high, with exceptional results in the National Student Survey placing SGS as one of the best performing colleges for HE in the region.

- The College's inclusive ethos is evident in its support for over 500 learners with Education, Health and Care Plans, who achieve as well and as quickly as their peers. Learner progression is excellent, with 95% moving on to positive destinations such as employment, further or higher education, or apprenticeships. The College's commitment to personal development, safeguarding, and enrichment is reflected in high levels of learner satisfaction and a vibrant, supportive environment where all students can thrive.



**Strategic Priority 2: Our Staff:** To ensure we invest and develop our staff to support our Plan

This year has been a year of leadership transition, with a new CEO & Principal appointed in March 2025. Throughout the period there has been a continued focus on ensuring SGS is a great place to work, with a number of highlights:

- Our first full staff survey since 2019 was conducted in May 2025, with 73% of staff completing the survey. This pointed to high levels of staff satisfaction, with 75% recommending the College as a great place to work and 68% reporting access to appropriate training. We achieved our highest ever completion rate, meaning we have excellent insight on which to base future work.
- In July 2025 we announced significant enhancements to our pay and benefits framework, in response to staff feedback in the staff survey. This included the introduction of a pay progression scheme for corporate staff, bringing them into line with the approach adopted for academic staff in 2022 and the introduction of new family leave policies which we believe make SGS the most family-friendly College employer in the country.
- The College launched a fully supportive approach to wellbeing in the College, offering a range of bespoke options linked to 1:1 support, coaching and online courses.
- Recognition has remained a significant theme for staff, and in June our ESOL (English for Speakers of Other Languages) Team was recognised with a Silver Award for Further Education Team of the Year in the 2025 Pearson National Teaching Awards. Selected from thousands of nominees across the UK, the team is now in the running for the coveted Gold Award, to be announced later this year.
- The college has successfully launched a well-received wellbeing committee for staff, named 'SGS Thrive.' This initiative was complemented by 'SGS Thrive Menopause,' which offers a wide range of support processes for staff. These include menopause champions, coaching, workshops, training, online courses, yoga and management training.
- The College was successfully assessed and achieved Level 2 Disability Confident status on 24th July 2025, reinforcing our commitment to a supportive and inclusive work environment.
- Efforts towards strategic priorities related to turnover and absence have shown significant improvement. Employee turnover has decreased from 17.5% to 13.4%. Additionally, the number of staff on long-term absence leave has reduced from 58 to 32, which is a decrease from 56% to 43% of all absences. The average number of days lost stands at 7.99, which remains well below the national average of 9.4 days.

**Strategic Priority 3: Our Stakeholders & Communities:** To be visionary and innovative in providing educational opportunities by anticipating and meeting demand through our responsive partnerships with stakeholders

There has been an increased focus on collaboration with stakeholders and communities through the reporting year, building on our strong work to ensure our provision is aligned to the skills needs of the communities we serve:

- The College collaborates extensively with employers, local authorities, and universities, including longstanding relationships with Amazon, Bristol City Football Club, and the University of Gloucestershire. These partnerships ensure curriculum relevance, high-quality work placements, and alignment with local, regional, and national skills needs. We run around 40 employer partnership boards annually, co-designing curriculum and supporting regional growth in priority sectors such as digital, engineering, and health.
- In July SGS was officially granted membership of the Chartered Institute of Further Education, a prestigious recognition that places the college among a select group of exemplary Further Education (FE) providers across the UK.
- In December 2024 the College joined the West of England Institute of Technology (IoT) which focuses on advanced technical education to support regional growth and develop skills for meaningful careers in sectors such as digital, engineering and health.

**Strategic Priority 4: Our Finance & Resources:** To provide a sustainable educational and training environment equipped for the delivery of high-quality learning

Financially, the College has demonstrated resilience and ambition, investing in its estate, teaching spaces, and digital infrastructure to support high-quality learning. Highlights included:

- The sale of the Berkeley Science and Technology Park, which was finalised in August 2024, and which provides a significant cash injection for use on future capital projects and has supported our ongoing strong financial health, reflected in a DfE financial health assessment of 'Outstanding' for the first time.
- In March 2025 we opened our new SGS Green, the College's new Green Skills Training Centre in Berkeley, Gloucestershire. Developed in partnership with local government, the new centre will provide specialised training in green technologies, addressing the increasing demand for skilled professionals in the renewable energy and sustainability sectors.

## Reserves

As at 31 July 2025, the College had cash and current asset investment balances of £14,432k (2023/24: £6,904k). This is well in excess of the FE Commissioner's financial benchmark for cash days of 40 days.

The College 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. As at the balance sheet date the Income and Expenditure reserve (excluding the pension reserve) stands at £28,916k (2023/24: £25,183k).

The pension reserve relates to the Local Government Pension Scheme. There are no restricted reserves.

The College has the following reserves as at 31 July:

| <b>Reserve</b>                          | <b>2024/25<br/>£'000</b> | <b>2023/24<br/>£'000</b> |
|-----------------------------------------|--------------------------|--------------------------|
| I&E reserve (excluding pension reserve) | 28,916                   | 25,183                   |
| Pension reserve                         | Nil                      | (3,596)                  |
| I&E reserve (including pension reserve) | 28,916                   | 21,587                   |
| Revaluation reserve                     | 2,072                    | 2,072                    |
| Total accumulated reserves              | 30,988                   | 23,659                   |

### **Sources of income**

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2024/25, the Education Skills & Funding Agency (ESFA) was fully integrated into the Department for Education (DfE), who provided 66% of the College's total income (2023/24: 64%).

### **Financial plan**

The Corporation approved the financial plan in July 2025 which sets financial objectives for the period to July 2027.

The main income challenges for the College's budget setting for 2025/26 were as follows:

- 16-18 funding rates not keeping pace with inflationary increases in both pay and non-pay costs.
- Uncertainty of long-term funding to cover increase in National Insurance cost increases.
- Higher Education income is predicated on successful growth, at a time when more young people are considering the return on investment regarding HE education and institutions are impacted by the fall in international student volumes.
- An increase in the uncertainty around apprenticeship income, driven by rising costs and administrative burden felt by employers.
- A more prescriptive approach to adult funding, especially from the devolved authorities and the challenge of hitting targets with various micro targets set.
- Uncertainty on some major DfE initiatives and the amount of allocation the College will receive and the contribution available e.g. Local Skills Improvement Fund, Skills Bootcamps.

In line with the rest of the sector, and in fact all areas of the economy, predicting expenditure rates for the 2025/26 academic year continues to be challenging. With this in mind, increasingly high levels of expenditure are forecast, that again continue to impact significantly on the College's budgets. The main challenges include:

- rising pension costs and the impact of increases to the 'Foundation Living Wage';
- continued high energy prices, prices of supplies and services, plus the uncertainty over interest rates;
- management of the College's pay to income ratio where the FEC suggests a benchmark of 65%;

- challenges retaining and attracting teaching staff because of the widening gaps between college pay and what skilled teachers could earn in industry or schools;

The Financial Plan for the College for 2024/25 was a budgeted surplus before FRS102 pension adjustments of £1,225k, with the eventual outturn being a surplus of £4,102k, inclusive of £1,880k gain on the disposal of South Gloucestershire and Stroud College Commercial Services Limited. Surplus budgets are set for 2025/26 of £3,842k and 2026/27 of £2,272k.

### **Treasury policies and objectives**

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. The College has a separate treasury management policy in place. All loans and other forms of borrowing require the authorisation of the Corporation and shall comply with the requirements of the College Financial Handbook. As at 31 July 2025, the College had borrowings with Lloyds Bank PLC of £2.4m, detailed in note 21.

### **Payment performance**

The Public Contracts Regulations 2015, in the absence of agreement to the contrary, requires payments to suppliers to be made no later than the end of a period of 30 days from the date on which the relevant invoice is regarded as valid and undisputed. During the accounting period 1 August 2024 to 31 July 2025, the College paid 99% of its invoices within 30 days (2023/24: 97%). The College incurred no interest charges in respect of late payment for this period.

### **Streamlined Energy and Carbon Reporting (SECR)**

The Greenhouse Gas (GHG) emissions associated with the operations of South Gloucestershire and Stroud College have been quantified according to the GHG Protocol, Corporate Accounting and Reporting Standard following the operational control approach. Seven types of greenhouse gases are included in the Kyoto Protocol and are required for reporting under the GHG Protocol. They are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, and nitrogen trifluoride. The total emissions are measured in metric tonnes of carbon dioxide equivalent.

The annual reports from 2023/24 can be found on the SGS College website:

<https://www.sgscol.ac.uk/about-us/policies/sustainability>

### **Key performance indicators**

The College reviews performance against targets set in its own Financial Plan, against DfE financial health measures, against key bank covenant measures and on educational and other measures set by the Corporation, for example recruitment or satisfaction indicators. Performance against financial targets is detailed below:

| Key performance indicator                                                                             | 2024/25<br>Target | 2024/25<br>Actual  | 2023/24<br>Actual |
|-------------------------------------------------------------------------------------------------------|-------------------|--------------------|-------------------|
| Pay to total income (excl. restructuring)                                                             | <68.7%            | 70.3%              | 70.1%             |
| Adjusted current ratio                                                                                | >1.27:1.00        | 1.92:1.00          | 1.18:1.00         |
| Operating surplus/EBITDA as a % of income                                                             | >5.1%             | 6.1%               | 4.4%              |
| Borrowing as a % of adjusted income                                                                   | <5.0%             | 4.9%               | 6.4%              |
| Financial Health Grade                                                                                | <b>Good</b>       | <b>Outstanding</b> | <b>Good</b>       |
| <b>Bank Covenants:</b>                                                                                |                   |                    |                   |
| Borrowing costs as a % of total consolidated income                                                   | <7.0%             | 1.4%               | 1.6%              |
| I&E Reserves Before Pension Deficit                                                                   | >£10.0m           | £31.0m             | £27.3m            |
| I&E Reserves >30% total consolidated income                                                           | >30.0%            | 64.7%              | 60.0%             |
| Net Cash Inflow from Operating Activities > 110% of aggregate of Total Borrowing Costs for the period | >110%             | 274%               | 111%              |
| A positive cashflow must be maintained in 2 out of 3 consecutive years                                | Surplus           | Surplus            | Surplus           |

## Risk management

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

Risk registers are maintained at the College level, as the one remaining subsidiary is dormant. The Executive Team review the risk registers at least quarterly. The Audit Committee reviews key risks three times a year and the Corporation reviews the full risk register annually. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the organisation and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factor affecting the College is outlined below along with the action taken to minimise them. Not all the factors are within the College's control; other factors besides those listed below may also adversely affect the College.

- Insufficient space in Bristol campuses to accommodate growth. The College is considering options to reconfigure its Bristol campuses to accommodate growth.

- Insufficient funding to address the poorest condition of the College estate. The College has used condition funding to provide a solution for part of the College estate and is awaiting the outcome of the DfE condition survey.

### **Going Concern**

In July 2025 the Governors carefully considered the College's updated budget plans for the coming two years, 2025/26 to 2026/27, as evidenced in the Financial Plan that was submitted to the DfE via the Budget Forecast Return in July 2025. Both years' budgets plan for the College to retain the DfE's "Outstanding Financial Health" grade, with surpluses of £3,842k and £2,272k respectively for the two years. Financial Health gradings is the mechanism by which the DfE assess colleges performance, gearing and solvency.

The Financial Plan has been developed to deliver the following aims and objectives;

- Retain a minimum of "Good" financial health;
- Support delivering "good" or better future Ofsted outcome;
- To ensure a positive learner experience;
- To attract and retain staff of a suitable calibre to provide students with high quality learning;
- Address capacity and accommodation issues across the estate;
- Invest in IT infrastructure and development of digital strategy;
- Promote transparency, by providing all details of the planning process;
- Provide insightful analysis of the current financial position of the College.

