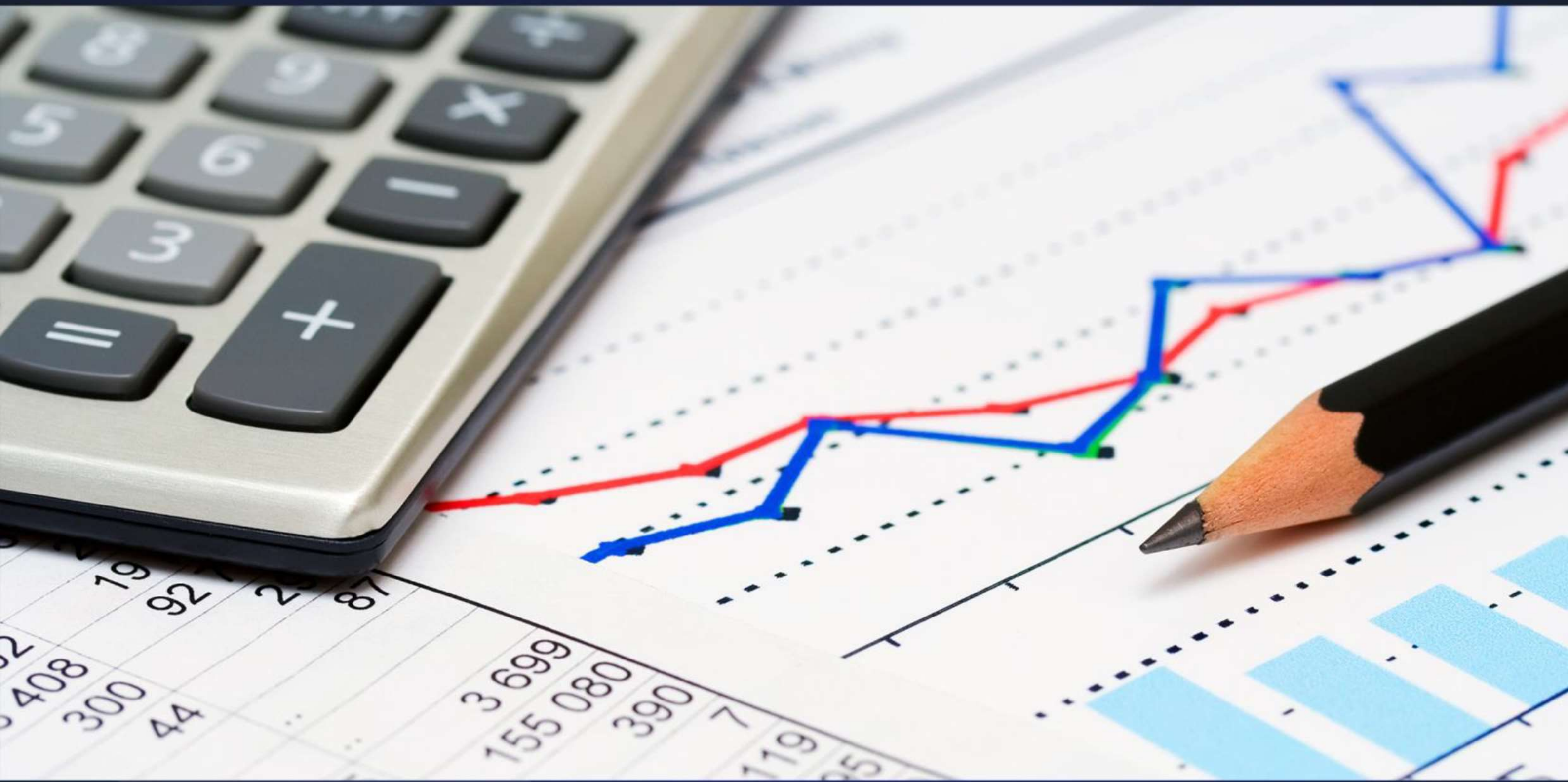
Annual Reports and Financial Statements
For the year ended 31 July 2025



Employer-led, producing a highly skilled and productive workforce

The Lincoln College Group

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as Senior Postholders and were represented by the following in 2024-2025:

Mark Locking	Principal, Chief Executive Officer, Accounting Officer
James Foster	Managing Director, International and Commercial
Sarah Adams	Governance Officer (Left 31.07.25)
Cheryl Maxwell	Governance Officer (Started 01.08.25)

BOARD OF GOVERNORS

A full list of Governors is given on pages 24 and 25 of these financial statements.

Governance Officer

Sarah Adams / Cheryl Maxwell

PROFESSIONAL ADVISERS

Financial statements auditors and reporting accountants:
RSM UK Audit LLP
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands
B3 3AG

Internal Auditors

Various partners were used during 2024. This was part of a pilot scheme to drive greater value from the internal audit function. Specialist in each area were utilised to support and delivered a high level of scrutiny.

Bankers
National Westminster Bank Plc
Brayford Wharf North
Lincoln
LN1 1YW

Banque Saudi Fransi
Head Office
Riyadh 11554
Kingdom of Saudi Arabia

Solicitors
Eversheds LLP
1 Wood Street
London
EC2V 7WS

Ward Hadaway LLP
Sandgate House
102 Quayside
Newcastle upon Tyne NE1 3DX

Forbes Solicitors LLP
Gordon House
Sceptre Way
Walton Summit Centre
Preston PR5 6AW

Wilkin Chapman Rollits
Cartergate House
26 Chantry Lane,
Grimsby. DN31 2LJ

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REPORT OF THE GOVERNING BODY

The governing body present their report and the audited financial statements for the year ended 31 July 2025.

LEGAL STATUS

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

The year ending 2024/25 brings us to the end of our five-year strategy and our priorities for the year, which were in large part achieved as below.

OUR PRIORITIES FOR 2024-2025

- **Deliver Extraordinary Education and Training –** continue on our journey towards an extraordinary learning experience where learners achieve and excel through excellent Learning, Assessment and Teaching (LAT) and progress to positive, purposeful destinations. Drive our teaching to the top strategy harder so that our learners achieve high grades above the national rate so we can self-assess every curriculum area as ‘good’ or ‘better’.
- **Create Financially Resilient Colleges across the Group –** deliver the 2025/25 Group budget to create a cash surplus. Grow 16 – 18, adults and apprenticeship learner numbers, whilst transforming our HE programmes, to target skills gaps and deliver education more efficiently. Diversify and increase international income. Develop and agree strategic options for growth, whilst improving college reserves to support investment towards extraordinary.
- **Invest in our People and Resources –** continue to improve our diverse, inclusive and supportive environment creating an engaged, happy and healthy workforce where everyone feels valued, because our people matter. To be the college of choice for staff and learners through continued investment in sector leading staff development and resources.
- **Increase the Relevance of Education and Training –** continue to be recognised for innovation and delivering extraordinary education programmes, including finishing schools, by building upon our recent Ofsted inspection rating of “Strong” for Skills. Ensure extraordinary support for employers and key stakeholders, in order to provide more productive and highly skilled individuals for their workforce. Strengthen our focus on employer needs to improve the curriculum we deliver and the progress of learners, focusing on skills for the future workforce. Grow numbers at the ASI and Newark and create new pathways within the College University Centre in HTQs that are aligned to regional skills needs.
- **Develop the Leadership and Governance of the Lincoln College Group –** continue to forge an extraordinary leadership team, who model our culture, so we become an ‘extraordinary employer-led organisation’ delivering great outcomes for learners, employers and key stakeholders. A reshaped Group structure by 2025 will ensure standardised governance and amplified support so the Group thrives despite current and future challenges. Explore strategic growth opportunities and create purposeful new partnerships to meet the local skills agendas, lead on the devolution of skills and exceed the expectations of all our partners.

We are proud of what we have achieved over the last 5 years and are now embarking on the strategy for the next 5 years to 2030.- Vision “2030”

REPORT OF THE GOVERNING BODY (CONTINUED)

VISION 2030

Lincoln College Group's ambitious, employer-led, five-year strategy, will strengthen our position as a leading provider of education and training. By 2030, we will be leaders in skills and recognised for our excellence and innovation in creating and delivery pathways that ensure employers have the workforce they need to deliver growth, sustainability, prosperity and security.

Our core commitment is to ignite an **aspirational mindset** in every learner, providing the best possible chance for their success in life and work. We aspire to foster this "ambitious spirit" across our entire community – students, staff, employers and partners worldwide. We will achieve this through stronger collaboration and growth that ensures a broader and more efficient **industry-led** curriculum–with accessible career pathways for more people. We will deliver exceptional skills development through high-quality teaching. This will equip individuals with the vital competencies for successful careers and instil the behaviours and attitudes essential for increased productivity. Key focuses will be advancement of digital learning skills along with ways to enrich every learner's work-focused experience to meet the evolving skills demands of employers In the coming five years, we will build upon our existing strengths, striving for excellence and taking aspirational leadership in key areas, both nationally and regionally, while also championing our local specialisms:

National Leadership:

- **International Education:** Expand and enhance our strong Group international reputation as experts in the delivery of vocational education programmes, extending our global impact and influence. This includes further contracts in the KSA and other partnerships in Europs.
- **Aerospace & Defence:** Become a national leader in aerospace and defence education, providing critical skills for this vital sector.