The financial position of the College, its cashflow, liquidity and borrowings are presented in the financial statements and accompanying notes.

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons:

- It does not intend to liquidate the Group or the College or to cease their operations, and it has concluded that the Group and the College's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").
- The Corporation has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that the Group will have sufficient funds to meet its liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements.
- The College has £2.4m of loans outstanding with bankers at 31 July 2025. The loans are secured by a fixed charge over College assets. The terms of the existing loan agreements vary between 4 and 9 years remaining. 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.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **EQUALITY AND DIVERSITY**

### **Equality**

The College is committed to ensuring equality of opportunity for all who learn and work here. It has an active Inclusion Committee that inputs to and helps shape its policies and practices. This group meets regularly and provides a broad perspective, inputs, and oversight to its inclusion agenda. It respects and values positively differences in race, gender, sexual orientation, disability, religion or belief and age. It strives vigorously to remove conditions which place people at a disadvantage and it will actively combat bigotry. This College's Single Equality policy is resourced, implemented and monitored on a planned basis. This Policy is also published on the College's internet site.

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

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. It has also invested in 'Togetherall' which provides its staff and students with access to 24/7 support and resources provided anonymously via clinically managed online forums. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

## Disability statement

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

- a) All main campuses are considered fully compliant based on individual campus' access audits;
- b) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- c) The College makes a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of learning support workers who provide a variety of support for learning, details of which are provided in the Learning Support section of the College website. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

## 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 following data is for the period April 2024 to March 2025, as reported to government in July 2025.

|                                  | <b>Number of employees</b> | <b>Full time equivalent</b> |
|----------------------------------|----------------------------|-----------------------------|
| Trade union officials in 2024/25 | 9                          | 6.8                         |

| <b>Percentage of time</b> | <b>Number of employees</b> |
|---------------------------|----------------------------|
| 0%                        | 0                          |
| 1-50%                     | 9                          |
| 51-99%                    | 0                          |
| 100%                      | 0                          |

|                                                                                       |          |
|---------------------------------------------------------------------------------------|----------|
| Total cost of facility time                                                           | £38,608  |
| Total pay bill                                                                        | £31,362k |
| Percentage of total bill spent on facility time                                       | 0.12%    |
| Time spent on paid trade union activities as a percentage of total paid facility time | 24.90%   |

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events after the reporting period.

## **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 is aware of that information.

**Approved by order of the members of the Corporation on 4 December 2025 and signed on its behalf by:**



**Matt Atkinson**

Chair of the Corporation

# South Gloucestershire and Stroud College

## Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Further Education Code of Good Governance (“the Code”)
3. in full accordance with Association of Colleges’ Senior Post Holder Remuneration Code.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2025. This opinion is based on an internal review of compliance with the Code reported to the Corporation on 2 October 2025. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code, which was adopted by the Corporation at its meeting on 5 October 2023.

### The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

| Member’s Name                                                            | Status of appointment           | Date of appointment        | Term of office                                                     | Date of resignation    | Committees served                  | Meeting attendance in 2024/25 |
|--------------------------------------------------------------------------|---------------------------------|----------------------------|--------------------------------------------------------------------|------------------------|------------------------------------|-------------------------------|
| Kevin Hamblin                                                            | Group CEO & Executive Principal | Jan 12                     | Coterminous with his employment as Group CEO & Executive Principal | 25 Mar 25              | Search                             | 88%                           |
| Phil Eames<br>(Vice-Chair of the Corporation w.e.f. 1 Aug 23 & 1 Aug 24) | External Member                 | Oct 15<br>Oct 19<br>Oct 23 | 4 years<br>4 years<br>2 years                                      | Stepped down 31 Jul 25 | Audit (Vice Chair)<br>Remuneration | 100%                          |

| <b>Member's Name</b>                                                          | <b>Status of appointment</b> | <b>Date of appointment</b> | <b>Term of office</b>                          | <b>Date of resignation</b>         | <b>Committees served</b>                                          | <b>Meeting attendance in 2024/25</b> |
|-------------------------------------------------------------------------------|------------------------------|----------------------------|------------------------------------------------|------------------------------------|-------------------------------------------------------------------|--------------------------------------|
| Mike Croker                                                                   | External Member              | Mar 17<br>Mar 21           | 4 years<br>4 years                             | Term of office expired – 28 Feb 25 | Audit (Chair until 28 Feb 25)<br>Remuneration                     | 78%                                  |
| Dave Merrett                                                                  | External Member              | Jan 18<br>Jan 22           | 4 years<br>4 years                             |                                    | Audit<br>Remuneration (Chair)                                     | 88%                                  |
| Sophie Chester-Glyn                                                           | External Member              | Mar 18<br>Mar 22           | 4 years<br>4 years                             | 31 Dec 24                          |                                                                   | 100%                                 |
| Lynne Craig (Vice-Chair of the Corporation w.e.f. 1 Aug 25)                   | External Member              | Apr 20<br>Apr 24           | 4 years<br>4 years                             |                                    | Remuneration<br>Search (Vice-Chair)<br>Learning & Quality (Chair) | 95%                                  |
| Louise Bright                                                                 | External Member              | Nov 20                     | 4 years                                        | Term of office expired – 31 Oct 24 |                                                                   | 67%                                  |
| Gary Parsons                                                                  | Staff Member                 | Aug 21                     | 4 years                                        | Term of office expired – 31 Jul 25 | Learning & Quality                                                | 100%                                 |
| Irene Molodtsov                                                               | External Member              | Nov 21                     | 4 years                                        | Term of office expired – 31 Oct 25 | Remuneration                                                      | 67%                                  |
| Douglas Blackstock                                                            | External Member              | Jan 22                     | 4 years                                        |                                    | Learning & Quality                                                | 75%                                  |
| Matt Atkinson (Chair of the Corporation w.e.f. 1 Aug 23, 1 Aug 24 & 1 Aug 25) | External Member              | Apr 23                     | 4 years                                        |                                    | Remuneration<br>Search<br>Learning & Quality                      | 95%                                  |
| Yusuf Ibrahim                                                                 | External Member              | Aug 23                     | 4 years                                        |                                    | Audit (Chair of Audit, with effect from 1 Mar 25)<br>Remuneration | 80%                                  |
| Andres Garcia-Knight                                                          | Staff Member                 | Oct 23                     | 4 years                                        | 31 Jul 25                          | Learning & Quality                                                | 64%                                  |
| Claire Charlemagne                                                            | External Member              | Mar 24<br>Mar 25           | 1 <sup>st</sup> year term of office<br>4 years | 12 Nov 25                          | Learning & Quality<br>Search                                      | 81%                                  |

| <b>Member's Name</b> | <b>Status of appointment</b> | <b>Date of appointment</b> | <b>Term of office</b>                              | <b>Date of resignation</b> | <b>Committees served</b> | <b>Meeting attendance in 2024/25</b> |
|----------------------|------------------------------|----------------------------|----------------------------------------------------|----------------------------|--------------------------|--------------------------------------|
| Charmain Eaton       | External Member              | Mar 24<br>Mar 25           | 1 <sup>st</sup> year term of office<br>4 years     |                            | Remuneration             | 67%                                  |
| Sarah Woodhouse      | External Member              | Mar 24                     | 1 <sup>st</sup> year term of office                | 8 Nov 24                   |                          | 50%                                  |
| Namrah Khan          | Student Member               | Aug 24                     | Until 31 <sup>st</sup> July 2025                   | 3 Dec 24                   |                          | 50%                                  |
| Carl Waterer         | External Member              | Nov 24                     | 3 years                                            |                            | Audit                    | 89%                                  |
| Dane Marshall        | Student Member               | Nov 24                     | Until 31 <sup>st</sup> July 2025                   | 9 Jun 25                   |                          | 50%                                  |
| Martyn Smith         | External Member              | Dec 24                     | 4 years                                            |                            | Audit                    | 100%                                 |
| Sam Williams         | Student Member               | Feb 25                     | Until 31 <sup>st</sup> July 2025                   |                            |                          | 100%                                 |
| David Withey         | CEO & Principal              | Mar 25                     | Coterminous with his employment as CEO & Principal |                            | Search                   | 100%                                 |
| David Nutt           | External Member              | Apr 25                     | 1 <sup>st</sup> year term of office                |                            | Remuneration             | 100%                                 |
| Char Lawrence        | External Member              | Apr 25                     | 1 <sup>st</sup> year term of office                |                            |                          | 100%                                 |
| Gill Reindl          | External Member              | Aug 25                     | 1 <sup>st</sup> year term of office                |                            |                          | N/A                                  |
| Paulette Languerand  | Staff Member                 | Aug 25                     | 4 years                                            |                            | Learning & Quality       | N/A                                  |
| Shaun Howie          | Staff Member                 | Aug 25                     | 2 years                                            |                            | Learning & Quality       | N/A                                  |
| Ellie Cooper         | Student Member               | Aug 25                     | Until 31 <sup>st</sup> July 2026                   | 10 Oct 25                  |                          | N/A                                  |
| Sadie-May Powell     | Student Member               | Nov 25                     | Until 31 <sup>st</sup> July 2026                   |                            |                          | N/A                                  |
| Ben Whittard         | External Member              | Nov 25                     | 1 <sup>st</sup> year term of office                |                            |                          | N/A                                  |
| Ruby Hunt            | Student Member               | Dec 25                     | Until 31 <sup>st</sup> July 2026                   |                            |                          | N/A                                  |
| Sue Butcher          | External Member              | Dec 25                     | 1 <sup>st</sup> year term of office                |                            |                          | N/A                                  |

### **Co-Opted Members**

Mrs Laura Boutle, external Co-Opted Member, was Chair of the Search Committee.

Mrs Sally Flett, external Co-Opted Member, was a member of the Audit Committee, until her resignation on 14th March 2025.

Mrs Sophie Chester-Glyn was appointed as an external Co-Opted Member of the Learning and Quality Committee, from 1st January 2025.

Mr Mike Croker was appointed as an external Co-Opted Member of the Audit Committee from 1st March 2025.

Mr Phil Eames was appointed as an external Co-Opted Member of the Audit Committee, from 1st August 2025.

Mrs Sharon Glover acted as Clerk to the Corporation.

### **The governance framework**

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met nine times during the 2024/25 financial year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Search, Remuneration and Learning and Quality. The Audit Committee meets four times per year, the Search Committee is convened as necessary but meets at least once per year, the Remuneration Committee meets at least once a year and the Learning and Quality Committee meets three times per year. There is also in place a Financial Development Group which meets once a year.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website ([www.sgscol.ac.uk](http://www.sgscol.ac.uk)) or from the Clerk to the Corporation at the College's registered address.

The Clerk to the Corporation maintains a register of financial and personal interests of Members and external Co-Opted Members of the Corporation. The register is available for inspection at the College's registered address and is available on the College website.

All Corporation Members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Corporation Members in a timely manner, prior to Corporation meetings. Briefings are also provided on a regular basis.

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

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

### **Search Committee**

The Search Committee comprises an external Co-Opted Member as Chair and four members of the Corporation (Chair of the Corporation, CEO & Principal and two other Corporation Members). The Committee is responsible for the selection and nomination of any new External Member/Co-Opted Member for the Corporation's consideration in accordance with the Procedure for the appointment, reappointment, induction and training of Corporation Members. The Committee is also responsible for monitoring the diversity balance of the Corporation and recommending appointments to remedy any under-representation when appropriate. The Committee also has due regard to the College's obligations under all aspects of discrimination legislation. A strong focus of this Committee continues to develop ways in which to attract applications from the diverse communities served by the College in order to provide equal opportunities for all.