Regional Leadership:

- **Skills Delivery**: We will achieve recognition for excellence and innovation in developing employer-led skills and clear career pathways. Lincoln and Newark Colleges will be the region's premier provider of high-quality skills and education, focusing on growth of 16-18 years old. Our priority is to deliver an exceptional learning experience that inspires all learners towards ambitious careers and destinations; achieved through high expectations of staff and learners. This will be achieved through expansion of our innovative 'productivity centres', such as the Air and Space Institute (ASI), The Drill, Policing College and Aura.
- **Employer of Choice:** We will cultivate a positive and supportive culture within our Group that positions us as an employer of choice in the East Midlands, attracting and retaining the most talented individuals who feel valued and recognised for their contributions.

Local Specialisms:

- **Exceptional Learner Experience:** We will proactively grow the aspirations of our learners, enhance the quality of their outcomes, evolve our curriculum portfolio, improve our facilities, and increase learner numbers to become the clear first-choice provider locally. We will particularly focus on the key sectors of construction, aerospace and defence, health and social care, and the visitor economy.

REPORT OF THE GOVERNING BODY (CONTINUED)

Our PURPOSE

Be Ready…Realise Aspirations; Shape Futures; Serve our Communities.

Our Priorities

Over the next five years we will achieve “Our Purpose” by delivering our strategic priorities set out in full detail in 7 strategic plans. In summary we will:

Priority 1: Provide an inclusive and supportive learning experience for every learner: **Be Ready...to Learn**

- Provide high quality learning experiences through clearly structured, flexible, personalised courses and transformational teaching that realises learner's aspirations and equips them for life and work.
- Give an exceptional student experience to become the first-choice provider locally, particularly within the key sectors of construction, aerospace, defence, health and social care, and the visitor economy.
- Teach an innovative, creative and stimulating digitally enriched curriculum that responds to local skills demand and national priorities.

Priority 2: Deliver an innovative and inspiring curriculum, equipping learners for their future: **Be Ready…for Life and Work**

- Design and deliver an innovative, inclusive careers focused, digitally enabled, curriculum which supports excellent student progression in lifelong learning goals.
- Create clear and coherent curriculum progression pathways.
- Grow our employer-led experiences by diversifying our “finishing schools” that build upon the success, resulting in more learners benefiting from the real life experience, of Aura, The Old Bakery, Deans and The Drill.

Priority 3: Develop and value our workforce, creating healthy, happy places to work: **Be ready…to Make a Difference**

- Be regionally recognised as an employer of choice.
- Successfully attract and retain high quality talent.
- Support and train our leaders and managers to lead a culture that values wellbeing, inclusion and high performance of staff and students.

Priority 4: Secure long-term financial stability, funding an exceptional learner experience: **Be Ready…to Thrive**

- Achieve significant financial growth for the Group with an EBITDA margin of 7%+ by 2030, reflecting strong profitability and a minimum financial health score of “Good”.
- Achieve a 3%+ Group surplus annually from 2026/27, allowing for self-funded capital investment of at least £1m per annum for the next 5 years.
- Increase learner numbers beyond our current market share across Lincoln, Newark and the ASI, balancing growth with strategic need, capacity and the cost of delivery.

REPORT OF THE GOVERNING BODY (CONTINUED)

Priority 5: Champion environmental sustainability and responsible practices**: Be Ready…to Care.**

- Train leaders and managers in sustainability, with tangible progress towards becoming the most sustainable College in the East Midlands.
- Embed sustainability programmes, practices and qualifications across all areas of the College.
- Lead by example, educate and train the next generation in sustainable practices.

Priority 6: Forge extraordinary international and commercial partnerships**: Be Ready…to Grow**

- Diversify and grow to ensure long-term resilience and financial viability, growing education overseas to more than 5,000 students.
- Secure our position as the UK's largest Further Education provider in the Kingdom of Saudi Arabia.
- Grow nationally recognised student experiences, including paid work experience, student run enterprises and international student exchanges.

Priority 7: Modernise and enhance our learning environment**: Be Ready...to be Extraordinary**

- Expand and modernise on-campus facilities by increasing dedicated study areas, collaborative workspaces, and quiet zones to support independent and group learning.
- Provide a fleet of reliable, high-performance, standardised technology to staff and students to support flexible working and high quality digital pedagogy.
- Integrate enhanced Artificial Intelligence, equipment and automated processes across the estate to deliver industry-standard learning and teaching in every classroom and workshop.

PUBLIC BENEFIT

The College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the Charity, are disclosed on pages 24 and 25.

In setting and reviewing the new College's Priorities, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. The delivery of public benefit is covered throughout the Report of the Governing Body.

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

- The Lincoln College Group's Purpose, **'Be Ready……Realise Aspirations; Shape Futures; Serve our Communities,'** is a concise, memorable and repeatable statement that explains the core reason for our existence**.** While detailed actions and success measures are defined within supporting College plans, our Purpose provides the overarching framework for our ambitions. Following extensive testing with employers, leaders, managers and staff, there is overwhelming agreement on the value of a singular statement.
- Our Purpose functions as a vision for our desired future where aspirations are inspired and achieved, futures are positively shaped and communities and employers are well served. It is aspirational and forward-looking, suggesting a broad and positive impact. It specifies our role in community citizenship, which is a vital aspect of education. Our communities are geographically diverse, extending beyond Lincoln or Newark, allowing for local context wherever we operate, in the United Kingdom or internationally.

REPORT OF THE GOVERNING BODY (CONTINUED)

PUBLIC BENEFIT (continued)

Our Purpose sees a future where:

- **Aspirations are Realised:** We inspire and empower individuals to uncover and achieve their full potential, fostering a culture of ambition and success.
- **Futures are Positively Shaped:** We provide transformative learning and teaching that equip individuals with the skills, knowledge and behaviours necessary to thrive in their future careers and contribute meaningfully to society. Our role extends beyond immediate qualifications to focus on being work-ready and productive through behaviours and experience.
- **Communities are Well Served:** We recognise our vital role as an anchor institution, actively contributing to the social and economic wellbeing of the diverse communities and employers we serve in Lincoln, Newark and beyond.

The delivery of public benefit is covered throughout the report of the Governing Body.

IMPLEMENTATION OF VISION 2030

The Governance structure has evolved in 2024/25 to ensure it was able to execute it's duties for the college and all it's stakeholders for the next five years and beyond. A Growth and Strategy committee was set up to focus on this as well as other key priorties for the College and its subsidiaries. In addition, an International and Commercial committee was set up to focus on the commercial and overseas (excluding the Kingdom of Saudi Arabia) operations. This has added a valuable layer of governance to lead and support the Group Leadership Team (GLT) in their delivery of strategic objectives.

Investment in education in the Kingdom of Saudi Arabia (KSA) continues as a key focus for the leadership and we are working with the DfE to ensure that future opportunities are aligned with MPM. In order to deliver to the majority of contracts in KSA, there is a requirement to have bonds in place. The ability to implement bonds for contractual purposes has been extended with the Treasury and United Kingdom Export Finance (UKEF) approval as further described in note 26.

On an annual basis SMART objectives are agreed with the appropriate leaders and governors, setting out precisely what is to be achieved in the coming year, to what standard/measure and by when, along with a review of performance by the Chair that is carried out by the Board.

Performance against the Group Priorities and objectives is tracked regularly at GLT Meetings, Board Meetings and with individual employees as part of their Performance Management Reviews.

Lincoln College ('The Corporation') regularly reviews progress against the strategy, focusing on the future success of the College, its students and other key stakeholders. Progress against targets set for improvements in the quality of teaching and learning, student recruitment and participation, and achieving and maintaining a sound financial health assessment are regularly scrutinised by the Corporation through formal committee structures.

The Corporation engages with and tracks the progress of priorities and objectives through several channels of communication and this is not limited to formal meetings of the Corporation and Committees. This includes regular engagement across all activites of the College and use of communication channels, such as WorkVivo (new in 2025) and Microsoft Teams, where active engagement is encouraged.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF VISION 2030 (CONTINUED)

The Corporation has live access to the Strategic Risk Register that is updated by the GLT as and when risk profiles change and opportunities arise. The Strategic Risk Register and progress against objectives is made available and considered at each of the main committee meetings, in addition to the full Board of Corporation reviews that are undertaken. A full review of Risk management was taken in the year and this has resulted in wider engagement with all stakeholder in relation to risk management.