### **Remuneration Committee**

The Remuneration Committee comprised six members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of Senior Post Holders. There are four Senior Post Holders, one of which is the Accounting Officer and another the Clerk to the Corporation.

The Corporation has adopted The Colleges' Senior Post Holder Remuneration Code. A requirement of this Code is the production of an annual report from the Remuneration Committee to the Corporation. The report for the period 2024/25 will be published alongside the Annual Report and Financial Statements.

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

### **Audit Committee**

The Audit Committee consists of at least three and up to five external members of the Corporation and also includes the option to appoint up to two external Co-opted members. The CEO & Principal, who is the Accounting Officer, and the Chair of the Corporation are not members of the Committee. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed audit plan and report their findings to management and the Audit Committee. The internal auditors make recommendations for improvement in key management processes. They particularly aim to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money.

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

The Audit Committee also advises the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors as well as reporting annually to the Corporation.

The Audit Committee met four times in the year to 31 July 2025 and all meetings were quorate. The members of the committee and their attendance records are shown below:

- Mike Croker (External Corporation Member and Chair until 28 February 2025. From 1 March 2025 Mike Croker became a Co-Opted committee member and Yusuf Ibrahim was appointed as Chair). Attendance at meetings: 3/4 = 75%
- Phil Eames (External Corporation Member and Vice-Chair. Phil Eames stepped down as a Corporation Member from 31 July 2025 and was appointed as a Co-Opted committee member from 1 August 2025). Attendance at meetings: 4/4 = 100%
- Sally Flett (Co-Opted committee member. Sally Flett resigned 14 March 2025). Attendance at meetings: 1/2 = 50%
- Yusuf Ibrahim (External Corporation Member and took over as Chair from Mike Croker, with effect from 1 March 2025). Attendance at meetings: 4/4 = 100%
- Dave Merrett (External Corporation Member. Dave Merrett stepped down from the Committee 31 July 2025). Attendance at meetings: 2/4 = 50%
- Irene Molodtsov\* (External Corporation Member). Attendance at meetings: Not Applicable
- Martyn Smith (External Corporation Member. Joined the Committee from 1 March 2025. Martyn was appointed as Vice-Chair from 1 August 2025, to replace Phil Eames). Attendance at meetings: 2/2 = 100%
- Carl Waterer (External Corporation Member. Joined the Committee from 1 November 2024). Attendance at meetings: 3/3 = 100%

\*Irene Molodtsov stepped down from the Audit Committee from 12<sup>th</sup> September 2024 and was replaced by Carl Waterer, with effect from 1<sup>st</sup> November 2024.

## **Learning and Quality Committee**

The Learning & Quality Committee comprises of six members of the Corporation and one External Co-Opted Member. This Committee meets three times a year and operates in accordance with its Terms of Reference, which has been approved by the Corporation.

The main purposes of the Committee are to:

- Monitor progress against the College's strategic aim of achieving outstanding teaching, learning and assessment and quality standards;
- Review the Education Strategy, Higher Education Strategy, Taking Learners Further Strategy (Quality Strategy) and College Self-Assessment Report ahead of their presentation to Corporation for approval;
- Gain assurance that the curriculum responds to and meets the needs of learners, employers and other key stakeholders at local, regional and national levels;
- Monitor the continuous improvement of the learner experience and to hold the College Executive to account for the academic standards, quality of teaching, behaviour and attendance across the College.

## **Appointments to the Corporation**

Any new External Member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, which is responsible for the selection and nomination of any new External Member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

External Members of the Corporation/newly appointed external Co-Opted Members are initially appointed for a one-year term of office with a view to completing up to the full four-year term of office following recommendation from the Search Committee. An External Member should not normally serve for more than two terms (or maximum of 8 years). However, the Corporation may reappoint an External Member for further terms if there are special reasons. Staff Members are appointed following staff elections and Student Members are appointed following student elections.

## **Corporation performance including Training and Development**

The Corporation conducts a rigorous annual self-assessment of its own performance, considering feedback from Corporation Members, Executive Team, Chair of the Corporation performance review and Committee Self-Assessments, and this forms the basis of the Governance Self-Assessment Report and governance action plan. The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2025 and the Governance Self-Assessment report and action plan were discussed at the 2nd October 2025 Corporation meeting. The Corporation also completed its first External Board Review in 2023 by Governance 4FE and the report was presented at the 6 July 2023 Corporation meeting. The full External Board Review report and action plan are published in the governance section of the College website. The Corporation is due its next External Board Review during 2025/26 and the Board has already appointed an External Reviewer to undertake this review.

The Corporation is also responsible for ensuring that appropriate training is provided to members of the Corporation and the Clerk to the Corporation, as required. In this respect arrangements are made to ensure that each new Corporation/Co-Opted Member is afforded the opportunity to attend internal induction training and AoC new Governor training events. High quality training and development arrangements are also available both for individual members, the Clerk and for the Corporation as a whole so that collectively the Corporation and the Clerk have the necessary skills and understanding to fulfil their responsibilities under the Instrument and Articles of Government and to enable members to make an effective contribution to the work of the Corporation. There is an annual training and development plan agreed by the Corporation and training and development activities undertaken by Corporation Members and the Clerk are documented in the annual register of Training and Development.

Audit Committee members receive nugget training from the Internal Audit Service before the start of each Audit Committee meeting and also complete Anti-Fraud Awareness training. Various AoC and ETC events are fully supported and documented in the register of Training and Development. There is also a regular agenda item at Corporation meetings covering Strategic Update and Development and College staff are invited to present to the Corporation on various topics.

The Clerk to the Corporation also attends various external and AoC events and is an active member of the AoC South West's Governance Professionals networking group.

There are also various Link Governors in place and specific internal and external training has been provided, where appropriate. The Link Governor roles cover Safeguarding; Diversity, Equality, Inclusion and Belonging (DEIB); Special Educational Needs and Disability (SEND); Health and Safety; and Careers and Employability.

### **SGS College Limited**

As referenced previously, the group is inclusive of a subsidiary company; SGS College Limited.

The Directors of the company are:

| <b>Name</b>       | <b>Position</b> | <b>Date of appointment</b> | <b>Date of resignation</b> |
|-------------------|-----------------|----------------------------|----------------------------|
| Judith Sanderson  | Director        | 16 April 2024              |                            |
| Sara-Jane Watkins | Director        | 16 April 2024              | 31 August 2024             |
| Gavin Murray      | Director        | 3 October 2024             |                            |

## **INTERNAL CONTROL**

### **Scope of responsibility**

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

The Corporation has delegated the day-to-day responsibility to the CEO & Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between South Gloucestershire and Stroud College and the funding bodies. The CEO & Principal 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 based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Gloucestershire and Stroud College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

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

### **The risk and control framework**

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

- comprehensive budgeting systems 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 performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

South Gloucestershire and Stroud College has an internal audit service, which operates in accordance with the requirements of the DfE's College Financial Handbook. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are approved by the Corporation on the recommendation of the Audit Committee.

At a minimum, annually, the Head of Internal Audit (HIA) provides the Corporation with an annual report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### **Risks faced by the Corporation**

Risk management, and its outcomes is an embedded activity across the College and provides an established and well-understood means through which the Corporation, Executive and extended leadership of the College receive assurance that the key risks in the Colleges wider and immediate operating environment are identified, mitigated and, where judged appropriate, tolerated.

The risk registers have been developed as a business tool to ensure management are implementing effective risk management and assurance arrangements and these are the basis for the opinion given by the Audit Committee.

The Risk Register identifies the key risks, impact and existing controls for each risk, existing score for impact and likelihood, and actions being taken to reduce and mitigate the risks with revised timescales and revised scores. The Risk Register links each risk to the organisation's Strategic Objectives.

### **Responsibilities under accountability agreements**

The College's system of internal controls and governance structures ensure regularity and propriety in the use of funds, including all public funds, via the following Processes:

- a) The Corporation is responsible for maintaining a sound system of internal control that safeguards the public and other funds and assets for which it has responsibility;
- b) The College maintains a set of Financial Regulations and Procedures, giving control over the totality of the College's resources and providing an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money;
- c) The College is required to adhere to key funder rules, in addition to the requirements of its own Financial Regulations and Procedures, and operates various controls to do this;
- d) The Internal Audit Service makes recommendations for improvement in key management processes. It particularly aims to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money.

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

### **Statement from the Audit Committee**

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

The specific areas of work undertaken by the Audit Committee in 2024/25 are included within the annual report from the Audit Committee.

The College's External Audit and Internal Audit providers both make recommendations for improvement in key management and internal control processes. Internal audit reviews include periodic reviews of the College's approach to delivering value for money. In addition to the annual assurance report received from Internal Audit, the Audit Committee and Governors receive benchmarking reports from Internal Audit and sector-specific reports from External Auditors, to assist them in discharging their responsibility to monitor the College's performance in delivering value for money.

### **Review of effectiveness**

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

- the work of the internal auditors;
- the work of the Executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports;
- The regularity self-assessment questionnaire.

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

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

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

**Approved by order of the members of the Corporation on 4 December 2025 and signed on its behalf by:**



**Matt Atkinson**  
Chair of the Corporation



**David Withey**  
Accounting Officer

# South Gloucestershire and Stroud College

## Statement of Regularity, Propriety and Compliance

As accounting officer of the Corporation of South Gloucestershire and Stroud College, 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 and DfE of material irregularity, impropriety and non-compliance with terms and conditions of all funding. I confirm that I, and the Corporation, 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 Corporation and DfE.



**David Withey**  
Accounting Officer  
4 December 2025

# **South Gloucestershire and Stroud College**

## **Statement of Responsibilities of the Members of the Corporation**

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

Within the terms and conditions of the college's accountability agreement, funding agreements and contracts with DfE, the OfS, WECA and any other relevant funding bodies, 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 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 Corporation 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 and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 4 December 2025 and signed on its behalf



**Matt Atkinson**  
Chair of the Corporation

# **South Gloucestershire and Stroud College**

## **Independent auditors' report to the corporation of South Gloucestershire and Stroud College**

### **Opinion**

We have audited the financial statements of South Gloucestershire and Stroud College (the 'parent corporation') and its subsidiaries (the 'group') for the year ended 31 July 2025 which comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statements of Changes in Reserves, Consolidated and College Balance Sheets, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2024 to 2025.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's and group's affairs as at 31 July 2025 and of the corporation's and group's income and expenditure, gains and losses, changes in reserves and the group's cash flows, 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 requirements of the FE HE SORP, College Accounts Direction 2024 to 2025 and the Office for Students' Accounts Direction.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

### **Conclusion relating to going concern**

In auditing the financial statements, we have concluded that the members' 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 and parent corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

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

In our opinion:

- funds from whatever source administered by the corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Office for Students ('OfS') and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

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

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

## **Responsibilities of the corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on pages 32-33, the corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the corporation determines 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 corporation'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 corporation 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the group's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the group's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the group ensured it met its obligations arising from it being financed by and subject to the governance requirements of the DfE and OfS, and as such material compliance with these obligations is required to ensure the group will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the group and parent ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- the matters discussed among the audit engagement team and involving relevant internal group specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, the Companies Act 2006, the FE HE SORP and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of group's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the DfE and OfS;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

These procedures were considered at both the parent corporation and subsidiary level as appropriate.

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

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

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

### **Use of our report**

This report is made solely to the corporation, in accordance with Article 16 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the corporation those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.