The GLT use an effective Performance Management Framework and systems to ensure delivery of the College Strategy and its Priorities and objectives.

The Board has continued throughout the year to be actively engaged in the work of the College outside formal meetings, helping to support the academic teams in terms of relevance in curriculum provision and gaining real insight to student experience, attainment and outcome.

The Quality and Relevance of Education Provision

Inspectors during the Ofsted inspection of the College, 23 to 26 January 2024, judged the College as ‘good’ for overall effectiveness. The inspection team of eleven inspectors judged the College is ‘good’ for all types of provision and key judgement criteria. The inspection team judged the College as ‘strong’ in meeting skills needs, at a time of record recruitment of full-time study programmes learners and apprentices.

Leaders and managers ensure the curriculum intent is highly resourced, industry-rich, purposeful and is strong in meeting skills needs and meeting the requirements of employers, as judged by Ofsted at inspection in 2024;

‘Leaders demonstrate a detailed understanding of local and regional skills needs. They use this knowledge very effectively to identify priority skills areas and to inform strategic and curriculum planning. Curriculum managers engage frequently and purposefully with stakeholders about what students’ and apprentices’ courses should include’ **(Ofsted, March 2024).**

College leaders continue to play a significant and prominent role in driving forward local economic and skills strategy.. The College provided multiple learning opportunities through a host of innovative and meaningful partnerships with local communities and employers, some at a national level including Siemens, RAF and various aviation specialist through the newly opened Air and Space Institute (ASI) in Newark. The College’s leadership team work assiduously with multiple local stakeholder groups and institutions to reap dividends and ever-improve the intent and impact of the curriculum.

Most teachers continue to provide well-structured, relevant and enriching lessons that engage and enthuse learners and apprentices. As a result, most learners and apprentices make good progress, excel in their studies, and achieve positive outcomes.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF VISION 2030 (CONTINUED)

The Quality and Relevance of Education Provision

The increase in achievement on study programme courses seen in the previous year has been sustained and remains above the weighted national rate. Additionally, around a quarter of study programme learners achieved high grades (merit/distinction+). However, too few study programme learners were successful in improving their grades or achieving a grade 4 or above pass in their English and mathematics (E&M) GCSE resit courses. A bold new model has been introduced for academic year 2025/26 to provide more engaging contextualised teaching with learners streamed into ability groups. Targeted and bespoke quality improvement approaches are in place to ensure close and supportive focus on these important areas.

Adult learners achieved well on their programmes with an increase of 1.5% from the previous year which takes outcomes above the weighted national rate.

Performance of the college's apprenticeship provision has been an area for focus this year with predicted achievement forecast to fall below the new national rate. However, the collective efforts of apprenticeship delivery staff and managers has resulted in a more positive picture, with apprentice achievement standing at 61.7% which is 2.3% above the weighted national rate.

Most study programmes learners who left the College progressed to positive destinations including full-time employment, apprenticeships and learning at a higher level (92%). Likewise, the vast majority of apprentices continue in subject related employment or further study at the end of their courses.

Leaders, managers and a staff continue to successfully promote and create a tolerant, safe and inclusive culture. As a result, learners are safe and feel safe. The vast majority of learners display good behaviour, high levels of tolerance and respect for their peers and staff. Learners mostly demonstrate highly positive attitudes and commitment to their learning.

Effective, well-resourced student support services continue to work assiduously with local authorities and local agencies to ensure that vulnerable learners with a broad range of personal issues and often poor previous experiences of education feel safe, stay in learning and mostly make good progress.

Learners with SEND achieve broadly in line with their peers on their main learning aim but this is less positive with E&M included. This is the same for learners with High Needs and/or EHCPs, with a significant achievement gap of 12% with E&M included, and a smaller gap of 4.5% and 3% respectively without E&M. The performance of the small group of care experienced learners (70 in total) who face significant personal challenges has declined over time and now sits around 20% below that of their peers. Learners from minority ethnic groups have fared better over time but their achievement still remains just below that of their white British peers with a 2.5% gap.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF VISION 2030 (CONTINUED)

International and Commercial Development

The College's diverse range of UK commercial and international activities continues to form an important part of the Lincoln College Group. This reflects the Board of Corporation's strategic decision, around 12 years ago, to diversify the College's sources of income by growing commercial activities as a means to reduce the reliance on UK Government funding.

The breadth of activities allows the College to reinvest monies to support the wider education and training offer. For example, commercial revenues directly help the College to fund additional student hours and enrichment activities in all of the employer-led career focused colleges, such as the Air and Space Institute, Policing College and Care College.