*Bishop Fleming Audit Limited*

### **Bishop Fleming Audit Limited**

Chartered Accountants

Statutory Auditors

Bristol

Date: 18 December 2025

# **South Gloucestershire and Stroud College**

## **Independent reporting accountant's report on regularity to the corporation of South Gloucestershire and Stroud College and Secretary of State for Education**

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

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

### **Respective responsibilities of the accounting officer of South Gloucestershire and Stroud College and the reporting accountant**

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

### **Approach**

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

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

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

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the corporation's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the corporation's self-assessment questionnaire ("SAQ");
- Sample testing of income to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk;
- Confirming through enquiry and understanding the control environment that the corporation has policies and delegated authorities in respect of procurement; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referenced to our regularity report.

The list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Framework and Guide for External Auditors and Reporting Accountants of Colleges.

## **Conclusion**

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

*Bishop Fleming Audit Limited*

Reporting accountant

**Bishop Fleming Audit Limited**

Chartered Accountants  
Statutory Auditors  
Bristol

Date: 18 December 2025

# South Gloucestershire and Stroud College

## Consolidated and College Statements of Comprehensive Income and Expenditure

For the year ended 31 July 2025

|                                                        | Notes | Year ended 31 July |               | Year ended 31 July |               |
|--------------------------------------------------------|-------|--------------------|---------------|--------------------|---------------|
|                                                        |       | 2025               | 2025          | 2024               | 2024          |
|                                                        |       | Group              | College       | Group              | College       |
|                                                        |       | £'000              | £'000         | £'000              | £'000         |
| <b>INCOME</b>                                          |       |                    |               |                    |               |
| Funding body grants                                    | 2     | 40,831             | 40,831        | 37,895             | 37,895        |
| Tuition fees and education contracts                   | 3     | 5,540              | 5,540         | 5,532              | 5,532         |
| Other grants and contracts                             | 4     | 1,042              | 1,042         | 946                | 946           |
| Other income                                           | 5     | 1,620              | 1,595         | 2,359              | 1,869         |
| Investment income                                      | 6     | 432                | 439           | 157                | 281           |
| Donations and Endowments                               | 7     | 19                 | 61            | 19                 | 26            |
| <b>Total income</b>                                    |       | <b>49,484</b>      | <b>49,508</b> | <b>46,908</b>      | <b>46,549</b> |
| <b>EXPENDITURE</b>                                     |       |                    |               |                    |               |
| Staff costs                                            | 8     | 31,528             | 31,528        | 29,854             | 29,854        |
| Other operating expenses                               | 9     | 12,492             | 12,479        | 12,653             | 12,212        |
| Depreciation                                           | 14    | 2,875              | 2,874         | 2,634              | 2,621         |
| Interest and other finance costs                       | 12    | 367                | 367           | 445                | 445           |
| <b>Total expenditure</b>                               |       | <b>47,262</b>      | <b>47,248</b> | <b>45,586</b>      | <b>45,132</b> |
| <b>Surplus/(deficit) before other gains and losses</b> |       | <b>2,222</b>       | <b>2,260</b>  | <b>1,322</b>       | <b>1,417</b>  |
| Gain (Loss) on disposal of assets                      | 15    | 1,880              | 2,927         | (3)                | (3)           |
| <b>(Loss)/gain on investment properties</b>            |       | <b>-</b>           | <b>-</b>      | <b>(346)</b>       | <b>(474)</b>  |
| <b>Surplus/(deficit) before tax</b>                    |       | <b>4,102</b>       | <b>5,187</b>  | <b>973</b>         | <b>940</b>    |
| Taxation                                               | 13    | -                  | -             | (12)               | -             |
| <b>Surplus/(deficit) for the year</b>                  |       | <b>4,102</b>       | <b>5,187</b>  | <b>961</b>         | <b>940</b>    |
| Unrealised gain / (loss) on revaluation of assets      |       | -                  | -             | -                  | -             |
| Actuarial gain/ (loss) in respect of pensions schemes  | 27    | 9,764              | 9,764         | (29)               | (29)          |
| Actuarial gain not recognised                          | 27    | (6,537)            | (6,537)       | -                  | -             |
| <b>Total Comprehensive Income for the year</b>         |       | <b>7,329</b>       | <b>8,414</b>  | <b>932</b>         | <b>911</b>    |

All items of income and expenditure relate to continuing activities.

# South Gloucestershire and Stroud College

## Consolidated and College Statements of Changes in Reserves

For the year ended 31 July 2025

|                                                                           | Income and<br>Expenditure<br>account<br>£'000 | Investment<br>Property<br>Reserve<br>£'000 | Revaluation<br>reserve<br>£'000 | Total<br>£'000 |
|---------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------|---------------------------------|----------------|
| <b>Group</b>                                                              |                                               |                                            |                                 |                |
| <b>Balance at 1 August 2023</b>                                           | 20,655                                        | -                                          | 2,072                           | 22,727         |
| Surplus from the income and expenditure account                           | 961                                           | -                                          | -                               | 961            |
| Other comprehensive income                                                | (29)                                          | -                                          | -                               | (29)           |
| Reclassification between revaluation and income and expenditure reserves  | -                                             | -                                          | -                               | -              |
| <b>Total Comprehensive Income for the year</b>                            | 932                                           | -                                          | -                               | 932            |
| <b>Balance at 31 July 2024</b>                                            | <b>21,587</b>                                 | <b>-</b>                                   | <b>2,072</b>                    | <b>23,659</b>  |
| Surplus from the income and expenditure account                           | 4,102                                         | -                                          | -                               | 4,102          |
| Other comprehensive income                                                | 9,764                                         | -                                          | -                               | 9,764          |
| Other comprehensive income not recognised                                 | (6,537)                                       | -                                          | -                               | (6,537)        |
| <b>Total comprehensive income for the year</b>                            | 7,329                                         | -                                          | -                               | 7,329          |
| <b>Balance at 31 July 2025</b>                                            | <b>28,916</b>                                 | <b>-</b>                                   | <b>2,072</b>                    | <b>30,988</b>  |
| <b>College</b>                                                            |                                               |                                            |                                 |                |
| <b>Balance at 1 August 2023</b>                                           | 19,591                                        | -                                          | 2,072                           | 21,663         |
| Surplus from the income and expenditure account                           | 940                                           | -                                          | -                               | 940            |
| Other comprehensive income                                                | (29)                                          | -                                          | -                               | (29)           |
| Transfers between investment property and income and expenditure reserves | -                                             | -                                          | -                               | -              |
| Reclassification between revaluation and income and expenditure reserves  | -                                             | -                                          | -                               | -              |
| <b>Total comprehensive income for the year</b>                            | 911                                           | -                                          | -                               | 911            |
| <b>Balance at 31 July 2024</b>                                            | <b>20,502</b>                                 | <b>-</b>                                   | <b>2,072</b>                    | <b>22,574</b>  |
| Surplus from the income and expenditure account                           | 5,187                                         | -                                          | -                               | 5,187          |
| Other comprehensive income                                                | 9,764                                         | -                                          | -                               | 9,764          |
| Other comprehensive income not recognised                                 | (6,537)                                       | -                                          | -                               | (6,537)        |
| Transfers between investment property and income and expenditure reserves | -                                             | -                                          | -                               | -              |
| Reclassification between revaluation and income and expenditure reserves  | -                                             | -                                          | -                               | -              |
| <b>Total comprehensive income for the year</b>                            | 8,414                                         | -                                          | -                               | 8,414          |
| <b>Balance at 31 July 2025</b>                                            | <b>28,916</b>                                 | <b>-</b>                                   | <b>2,072</b>                    | <b>30,988</b>  |

# South Gloucestershire and Stroud College

## Consolidated and College Balance Sheets as at 31 July 2025

|                                                        | Notes     | Group         | College       | Group         | College       |
|--------------------------------------------------------|-----------|---------------|---------------|---------------|---------------|
|                                                        |           | 2025          | 2025          | 2024          | 2024          |
|                                                        |           | £'000         | £'000         | £'000         | £'000         |
| <b>Non current assets</b>                              |           |               |               |               |               |
| Tangible fixed assets                                  | 14        | 50,420        | 50,420        | 51,153        | 51,111        |
| Investment Properties                                  | 15        | 2,369         | 2,369         | 7,240         | 3,115         |
| Non current Investments                                | 15        | -             | -             | -             | -             |
| <b>Heritage assets</b>                                 |           |               |               |               |               |
| <b>Investments in joint venture</b>                    |           |               |               |               |               |
| <b>Pensions asset</b>                                  | <b>25</b> |               |               |               |               |
|                                                        |           | <u>52,789</u> | <u>52,789</u> | <u>58,393</u> | <u>54,226</u> |
| <b>Long Term Debtors</b>                               |           |               |               |               |               |
| Debtor falling due after more than one year            | 18        | 1,350         | 1,350         | -             | 2,472         |
| <b>Current assets</b>                                  |           |               |               |               |               |
| Stocks                                                 |           | 92            | 92            | 70            | 70            |
| Trade and other receivables                            | 16        | 1,482         | 1,482         | 1,208         | 1,183         |
| Investments                                            | 17        | -             | -             | 3,725         | 3,725         |
| Cash and cash equivalents                              | 23        | 14,432        | 14,432        | 3,179         | 3,149         |
|                                                        |           | <u>16,006</u> | <u>16,006</u> | <u>8,182</u>  | <u>8,127</u>  |
| <b>Creditors – amounts falling due within one year</b> | 19        | (10,324)      | (10,324)      | (9,050)       | (8,834)       |
| <b>Net current assets/(liabilities)</b>                |           | <u>5,682</u>  | <u>5,682</u>  | <u>(868)</u>  | <u>(707)</u>  |
| <b>Total assets less current liabilities</b>           |           | <u>59,821</u> | <u>59,821</u> | <u>57,525</u> | <u>55,991</u> |
| Creditors – amounts falling due after more than a year | 20        | (28,561)      | (28,561)      | (29,996)      | (29,547)      |
| <b>Provisions</b>                                      |           |               |               |               |               |
| Defined benefit obligations                            | 22        | -             | -             | (3,596)       | (3,596)       |
| Other provisions                                       | 22        | (272)         | (272)         | (274)         | (274)         |
| <b>Total net assets</b>                                |           | <u>30,988</u> | <u>30,988</u> | <u>23,659</u> | <u>22,574</u> |
| <b>Unrestricted reserves</b>                           |           |               |               |               |               |
| Income and expenditure account                         |           | 28,916        | 28,916        | 21,587        | 20,502        |
| Investment Property reserve                            |           | -             | -             | -             | -             |
| Revaluation reserve                                    |           | 2,072         | 2,072         | 2,072         | 2,072         |
| <b>Total unrestricted reserves</b>                     |           | <u>30,988</u> | <u>30,988</u> | <u>23,659</u> | <u>22,574</u> |
| <b>Total reserves</b>                                  |           | <u>30,988</u> | <u>30,988</u> | <u>23,659</u> | <u>22,574</u> |

The financial statements on pages 41-66 were approved and authorised for issue by the Corporation on 4 December 2025 and were signed on its behalf on that date by:



**Matt Atkinson**  
Chair of the Corporation



**David Withey**  
Accounting Officer

# South Gloucestershire and Stroud College

## Consolidated Statement of Cash Flows

For the year ended 31 July 2025

|                                                                     | Notes     | 2025<br>£'000 | 2024<br>£'000  |
|---------------------------------------------------------------------|-----------|---------------|----------------|
| <b>Cash inflow from operating activities</b>                        |           |               |                |
| Surplus/(Deficit) for the year                                      |           | 4,102         | 961            |
| <b>Adjustment for non cash items</b>                                |           |               |                |
| Depreciation                                                        |           | 2,875         | 2,634          |
| Increase in stocks                                                  |           | (22)          | 4              |
| (Increase)/Decrease in debtors due within one year                  |           | (274)         | 246            |
| Increase/(Decrease) in creditors due within one year                |           | (157)         | (1,515)        |
| Increase/(Decrease) in creditors due after one year                 |           | (450)         | 10             |
| Increase/(Decrease) in provisions                                   |           | (2)           | (2)            |
| Pensions costs less contributions payable                           |           | (572)         | (625)          |
| Enhanced Pension Adjustment                                         |           | 4             | 4              |
| <b>Adjustment for investing or financing activities</b>             |           |               |                |
| Deferred capital grants released to income                          |           | (1,623)       | (1,507)        |
| (Gain)/ Loss on revaluation of non current investments              |           | -             | 346            |
| Investment income                                                   |           | (432)         | (157)          |
| Interest payable                                                    |           | 367           | 445            |
| Gain on sale of fixed assets                                        |           | (1,880)       | 3              |
| <b>Net cash flow from operating activities</b>                      |           | <b>1,936</b>  | <b>847</b>     |
| <b>Cash flows from investing activities</b>                         |           |               |                |
| Proceeds from disposal of subsidiary                                |           | 5,446         | -              |
| Investment income                                                   |           | 432           | 157            |
| Withdrawal of deposits                                              |           | 3,725         | -              |
| New deposits                                                        |           |               | (3,000)        |
| Capital Grant income received                                       |           | 2,602         | 2,396          |
| Payments made to acquire fixed assets                               |           | (2,182)       | (2,118)        |
| Capital grant payments to third parties                             |           | -             | (658)          |
|                                                                     |           | <b>10,023</b> | <b>(3,223)</b> |
| <b>Cash flows from financing activities</b>                         |           |               |                |
| Interest paid                                                       |           | (175)         | (229)          |
| Repayments of amounts borrowed                                      |           | (531)         | (531)          |
|                                                                     |           | <b>(706)</b>  | <b>(760)</b>   |
| <b>Increase/(Decrease) in cash and cash equivalents in the year</b> |           | <b>11,253</b> | <b>(3,136)</b> |
| Cash and cash equivalents at beginning of the year                  | 23        | 3,178         | 6,314          |
| <b>Cash and cash equivalents at end of the year</b>                 | <b>23</b> | <b>14,431</b> | <b>3,178</b>   |

# South Gloucestershire and Stroud College

## Notes to the Financial Statements

For the year ended 31 July 2025

### 1 Statement of Accounting Policies

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

#### **Basis of preparation**

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

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

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets).

#### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiary (sold August 2024), South Gloucestershire and Stroud College Commercial Services Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary undertakings acquired or disposed of during the year are included in the Statements of Consolidated Income and Expenditure from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. The results of SGS Academy Trust are not consolidated. All financial statements are made up to 31 July 2025. The College has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a separate cash flow statement for the College only.

#### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its

cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, the College will have sufficient funds to meet its liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

The College has £2.4m of loans outstanding with bankers at 31 July 2025. The loans are secured by a fixed charge over College assets. The terms of the existing loan agreements vary between 4 and 9 years remaining. 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.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### **Recognition of income**

Government revenue grants are released to the Statement of Comprehensive Income in line with best estimates for the period of what is receivable and depend on the particular income stream involved, under the accrual model as permitted by FRS 102. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statements of Comprehensive Income and Expenditure. 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 audits. 16-18 learner- responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from Office for Students and Research English 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.

### **Capital grant funding**

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

Non-recurrent grants from the Education and Skills Funding Agency/ Department for Education or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

### **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 and includes all fees payable by students or their sponsors.

### **Investment income**

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

### **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.

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.

#### **Avon Pension Fund - 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.

Previously, actuarial gains and losses have been recognised immediately in actuarial gains and losses. This year, the College has an unrecognised surplus of £6,537k in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

#### **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.

### **Tangible fixed asset**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 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.

### **Investment properties**

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

### **Land and buildings**

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful economic life to the College of up to 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of up to 50 years.

On adoption of FRS102, the College followed the transitional provision to revalue its land at 1 August 2014 but not to adopt a policy of revaluation of this land 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 2025. They are not depreciated until they are brought into use.

### **Subsequent expenditure on existing fixed assets**

#### **Equipment**

Equipment costing less than £1,000 per individual item or less than £1,000 as part of a group of assets is written off to the Statements of Comprehensive Income and Expenditure account 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:

- Computer equipment – 3-5 years
- All other equipment – 5 years

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

the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statements 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 Statements 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.

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 in subsidiaries**

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

### **Stocks**

Stocks are valued at the lower of their cost and net realisable value, being selling prices less costs to sell. Cost is based on a first in first out basis and net realisable value is based on estimated sales price. Where necessary, provision is made for obsolete, slow-moving and defective items.

### **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.

Investments with a maturity of more than 3 months, but less than 12 months are disclosed within investments within the Balance Sheet.

## **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 college has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

## **Taxation**

The College is 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 part of 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.

## **Deferred tax**

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## **Provisions and contingent liabilities**

Provisions are recognised when:

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

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

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

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

## **Judgements in applying accounting policies and key sources of estimation uncertainty**

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

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

### *Other key sources of estimation uncertainty*

- *Tangible fixed assets* - Tangible fixed assets, 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.

- *Investment Property* - Investment property is held at valuation. Valuation is carried out by suitably qualified professionals but by its nature valuation of property includes a variety of assumptions that affect the valuation arrived at. Further details are provided at note 15.
- *Local Government Pension Scheme* - The present value of the Local Government Pension Scheme defined benefit surplus/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 27, will impact the carrying amount of the pension surplus/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 surplus/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 surplus/liability. At 31 July 2025, there is a surplus of £6,537k, which has not been recognised as the College does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

**Notes to the Financial Statements**  
**For the year ended 31 July 2025**

**2 Funding body grants**

|                                                   | Year ended 31 July |               | Year ended 31 July |               |
|---------------------------------------------------|--------------------|---------------|--------------------|---------------|
|                                                   | 2025               | 2025          | 2024               | 2024          |
|                                                   | Group              | College       | Group              | College       |
|                                                   | £'000              | £'000         | £'000              | £'000         |
| <b>Recurrent grants</b>                           |                    |               |                    |               |
| Department for Education (DfE) - adult            | 802                | 802           | 1,106              | 1,106         |
| Department for Education (DfE) - 16 -18           | 27,094             | 27,094        | 24,674             | 24,674        |
| Department for Education (DfE) - apprenticeships  | 3,050              | 3,050         | 3,141              | 3,141         |
| West of England Combined Authority (WECA) - adult | 2,498              | 2,498         | 2,721              | 2,721         |
| Office for Students (OfS)                         | 169                | 169           | 178                | 178           |
| <b>Specific Grants</b>                            |                    |               |                    |               |
| Teachers Pension Scheme contribution grant        | 1,400              | 1,400         | 965                | 965           |
| Releases of government capital grants             | 1,623              | 1,623         | 1,507              | 1,507         |
| Local Education Authority (LEA) High Needs ALS    | 4,064              | 4,064         | 3,270              | 3,270         |
| <b>Total</b>                                      | <b>40,831</b>      | <b>40,831</b> | <b>37,895</b>      | <b>37,895</b> |

|                                                           | Year ended 31 July |               | Year ended 31 July |               |
|-----------------------------------------------------------|--------------------|---------------|--------------------|---------------|
|                                                           | 2025               | 2025          | 2024               | 2024          |
|                                                           | Group              | College       | Group              | College       |
|                                                           | £'000              | £'000         | £'000              | £'000         |
| <b>Grant and fee income</b>                               |                    |               |                    |               |
| Grant income from the Office for Students                 | 169                | 169           | 178                | 178           |
| Grant income from other bodies                            | 40,662             | 40,662        | 37,717             | 37,717        |
| Fee income for taught awards (exclusive of VAT)           | 2,540              | 2,540         | 2,619              | 2,619         |
| Fee income from non-qualifying courses (exclusive of VAT) | 747                | 747           | 715                | 715           |
| <b>Total grant and fee income</b>                         | <b>44,118</b>      | <b>44,118</b> | <b>41,229</b>      | <b>41,229</b> |

**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        |
| Adult education fees               | 522                | 522          | 489                | 489          |
| Fees for FE loan supported courses | 225                | 225          | 226                | 226          |
| Fees for HE loan supported courses | 2,540              | 2,540        | 2,619              | 2,619        |
| <b>Total tuition fees</b>          | <b>3,287</b>       | <b>3,287</b> | <b>3,334</b>       | <b>3,334</b> |
| Education contracts                | 2,253              | 2,253        | 2,198              | 2,198        |
| <b>Total</b>                       | <b>5,540</b>       | <b>5,540</b> | <b>5,532</b>       | <b>5,532</b> |

#### 4 Other grants and contracts

|                    | Year ended 31 July |              | Year ended 31 July |            |
|--------------------|--------------------|--------------|--------------------|------------|
|                    | 2025               | 2025         | 2024               | 2024       |
|                    | Group              | College      | Group              | College    |
|                    | £'000              | £'000        | £'000              | £'000      |
| Other Grant income | 1,042              | 1,042        | 946                | 946        |
| <b>Total</b>       | <b>1,042</b>       | <b>1,042</b> | <b>946</b>         | <b>946</b> |

#### 5 Other income

|                                    | Year ended 31 July |              | Year ended 31 July |              |
|------------------------------------|--------------------|--------------|--------------------|--------------|
|                                    | 2025               | 2025         | 2024               | 2024         |
|                                    | Group              | College      | Group              | College      |
|                                    | £'000              | £'000        | £'000              | £'000        |
| Other income generating activities | 1,259              | 1,225        | 1,807              | 1,155        |
| Miscellaneous income               | 361                | 370          | 552                | 714          |
| <b>Total</b>                       | <b>1,620</b>       | <b>1,595</b> | <b>2,359</b>       | <b>1,869</b> |

#### 6 Investment income

|                           | Year ended 31 July |            | Year ended 31 July |            |
|---------------------------|--------------------|------------|--------------------|------------|
|                           | 2025               | 2025       | 2024               | 2024       |
|                           | Group              | College    | Group              | College    |
|                           | £'000              | £'000      | £'000              | £'000      |
| Other interest receivable | 432                | 439        | 157                | 281        |
| <b>Total</b>              | <b>432</b>         | <b>439</b> | <b>157</b>         | <b>281</b> |

#### 7 Donations - Group and College

|                        | Year ended 31 July |           | Year ended 31 July |           |
|------------------------|--------------------|-----------|--------------------|-----------|
|                        | 2025               | 2025      | 2024               | 2024      |
|                        | Group              | College   | Group              | College   |
|                        | £'000              | £'000     | £'000              | £'000     |
| Unrestricted donations | 19                 | 61        | 19                 | 26        |
| <b>Total</b>           | <b>19</b>          | <b>61</b> | <b>19</b>          | <b>26</b> |

#### 8 Staff costs - Group and College

The average number of persons including key management personnel employed by the College during the year, calculated on a monthly basis and on a 'Headcount' basis, was:

|                    | Group      | College    | Group      | College    |
|--------------------|------------|------------|------------|------------|
|                    | 2025       | 2025       | 2024       | 2024       |
|                    | No.        | No.        | No.        | No.        |
| Teaching staff     | 482        | 482        | 492        | 492        |
| Non teaching staff | 481        | 481        | 489        | 486        |
| <b>Total</b>       | <b>963</b> | <b>963</b> | <b>981</b> | <b>978</b> |

#### **Staff costs for the above persons**

|                                   | 2025          | 2025          | 2024          | 2024          |
|-----------------------------------|---------------|---------------|---------------|---------------|
|                                   | £'000         | £'000         | £'000         | £'000         |
| Wages and salaries                | 23,938        | 23,938        | 23,205        | 23,205        |
| Social security costs             | 2,427         | 2,427         | 2,097         | 2,097         |
| Other pension costs               | 4,929         | 4,929         | 4,356         | 4,356         |
| <b>Payroll sub total</b>          | <b>31,294</b> | <b>31,294</b> | <b>29,658</b> | <b>29,658</b> |
| Fundamental restructuring costs - |               |               |               |               |
| contractual                       | 231           | 231           | 146           | 146           |
| non contractual                   | 3             | 3             | 50            | 50            |
| <b>Total staff costs</b>          | <b>31,528</b> | <b>31,528</b> | <b>29,854</b> | <b>29,854</b> |

The College paid 22 severance payments in the year, in the following bands:

|                     | Group and College |             |
|---------------------|-------------------|-------------|
|                     | 2025<br>No.       | 2024<br>No. |
| £0 - £25,000        | 21                | 20          |
| £25,001 - £50,000   | -                 | 2           |
| £50,001 - £100,000  | -                 | -           |
| £100,000 - £150,000 | 1                 | -           |
| £150,000 +          | -                 | -           |

Included in staff restructuring costs is one special severance payments totalling £2,912 (2023/24: £49,900).

#### 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 CEO (resigned 31 March 2025), College Principal (resigned 31 August 2024), CEO & College Principal (appointed 24 March 2025), Deputy CEO and Chief Financial Officer, Deputy Principal Curriculum & Quality, Vice Principal Employer & Adult Engagement (from 1 September 2024), Executive Director of People & Organisational Culture (from 1 September 2024) and Executive Director of Curriculum & Quality (from 1 November 2024).

The Chair and Vice Chair of the Corporation conducts an annual review of the performance and contribution of the CEO & College Principal, together with other Senior Post Holders, and the reviews are conducted against the expectations set out in personal objectives that align with the College's Strategy and annual priorities.

The Annual Reflection, including objectives, for the CEO & College Principal, and other Senior Post Holders are reported to, and considered by, the Remuneration Committee who then recommended the objectives to the Corporation for approval.

In the view of the Corporation, the CEO & College Principal and the Executive Team performed extremely well during 2024/25, meeting the College's objectives ensuring 'Outstanding' financial health and financial management, as well as maintaining quality teaching and learning provision, excellent support for learners and ensuring positive positioning of the College locally, regionally and nationally.

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

|                                                                              | Group and College |             |
|------------------------------------------------------------------------------|-------------------|-------------|
|                                                                              | 2025<br>No.       | 2024<br>No. |
| The number of key management personnel including the Accounting Officer was: | 6                 | 5           |

The number of key management personnel and other staff who received annual emoluments (Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay), excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

|                    | Group and College<br>key management<br>personnel |             | Group and College<br>other staff |             |
|--------------------|--------------------------------------------------|-------------|----------------------------------|-------------|
|                    | 2025<br>No.                                      | 2024<br>No. | 2025<br>No.                      | 2024<br>No. |
| £10,001 to £15,000 | 1                                                | -           | -                                | -           |
| £16,001 to £21,000 | 1                                                | -           | 7                                | 1           |
| £22,001 to £27,000 | -                                                | -           | -                                | -           |
| £28,001 to £33,000 | 1                                                | -           | -                                | 4           |
| £34,001 to £39,000 | -                                                | 3           | -                                | -           |
| £40,001 to £45,000 | -                                                | -           | -                                | -           |
| £46,001 to £51,000 | -                                                | 1           | -                                | -           |
| £52,001 to £57,000 | -                                                | 1           | -                                | -           |
| £58,001 to £63,000 | -                                                | -           | -                                | -           |
| £64,001 to £69,000 | 1                                                | -           | -                                | -           |
| £70,001 to £75,000 | 8                                                | 5           | 7                                | 5           |

Key management personnel compensation is made up as follows:

|                              | Group and College |            |
|------------------------------|-------------------|------------|
|                              | 2025              | 2024       |
|                              | £'000             | £'000      |
| Salaries                     | 655               | 610        |
| Payment in Lieu of Notice    | 92                | -          |
| Redundancy                   | 21                | -          |
| Employers National Insurance | 99                | 75         |
|                              | <b>867</b>        | <b>685</b> |
| Pension contributions        | 114               | 76         |
| <b>Total emoluments</b>      | <b>981</b>        | <b>761</b> |

There were no amounts due to key management personnel that were waived in the year (2023/24 £nil) and there was no deductions under salary sacrifice arrangements (2023/24 £nil).

The above compensation includes amounts payable to the outgoing and incoming Accounting Officer (the highest paid officer) of:

|                                    | Group and College |            |
|------------------------------------|-------------------|------------|
|                                    | 2025              | 2024       |
|                                    | £'000             | £'000      |
| <b>Outgoing Accounting Officer</b> |                   |            |
| Salaries                           | 121               | 180        |
| Payment in Lieu of Notice          | 92                | -          |
| Redundancy                         | 21                | -          |
| Benefits in kind                   | -                 | -          |
|                                    | <b>234</b>        | <b>180</b> |
| Pension contributions              | -                 | -          |
| <b>Incoming Accounting Officer</b> |                   |            |
| Salaries                           | 61                | -          |
| Benefits in kind                   | -                 | -          |
|                                    | <b>61</b>         | <b>-</b>   |
| Pension contributions              | 11                | -          |
| <b>Total</b>                       | <b>306</b>        | <b>180</b> |

The Corporation adopted AoC's Senior Staff Remuneration Code in March 2019 and assesses pay in line with its principles.

The remuneration package of Senior Post Holders, which includes the CEO & Principal, is subject to annual review by the Remuneration Committee of the Corporation who justify the remuneration on the following principles of the value of the role, performance in support of strategic priorities, market context, affordability, public context, parity and fairness. These principles are fully documented in the College's Senior

|                                                                                               | Group and College |             |
|-----------------------------------------------------------------------------------------------|-------------------|-------------|
|                                                                                               | 2025              | 2024        |
| <b>Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple</b> | 5.9               | 5.9         |
| Median Basic Salary (£k per annum)                                                            | 31                | 30          |
| <b>Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple</b> | 4.9               | 5.1         |
| Median Total Salary (£k per annum)                                                            | 38                | 35          |
| <b>Compensation for loss of office paid to former key management personnel</b>                | <b>2025</b>       | <b>2024</b> |
|                                                                                               | £                 | £           |
| Compensation paid to a former post-holder - contractual                                       | 21                | 23          |
| Estimated value of other benefits, including provisions for pension benefits                  | -                 | 23          |
| The severance payment was approved by the Remuneration Committee                              |                   |             |
| <b>Compensation for loss of office paid to former other personnel</b>                         | <b>2025</b>       | <b>2024</b> |
|                                                                                               | £                 | £           |
| Compensation paid to former post-holders - contractual                                        | 3                 | 20          |
| Estimated value of other benefits, including provisions for pension benefits                  | 3                 | 25          |

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## 9 Other operating expenses

|                    | Year ended 31 July |               | Year ended 31 July |               |
|--------------------|--------------------|---------------|--------------------|---------------|
|                    | 2025               | 2025          | 2024               | 2024          |
|                    | Group              | College       | Group              | College       |
|                    | £'000              | £'000         | £'000              | £'000         |
| Teaching costs     | 4,309              | 4,309         | 4,186              | 4,186         |
| Non teaching costs | 4,306              | 4,304         | 4,150              | 4,103         |
| Premises costs     | 3,877              | 3,866         | 4,317              | 3,923         |
| <b>Total</b>       | <b>12,492</b>      | <b>12,479</b> | <b>12,653</b>      | <b>12,212</b> |

Other operating expenses include:

|                                                                 | 2025  | 2024  |
|-----------------------------------------------------------------|-------|-------|
|                                                                 | £'000 | £'000 |
| Auditors' remuneration:                                         |       |       |
| Financial statements audit*                                     | 46    | 67    |
| Internal audit**                                                | 40    | 35    |
| Other services provided by the financial statements auditors*** | -     | 32    |
| Other services provided by the internal auditors                | -     | 26    |
| Hire of assets under operating leases                           | 475   | 461   |

\* includes £46k in respect of the College (2023/24 £57k)

\*\* includes £40k in respect of the College (2023/24 £35k)

\*\*\* includes £0k in respect of the College (2023/24 £26k)

**10 Access and participation expenditure**

|                                                      | Year ended 31 July<br>2025 |                            | Year ended 31 July<br>2024 |                            |
|------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                                      | £'000                      | £'000 of which staff costs | £'000                      | £'000 of which staff costs |
| <b>Access and participation expenditure</b>          |                            |                            |                            |                            |
| 1. Access Investment                                 | 318                        | 274                        | 198                        | 150                        |
| 2. Financial support for students                    | 158                        | -                          | 103                        | -                          |
| 3. Research and evaluation                           | 128                        | 128                        | 123                        | 123                        |
| <b>Total excluding support for disabled students</b> | <b>604</b>                 | <b>402</b>                 | <b>424</b>                 | <b>272</b>                 |
| 4. Support for disabled students                     | -                          | -                          | 114                        | 105                        |
| <b>Total including support for disabled students</b> | <b>604</b>                 | <b>402</b>                 | <b>538</b>                 | <b>378</b>                 |

Assumptions for preparation

To calculate staff costs, a % of FTE has been identified for work carried out by specific members of staff. These % have been applied to total 24/25 pay costs for the specific staff members. These staff costs are already included in the overall staff costs included in the financial statements and note 8. The College's access and participation plan can be accessed at the following link:

[https://www.sgscol.ac.uk/storage/files/shares/documents/policies-and-procedures/2025/Access\\_and\\_Participation\\_Plan.pdf](https://www.sgscol.ac.uk/storage/files/shares/documents/policies-and-procedures/2025/Access_and_Participation_Plan.pdf)

**11 Write offs, losses, guarantees, letters of comfort, compensation**

The Group wrote off debts totalling £50,473 during the year; one transaction was of the value £5,000 or more (£6,000). The write-offs related to student fees for the following academic years:

2015/16 to 2019/20 £0.2k; these amounts had been provided for in the 2023/24 accounts

2020/21 to 2023/24 £39k; these amounts had been provided for in the 2023/24 accounts

2024/25 £11k

No other losses were incurred.