To ensure that the College is confident of year-on-year revenues from its commercial ventures there is a strategic drive to diversify the range of contracts in the UK and overseas. This provides greater resilience, with sustainable revenues allowing the College to make medium term investment decisions. In practical terms, this means extending current contracts and winning new ones. It is pleasing to see that this focus has continued during 2024/25.

All of the College's commercial activities align with our education and training ethos. This allows the College to provide students with fantastic opportunities to experience working environments, such as in a restaurant or theatre. It also allows for shared learning and cultural links across the globe, for example, students learning together and having the chance to travel overseas. Both the Old Bakery and the Drill Hall have engaged actively with student development in the year and going into 2025/26 the students are involved in a "student takeover" for one evening at the Old Bakery as well as utilising the newly refurbished Cosker room as a dance studio at the Drill.

The College also help to grow the skills and experience of our staff by offering them chances to work across our different sites.

In 2024/25 the financial performance of Lincoln College International (LCI) has been lower than budgeted and in previous years. However, LCI is still making an important contribution to the wider Group. In terms of key contracts, LCI continues to operate the highly regarded ITQAN Institute in partnership with Aramco with a further extension to the contract to the end of August 2026. Furthermore, LCI led the first full year of the Academy of Defence Industries, a new engineering college in Riyadh, welcoming the first cohort of students in early 2024. Wider international performance is good, with operations in China remaining strong. The Managing Director visited all of our partner colleges in June 2025 as part of the annual student graduation events. In the UK, 16-19-year-old student recruitment increased by around 12.4%, with strong confidence of further growth of around 8% for the 2025/26 academic year. Apprenticeship revenues exceeded targets, although there were some challenges with adult education performance. Revenues are close to financial targets, though the anticipated funding of in year growth was not as high as in previous year due to Government funding pressures. Higher Education (HE) numbers were in line with target, an improvement of previous years and the national declining trend of HE in FE. Initial estimates are encouraging for 2025/26. ASI in Newark completed its' full first year of operations and in 2025/26 this provision is expected to be at capacity.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF VISION 2030 (CONTINUED)

UK Commercial

During 2024/25 the focus was to sustain the development of the HEAT concept (Hospitality, Events, Art and Tourism), with significant focus on refining The Drill Hall's operating model, growing the Human Alchemy leadership consultancy, and ensuring the Old Bakery restaurant was a success. All of these ventures continue to have their own unique challenges, with work continuing into 2025/26.

Human Alchemy, integrated the internal Knowledge Ladder consultancy with the new branded name of Data Alchemy.

The College's previous success of securing over £2m of Towns Fund monies to invest in the Drill and the HEAT concept have enhanced the quality of our learner and commercial offer. Further capital funding was received in 2024/25 which supported a refurbishment to The Old Bakery restaurant, parts of the Sessions House restaurant and at the Drill Hall. The Drill investment has allowed for the upgrade of a dance student and more use by the performing arts students going into 2025/26. Alongside this, our teams are ensuring that our various ventures deliver commercial success as well as curriculum and community benefits.

The Growth and Commercial Plan is a crucial component of the Group's Strategy (Vision 2030). It directly contributes to **Priority 6: Forge extraordinary international and commercial partnerships**, namely:

- Diversify and grow to ensure long-term resilience and financial viability, growing education overseas to more than 5,000 students.
- Secure our position as the UK's largest Further Education provider in the Kingdom of Saudi Arabia.
- Grow nationally-recognised student experiences, including paid work experience, student run enterprises and overseas student exchanges.

The Plan also has strong links to the other strategic priorities, notably, delivering an innovative and inspiring curriculum and securing our long-term financial future. In particular:

- **Extraordinary Student Experiences:** Grow our employer-led experiences by diversifying our "finishing schools" that build upon the success of Aura, The Old Bakery, Deans and The Drill.

The Plan is also supported by underpinning plans, notably:

- Lincoln College International Strategy (KSA) (2024-30)
- International (Not KSA) Plan
- Human Alchemy Business Plan
- Air and Space Institute Business Plan

We are committed to achieving success through innovation, the reinvention of our services and pushing the boundaries within the education and training sector. We will develop new products designed to maintain the College at the forefront of educational delivery. We will explore new business areas, viewing changes such as devolution as opportunities.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF THE VISION 2030 (CONTINUED)

LEARNER NUMBERS AND FUNDING

16-19 study programme learners totalled 3,054 (based on 2023-2024 enrolled learners under lagged funding) with associated income of £21.8m, of which £1m was in year growth relating to the current year.