**12 Interest and other finance costs - Group and College**

|                                                     | 2025<br>£'000 | 2024<br>£'000 |
|-----------------------------------------------------|---------------|---------------|
| On bank loans, overdrafts and other loans:          | 175           | 229           |
|                                                     | 175           | 229           |
| Enhanced Pension Interest payment                   | 4             | 4             |
| Net interest on defined pension liability (note 27) | 188           | 212           |
| <b>Total</b>                                        | <b>367</b>    | <b>445</b>    |

**13 Taxation - Group only**

|                                                                                  | 2025<br>£'000 | 2024<br>£'000 |
|----------------------------------------------------------------------------------|---------------|---------------|
| Provision for deferred corporation tax in the accounts of the subsidiary company | -             | 12            |
| <b>Total</b>                                                                     | <b>-</b>      | <b>12</b>     |

#### 14 Tangible fixed assets (Group)

|                                       | Land and buildings<br>Freehold | Long<br>leasehold | Equipment     | Assets in the<br>Course of<br>Constructio | Total         |
|---------------------------------------|--------------------------------|-------------------|---------------|-------------------------------------------|---------------|
|                                       | £'000                          | £'000             | £'000         | £'000                                     | £'000         |
| <b>Cost or valuation</b>              |                                |                   |               |                                           |               |
| At 1 August 2024                      | 38,858                         | 28,715            | 12,995        | 350                                       | 80,918        |
| Additions                             | -                              | -                 | 160           | 2,022                                     | 2,182         |
| Transfer                              | -                              | -                 | 1,517         | (1,517)                                   | -             |
| Disposals                             | -                              | -                 | (71)          | -                                         | (71)          |
| <b>At 31 July 2025</b>                | <b>38,858</b>                  | <b>28,715</b>     | <b>14,601</b> | <b>855</b>                                | <b>83,029</b> |
| <b>Depreciation</b>                   |                                |                   |               |                                           |               |
| At 1 August 2024                      | 13,798                         | 7,178             | 8,789         | -                                         | 29,765        |
| Charge for the year                   | 728                            | 639               | 1,508         | -                                         | 2,875         |
| Elimination in respect of disposals   | -                              | -                 | (31)          | -                                         | (31)          |
| <b>At 31 July 2025</b>                | <b>14,526</b>                  | <b>7,817</b>      | <b>10,266</b> | <b>-</b>                                  | <b>32,609</b> |
| <b>Net book value at 31 July 2025</b> | <b>24,332</b>                  | <b>20,898</b>     | <b>4,335</b>  | <b>855</b>                                | <b>50,420</b> |
| Net book value at 31 July 2024        | 25,060                         | 21,537            | 4,206         | 350                                       | 51,153        |

#### Tangible fixed assets (College only)

|                                       | Land and buildings<br>Freehold | Long<br>leasehold | Equipment     | Assets in the<br>Course of<br>Constructio | Total         |
|---------------------------------------|--------------------------------|-------------------|---------------|-------------------------------------------|---------------|
|                                       | £'000                          | £'000             | £'000         | £'000                                     | £'000         |
| <b>Cost or valuation</b>              |                                |                   |               |                                           |               |
| At 1 August 2024                      | 38,858                         | 28,715            | 12,936        | 350                                       | 80,859        |
| Additions                             | -                              | -                 | 160           | 2,022                                     | 2,182         |
| Transfer                              | -                              | -                 | 1,517         | (1,517)                                   | -             |
| Disposals                             | -                              | -                 | (13)          | -                                         | (13)          |
| <b>At 31 July 2025</b>                | <b>38,858</b>                  | <b>28,715</b>     | <b>14,600</b> | <b>855</b>                                | <b>83,028</b> |
| <b>Depreciation</b>                   |                                |                   |               |                                           |               |
| At 1 August 2024                      | 13,798                         | 7,180             | 8,770         | -                                         | 29,748        |
| Charge for the year                   | 728                            | 639               | 1,507         | -                                         | 2,874         |
| Elimination in respect of disposals   | -                              | -                 | (14)          | -                                         | (14)          |
| <b>At 31 July 2025</b>                | <b>14,526</b>                  | <b>7,819</b>      | <b>10,263</b> | <b>-</b>                                  | <b>32,608</b> |
| <b>Net book value at 31 July 2025</b> | <b>24,332</b>                  | <b>20,896</b>     | <b>4,337</b>  | <b>855</b>                                | <b>50,420</b> |
| Net book value at 31 July 2024        | 25,060                         | 21,535            | 4,166         | 350                                       | 51,111        |

The Hilton Avenue campus was valued for the purpose of the financial statements at depreciated replacement cost by King Sturge, a firm of independent chartered surveyors as at February 1993, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. All other land and buildings were valued at market value for existing use except for additions post 1 April 1993 which are included at cost. Land and buildings with a net book values totalling £23.9m (2023: £24.6m) have been financed through the receipt of capital grants from exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum, to surrender the proceeds.

## 15 Non-current investments

### Investment property

|                         | Group<br>£'000 | College<br>£'000 |
|-------------------------|----------------|------------------|
| <b>At valuation</b>     |                |                  |
| At 1 August 2024        | 7,242          | 3,116            |
| Additions               | -              | -                |
| Disposals               | (4,873)        | (747)            |
| Gain on lease surrender | -              | -                |
| Loss on revaluation     | -              | -                |
| <b>At 31 July 2025</b>  | <b>2,369</b>   | <b>2,369</b>     |

FRS 102 requires fair value movements on investment property to be recorded through profit or loss, whereas previously these have been recognised directly through reserves.

The investment property fair value is based on a valuation at the balance sheet date 31 July 2025.

The subsidiary, South Gloucestershire and Stroud College Commercial Services Limited, was sold in August 2024, with the gain on disposal being reflected in the financial results for the year. As a subsidiary of the College, the results and balance sheet of the entity were previously consolidated into the College's financial statements. The disposal impacts the consolidated and college financial results differently.

### Other investments

|                                     | College<br>2025<br>£ | College<br>2024<br>£ |
|-------------------------------------|----------------------|----------------------|
| Investments in subsidiary companies | -                    | 2                    |
| <b>Total</b>                        | <b>-</b>             | <b>2</b>             |

The College owned on 31 July 2024 100 per cent of the issued ordinary £1 shares of South Gloucestershire and Stroud College Commercial Services Limited, a company incorporated in England and Wales. The principal business activity of South Gloucestershire and Stroud College Commercial Services Limited is property development and leasing. South Gloucestershire and Stroud College Commercial Services Limited was sold on 21 August 2024. The College owned on 31 July 2024 and 31 July 2025 100 per cent of the issued ordinary £1 shares of SGS College Limited, a dormant company incorporated on 16 April 2024.

### Disposal of subsidiary

In the College, the profit on disposal is recognised as the disposal proceeds, excluding intercompany loan balances and associated interest (£3,150), less legal and professional fees attributed to the disposal (£223k).

The consolidated profit on disposal is calculated as the full disposal proceeds of £6,500k less carrying value of investment property (£4,873k), working capital liabilities (£476k) and the aforementioned legal fees. This results in a profit on disposal of £1,180k.

## 16 Trade and other receivables

|                                      | Group<br>2025<br>£'000 | College<br>2025<br>£'000 | Group<br>2024<br>£'000 | College<br>2024<br>£'000 |
|--------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Amounts falling due within one year: |                        |                          |                        |                          |
| Trade receivables                    | 211                    | 211                      | 270                    | 146                      |
| Amounts owed by group undertakings:  |                        |                          |                        |                          |
| Subsidiary undertakings              | -                      | -                        | -                      | 124                      |
| Associate undertakings               | -                      | -                        | -                      | -                        |
| Prepayments and accrued income       | 1,271                  | 1,271                    | 938                    | 913                      |
| Amounts owed by the DFE              | -                      | -                        | -                      | -                        |
| <b>Total</b>                         | <b>1,482</b>           | <b>1,482</b>             | <b>1,208</b>           | <b>1,183</b>             |

The College loaned its subsidiary South Gloucestershire and Stroud College Commercial Services Limited £2.5m under a facility agreement. The loan was refinanced in full in August 2023 and fully repaid on 21 August 2024.

## 17 Current investments

|                     | Group<br>2025<br>£'000 | College<br>2025<br>£'000 | Group<br>2024<br>£'000 | College<br>2024<br>£'000 |
|---------------------|------------------------|--------------------------|------------------------|--------------------------|
| Short-term deposits | -                      | -                        | 3,725                  | 3,725                    |
| <b>Total</b>        | <b>-</b>               | <b>-</b>                 | <b>3,725</b>           | <b>3,725</b>             |

Deposits are held with banks and building societies licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date (95 days).

## 18 Debtors falling due after more than one year

|                                     | Group<br>2025<br>£'000 | College<br>2025<br>£'000 | Group<br>2024<br>£'000 | College<br>2024<br>£'000 |
|-------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Amounts owed by group undertakings: |                        |                          |                        |                          |
| Subsidiary undertakings             | -                      | -                        | -                      | 2,472                    |
| Other Debtors                       | 1,350                  | 1,350                    | -                      | -                        |
| <b>Total</b>                        | <b>1,350</b>           | <b>1,350</b>             | <b>-</b>               | <b>2,472</b>             |

The entry within Other Debtors relates to the disposal of subsidiary. The total consideration for this sale was £6.5m, with the final balance of £1.35m due August 2026.

**19 Creditors: amounts falling due within one year**

|                                             | Group<br>2025<br>£'000 | College<br>2025<br>£'000 | Group<br>2024<br>£'000 | College<br>2024<br>£'000 |
|---------------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Bank loans and overdrafts                   | 531                    | 531                      | 531                    | 531                      |
| Obligations under finance leases            | -                      | -                        | -                      | -                        |
| Trade payables                              | 512                    | 512                      | 639                    | 638                      |
| Amounts owed to group undertakings:         |                        |                          |                        |                          |
| Subsidiary undertakings                     | -                      | -                        | -                      | -                        |
| Associate undertakings                      | -                      | -                        | -                      | -                        |
| Corporation tax                             | -                      | -                        | -                      | -                        |
| Other taxation and social security          | 594                    | 594                      | 500                    | 500                      |
| Accruals and deferred income                | 5,363                  | 5,363                    | 4,281                  | 4,066                    |
| Deferred income - government capital grants | 1,692                  | 1,692                    | 1,508                  | 1,508                    |
| Deferred income - revenue grants            | 607                    | 607                      | 573                    | 573                      |
| Amounts owed to the DfE                     | 346                    | 346                      | 381                    | 381                      |
| Holiday pay accrual                         | 679                    | 679                      | 637                    | 637                      |
| <b>Total</b>                                | <b>10,324</b>          | <b>10,324</b>            | <b>9,050</b>           | <b>8,834</b>             |

**20 Creditors: amounts falling due after one year**

|                                             | Group<br>2025<br>£'000 | College<br>2025<br>£'000 | Group<br>2024<br>£'000 | College<br>2024<br>£'000 |
|---------------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Bank loans                                  | 1,831                  | 1,831                    | 2,362                  | 2,362                    |
| Obligations under finance leases            | -                      | -                        | -                      | -                        |
| Deferred income - government capital grants | 26,719                 | 26,719                   | 27,173                 | 27,173                   |
| Other long term creditors                   | 11                     | 11                       | 461                    | 12                       |
| <b>Total</b>                                | <b>28,561</b>          | <b>28,561</b>            | <b>29,996</b>          | <b>29,547</b>            |

**21 Maturity of debt - Group and College****Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

|                            | Year ended 31 July |               |
|----------------------------|--------------------|---------------|
|                            | 2025<br>£'000      | 2024<br>£'000 |
| In one year or less        | 531                | 531           |
| Between one and two years  | 531                | 531           |
| Between two and five years | 1,109              | 1,593         |
| In five years or more      | 191                | 238           |
| <b>Total</b>               | <b>2,362</b>       | <b>2,893</b>  |

Included within loans are two facilities with Lloyds Bank plc. The first bank loan of £8.3 million is for a period of 20 years and is repayable by instalments falling due between October 2013 and July 2029. The second loan of £1 million is for a period of 25 years and is repayable by instalments falling due between October 2013 and June 2034. These two loans are secured by a negative pledge.

**22 Defined obligations & other provisions (Group and College)**

|                                                 | Defined<br>benefit<br>obligations<br>£'000 | Enhanced<br>pensions<br>£'000 | Other<br>Provisions<br>£'000 | Total<br>£'000 |
|-------------------------------------------------|--------------------------------------------|-------------------------------|------------------------------|----------------|
| As at 1 August 2024                             | 3,596                                      | 82                            | 193                          | 3,871          |
| Expenditure in the period                       | (384)                                      | (21)                          | -                            | (405)          |
| Transferred from income and expenditure account | (3,212)                                    | 18                            | -                            | (3,194)        |
| <b>As at 31 July 2025</b>                       | <b>-</b>                                   | <b>79</b>                     | <b>193</b>                   | <b>272</b>     |

The College has an unrecognised surplus of £6,537k in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 27.

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 these calculations are:

|                                   | 2025  | 2024  |
|-----------------------------------|-------|-------|
| Enhanced Pensions Provision - TPS |       |       |
| Interest rate                     | 5.50% | 4.80% |
| Price inflation                   | 2.70% | 2.80% |

### 23 Cash and cash equivalents

|                           | As at 1 August 2024<br>£'000 | Cash flows<br>£'000 | Other changes<br>£'000 | As at 31 July 2025<br>£'000 |
|---------------------------|------------------------------|---------------------|------------------------|-----------------------------|
| Cash and cash equivalents | 3,179                        | 11,253              | -                      | 14,432                      |
| <b>Total</b>              | <b>3,179</b>                 | <b>11,253</b>       | <b>-</b>               | <b>14,432</b>               |

### 24 Capital commitments

|                                       | Group and College |               |
|---------------------------------------|-------------------|---------------|
|                                       | 2025<br>£'000     | 2024<br>£'000 |
| Commitments contracted for at 31 July | -                 | -             |

### 25 Lease Obligations

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

|                                                   | Group and College |               |
|---------------------------------------------------|-------------------|---------------|
|                                                   | 2025<br>£'000     | 2024<br>£'000 |
| <b>Future minimum lease payments due</b>          |                   |               |
| <b>Land and buildings</b>                         |                   |               |
| Not later than one year                           | 336               | 331           |
| Later than one year and not later than five years | 386               | 722           |
|                                                   | <b>722</b>        | <b>1,053</b>  |
| <b>Other</b>                                      |                   |               |
| Not later than one year                           | 155               | 119           |
| Later than one year and not later than five years | 304               | 42            |
| later than five years                             | 1                 | -             |
|                                                   | <b>460</b>        | <b>161</b>    |
| <b>Total lease payments due</b>                   | <b>1,182</b>      | <b>1,214</b>  |

### 26 Contingent liabilities

There are no contingent liabilities at 31st July 2025 (2023/24: £nil)

### 27 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Avon Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bath and North East Somerset Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022.

| Total pension cost for the year                              | 2025<br>£'000 | 2024<br>£'000 |
|--------------------------------------------------------------|---------------|---------------|
| Teachers Pension Scheme: contributions paid                  | 3,191         | 2,712         |
| Local Government Pension Scheme:                             |               |               |
| Contributions paid                                           | 2,301         | 2,309         |
| FRS 102 (28) charge                                          | (572)         | (625)         |
| Charge to the Statement of Comprehensive Income              | 1,729         | 1,684         |
| Enhanced pension charge to Statement of Comprehensive Income | 14            | 17            |
| <b>Total Pension Cost for Year</b>                           | <b>4,934</b>  | <b>4,413</b>  |

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

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

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

As a result of the valuation, new employer contribution rates rose from 23.68% to 28.68% from April 2024.

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

The employer and employee contributions paid to TPS in the year amounted to £4,106,081 (2023/24: £3,590,363).

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Bath and North East Somerset Local Authority. The total contribution made for the year ended 31 July 2025 was £2,996,000, of which employer's contributions totalled £2,301,000 and employees' contributions totalled £695,000. The agreed contribution rates from April 2024 is 17.9% (including an administration levy of 0.08%) and range from 5.5% to 12.5% percent for employees, depending on salary and inclusion in the 50/50 section of the scheme. Under the funding policy, the Group has agreed to make deficit recovery repayments to the fund; the annual value is £278k from April 2024 and £291k from April 2025. .

#### Principal Actuarial Assumptions

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

|                                      | At 31 July<br>2025 | At 31 July<br>2024 |
|--------------------------------------|--------------------|--------------------|
| Rate of increase in salaries         | 4.00%              | 4.10%              |
| Future pensions increases            | 2.60%              | 2.70%              |
| Discount rate for scheme liabilities | 5.90%              | 4.90%              |
| Inflation assumption (CPI)           | 2.50%              | 2.60%              |

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

|                             | At 31 July<br>2025<br>years | At 31 July<br>2024<br>years |
|-----------------------------|-----------------------------|-----------------------------|
| <i>Retiring today</i>       |                             |                             |
| Males                       | 22.00                       | 21.90                       |
| Females                     | 24.50                       | 24.10                       |
| <i>Retiring in 20 years</i> |                             |                             |
| Males                       | 23.10                       | 23.10                       |
| Females                     | 26.00                       | 26.00                       |

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

|                                     |               | Fair Value<br>at 31 July<br>2025<br>£'000 |               | Fair Value at<br>31 July 2024<br>£'000 |
|-------------------------------------|---------------|-------------------------------------------|---------------|----------------------------------------|
| Equities                            | 40.9%         | 24,674                                    | 50.4%         | 28,775                                 |
| Government bonds                    | 19.1%         | 11,523                                    | 21.2%         | 12,104                                 |
| Other bonds                         | 9.4%          | 5,671                                     | 9.0%          | 5,138                                  |
| Property                            | 4.9%          | 2,956                                     | 5.0%          | 2,855                                  |
| Cash/liquidity                      | -4.9%         | (2,956)                                   | -14.7%        | -8,393                                 |
| Other                               | 30.6%         | 18,461                                    | 29.1%         | 16,614                                 |
| <b>Total market value of assets</b> | <b>100.0%</b> | <b>60,329</b>                             | <b>100.0%</b> | <b>57,093</b>                          |
| <b>Actual return on plan assets</b> |               | <b>2,140</b>                              |               | <b>3,236</b>                           |

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

|                                                 | 2025<br>£'000 | 2024<br>£'000  |
|-------------------------------------------------|---------------|----------------|
| Fair value of plan assets                       | 53,792        | 57,093         |
| Present value of plan liabilities               | (53,792)      | (60,689)       |
| <b>Net pensions asset/(liability) (note 22)</b> | <b>-</b>      | <b>(3,596)</b> |

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

|                                        | 2025<br>£'000 | 2024<br>£'000 |
|----------------------------------------|---------------|---------------|
| <b>Amounts included in staff costs</b> |               |               |
| Current service cost                   | 1,729         | 1,684         |
| Past service cost                      | -             | -             |
| <b>Total</b>                           | <b>1,729</b>  | <b>1,684</b>  |

Amounts included in interest payable

|                      |            |            |
|----------------------|------------|------------|
| Net interest payable | 188        | 212        |
|                      | <b>188</b> | <b>212</b> |

Amounts recognised in Other Comprehensive Income

|                                                                         | 2025<br>£'000  | 2024<br>£'000 |
|-------------------------------------------------------------------------|----------------|---------------|
| Return on pension plan assets                                           | 686            | (521)         |
| Experience losses arising on defined benefit obligations                | 685            | (467)         |
| Changes in assumptions underlying the present value of plan liabilities | (4,583)        | 1,017         |
| <b>Amount recognised in Other Comprehensive Income</b>                  | <b>(3,212)</b> | <b>29</b>     |

Movement in net defined benefit liability during the year

|                                                           | 2025<br>£'000 | 2024<br>£'000  |
|-----------------------------------------------------------|---------------|----------------|
| Deficit in scheme at 1 August                             | (3,596)       | (3,980)        |
| Movement in year:                                         |               |                |
| Current service cost                                      | (1,729)       | (1,684)        |
| Employer contributions                                    | 2,301         | 2,309          |
| Past service cost                                         | -             | -              |
| Net interest on the defined liability                     | (188)         | (212)          |
| Actuarial gain or loss                                    | 9,749         | (29)           |
| Actuarial gain not recognised                             | (6,537)       | -              |
| <b>Net defined benefit surplus (liability) at 31 July</b> | <b>-</b>      | <b>(3,596)</b> |

| <b>Asset and Liability Reconciliation</b>                          | <b>2025</b>   | <b>2024</b>   |
|--------------------------------------------------------------------|---------------|---------------|
|                                                                    | <b>£'000</b>  | <b>£'000</b>  |
| <b>Changes in the present value of defined benefit obligations</b> |               |               |
| <b>Defined benefit obligations at start of period</b>              | 60,689        | 56,536        |
| Current Service cost                                               | 1,729         | 1,684         |
| Interest cost                                                      | 2,946         | 2,859         |
| Contributions by Scheme participants                               | 695           | 688           |
| Experience gains and losses on defined benefit obligations         | 685           | (467)         |
| Changes in financial assumptions                                   | (11,209)      | 1,117         |
| Changes in demographic assumptions                                 | 89            | (100)         |
| Estimated benefits paid                                            | (1,832)       | (1,628)       |
| Past Service cost                                                  | -             | -             |
| Curtailments and settlements                                       | -             | -             |
| <b>Defined benefit obligations at end of period</b>                | <b>53,792</b> | <b>60,689</b> |
| <b>Reconciliation of Assets</b>                                    |               |               |
| <b>Fair value of plan assets at start of period</b>                | 57,093        | 52,556        |
| Interest on plan assets                                            | 2,826         | 2,715         |
| Remeasurements (assets)                                            | (686)         | 521           |
| Employer contributions                                             | 2,301         | 2,309         |
| Contributions by Scheme participants                               | 695           | 688           |
| Estimated benefits paid                                            | (1,832)       | (1,628)       |
| Administration expenses                                            | (68)          | (68)          |
| Derecognition of Pension Scheme Surplus                            | (6,537)       | -             |
| <b>Fair value of plan assets at end of period</b>                  | <b>53,792</b> | <b>57,093</b> |

The College has an unrecognised surplus of £6,537,000 (2023/24: £nil) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

## **28 Related party transactions**

Due 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 £474; 4 governors (2023/24: £519; 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. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2023/24: none).

The College sponsors the South Gloucestershire and Stroud Academy Trust (SGS AT). During the year the College received income of £227,003 (2023/24: £205,888) from SGS AT. This includes Service Level Agreement income £178,205, VAT £37,680 and other £11,119. The Service Level Agreement covers estates and facilities management, procurement, IT services, payroll, finance, quality & learner services, marketing, careers and school services, educational services and governance.

In respect of key roles between the College and SGSAT, the College Corporation is one of the Members of SGSAT. P Eames is a Governor of the College and is also a Trustee of SGSAT and Chair of the SGS AT Finance & Audit Committee. L Craig is a Governor of the College and is also a Trustee of SGSAT. J Saunderson is the Deputy CEO and Chief Financial Officer for the College and is also the Chief Financial Officer for SGSAT.

During the year the College received income of £8,572 (2023/24: £164,605) from South Gloucestershire and Stroud College Commercial Services Limited. The 2024/25 figure includes Salary recharges £7,164 and insurance costs £1,408.

During the year the College paid £5,652 (2023/24: £153,613) to South Gloucestershire and Stroud College Commercial Services Limited. The 2024/25 figure relates to property service charges prior to the sale of CSL.

During the year the College sold a lease for the value of £746,667 (2023/24: £Nil) to South Gloucestershire and Stroud College Commercial Services Limited as part of the disposal of subsidiary.

## **29 Amounts disbursed as agent**

### **Learner support funds**

|                                                     | <b>2025</b>  | <b>2024</b>  |
|-----------------------------------------------------|--------------|--------------|
|                                                     | <b>£'000</b> | <b>£'000</b> |
| Balance carried forward                             | 384          | 375          |
| Funding body grants – DfE hardship support          | 413          | 396          |
| Other Funding body grants                           | -            | -            |
| Interest earned                                     | -            | -            |
|                                                     | <u>798</u>   | <u>771</u>   |
| Disbursed to students                               | (398)        | (370)        |
| Administration costs                                | <u>(19)</u>  | <u>(17)</u>  |
| Balance unspent as at 31 July included in creditors | <u>382</u>   | <u>384</u>   |

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.

The college distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE.

In the accounting period ended 31 July 2025, the college received a total of £413,417 and disbursed £397,575 from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £18,692 for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £381,579, of which £21,149 relates to funds that are in scope to be returned to DfE in March 2026.

Comparatives for the accounting period ended 31 July 2024 are £395,762 received from DfE, £369,684 disbursed to learners after charging £16,626 for administration costs, and total cumulative unspent funds of £384,315, of which £Nil was repaid to DfE.

## **30 Events after the reporting period**

No significant events after the reporting period