Adult Skills funding totalled £4.3m and the income earned from apprenticeships reached £5.2m.

Key performance indicators

Key performance indicator	Target	Actual
Operating surplus	>1%	1.84%
Staff costs (including restructuring costs) as % of income	<65%	67.6%
Adjusted current ratio	1.4	2.16
Financial Health Score		GOOD

FINANCIAL POSITION

The Department for Education (DfE) approach to assessing the financial health of Colleges is set out in the Financial Planning Handbook published annually. The College had achieved the financial health grade of 'GOOD' for 2023-2024. The College expects a health grade of 'GOOD' in 2024-2025. The target for the next few years is to provide a surplus, which will be used for self-funded capital investment in IT and curriculum. Towards the end of the year a dividend was declared by the parent company of the LCI entity. £0.8m was transferred from the KSA operations to the UK to provide capital investment for the following year via Lincoln Academy Limited and Lincoln College Corporate Support Solutions Limited.

Financial Results

Headlines

The financial results for the year 2024-25 are detailed below.

The Board of Corporation are confident that 2025-26 outturn is achievable and this will be monitored closely through regular forecast updates.

The Income and Expenditure results are good against sector benchmarks and liquidity levels are high with a year-end cash balance of £8.5m and adjusted cash days standing at 52.

REPORT OF THE GOVERNING BODY (CONTINUED)

FINANCIAL POSITION (CONTINUED)

Financial Results (continued)

2024-25 was a positive year for capital investment in its estate, as forecast. There was £1m of self funded capital investment across the IT infrastructure and upgrades made to the teaching areas across both Lincoln and Newark to accommodate additional learner numbers. These projects were made possible through continued access to public funds (capital grants) and match funding from the College's own reserves. Grants from Salix continued being used for the installation of air source heat pumps, replacement windows and roofing insulation across the Lincoln site, working towards our net zero target by 2030.

For 2024-25 the Lincoln College Group ended the year with an operating surplus of £1.7m (2023-24: £1.4m).

Total income for the year amounted to £55.7m (2023-24: £53.8m) relating to continuing operations with £34.3m (2023-24 £29.3m) from funding bodies, £14.7m (2023-24: £19.1m) from tuition fees and education contracts and £5.4m (2023-24: £4.5m) from other income. The College group has accumulated reserves of £30.0m (2023-24: £29.5m) including a year-end cash balance of £8.5m (2023-24: £12.4m). The Group's share of the Local Government Pension Scheme is excluded on the basis that the asset calculated by the actuary is not under the control of the college group.

Tangible fixed asset additions during the year amounted to £4.9m, this was split between land and buildings £2.7m and equipment £2.3m.

Cash inflow from operating activities was £2.8m (2023-24: £11.8m).

In these financial statements, via its 100% ownership of Lincoln College Commercial Holdings Limited, the College has recognised:

100% ownership of Lincoln Academy Limited, the subsidiary is an investment company, owning 99% of the share capital of Lincoln College International LLC.

100% ownership of FE Resources (Lincoln) Limited, the subsidiary company used to procure, and process manage the use of visiting Associated Lecturing staff and other staff ancillary to teaching.

100% ownership of Deans Sport, Health and Leisure Management Company Limited, established for the management of the many commercial aspects of Deans Sport, Health and Leisure Centre, ensuring that the College maintains a strong community and social footprint throughout the year.

100% ownership of Lincoln College Corporate Support Solutions Limited, established to provide support services across the group, owning 1% of the share capital of Lincoln College International LLC.

REPORT OF THE GOVERNING BODY (CONTINUED)

FINANCIAL POSITION (CONTINUED)

Financial Results (continued)

100% ownership of Human Alchemy Limited, a prior year acquisition of a former privately owner management training consultancy.

100% ownership of the Drill Hall Lincoln Ltd, Performing Arts Company. Established February 2022.

100% ownership of the Old Bakery Lincoln Ltd, Licensed Restaurant. Established October 2022.

The Greater Lincolnshire Apprenticeships Limited was dormant in the year with no trading activities taking place. The group has a 50% ownership of the assets and trading results of the Joint Venture Partnership, Greater Lincolnshire Apprenticeships Limited with the Grimsby Institute Group (GIG). This company was dissolved on 13 August 2024.

The activities and financial performance of all other subsidiary companies above have been appropriately consolidated in these financial statements.

Financial Objectives

The Lincoln College Group is dedicated to achieving a robust financial position, ensuring a healthy annual surplus, and contributing positively to the Group's reserves. This commitment will foster long-term sustainability, growth, and continued investment in order to grow the quality of our education experience. While Lincoln College continues to grow, it is still in receipt of a Technical Support recharge from the KSA. As part of our ambition,by 2030 this will not be required in order for the UK to be financially sustainable in its own right.

To realise this ambition, the Group will focus on substantial growth in both domestic and international student enrolments. Additionally, the Group aims to expand its international presence by at least doubling its revenue from its current position. To further secure its financial future, Lincoln College Group will invest in its people and infrastructure, supporting key growth areas and diversifying its income streams.

We will do this through strong cash management practices, coupled with rigorous cost control, including effective tax management. This comprehensive approach will ensure continued success and prosperity for the Group in the years to come.

Treasury policies and objectives

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

Other than the DfE loan of £2.6m, no other borrowing has taken place. This loan was for the completion of the ASI build.

Treasury management reports are produced for each Finance Committee meeting. Treasury Management reports throughout 2024-25 confirmed full compliance with Treasury Management policy, with no deviation from standard practices and no breaches of covenant.

During the year, an improved approach to managing cash within the UK was implemented. This ensured that any movements of cash between the UK and the KSA were for the primary purpose of capital investment rather than working capital.

REPORT OF THE GOVERNING BODY (CONTINUED)

FINANCIAL POSITION (CONTINUED)

Cash flows and liquidity

The Group had a cash outflow of £3.4m (2023-24 £2.8m cash inflow) during 2024-25. No working capital facilities were required from the DfE through the year.

Reserves policy

The Group has an implied reserves policy by virtue of the targets and key assumptions detailed in the financial plan (2024-25), and clearly recognises the importance of reserves in maintaining the overall financial stability for the Group, ensuring that there are adequate reserves to support the College's core activities and operating model.

The College Group reserves include £80k held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £26.1m (2023-24: £26.4m).

Financial health

The current and planned financial health of the Group is as follows:

[FR= Financial Record / FP = Financial Plan]	2019/20 FR	2020/21 FR	2021/22 FR	2022/23 FR	2024/25	2025/26FP
Financial Health Grade (Moderated)	Outstanding	Good	Outstanding	RI	Good	Good
Financial Health Grade (Automated)	Outstanding	Good	Outstanding	RI	Good	Good
Total Points	240	210	240	140	180	190

Future plans

The following drivers shape our Vision 2030 strategy and plans for the future.

Strategic Driver 1: Changing Demographics and Evolving Learner Needs

The educational landscape is constantly evolving, shaped by demographic shifts and the changing expectations of our learners. We recognise the importance of understanding these trends, from the growth and stabilisation of the 16-18 year old population to the ageing demographics across Lincolnshire and Nottinghamshire.

Our challenge is to proactively respond to these shifts by tailoring our provision and creating innovative, personalised learning experiences that realise student aspirations and cater to their individual needs and ambitions.

Strategic Driver 2: Navigating Policy, Funding and Government Priorities

The education and skills sector is subject to a dynamic policy and regulatory environment, influenced by the Review of the National Curriculum, devolution, the Lifelong Learning Entitlement and global factors. Simultaneously, we face governmental reform, funding constraints and inflationary costs.

REPORT OF THE GOVERNING BODY (CONTINUED)

We must remain agile and adaptable to thrive when others may struggle to survive. This includes exploring revenue diversification, optimising our provision and ensuring compliance while effectively leveraging any supportive regulations for strategic growth, including international ventures. We must navigate the funding and policy landscape while satisfying evolving employers' skills needs and addressing longstanding staffing recruitment and retention challenges.

Strategic Driver 3: Technological Advancements for Enhanced Learning

The rapid advancement of technology, particularly artificial intelligence and automation, is fundamentally reshaping the future of work and learning. We are committed to strategically incorporating these innovations to enhance our curriculum delivery, adequately prepare our learners for the evolving landscape, ensure digital safety, and transform workforce practices.

Our challenge is to invest in staff training and the required leadership to embrace technology, thereby creating more innovative, higher-quality study programmes that improve learner outcomes. These future-focused skills and behaviours will enhance the productivity which is so in demand by industry.

Strategic Driver 4: Sustainability and Environmental Responsibility

We recognise our responsibility to contribute to a greener society and equip our learners with the knowledge, skills and attitudes necessary to address climate change.

We commit to embedding sustainable practices across our operations and curriculum, embracing green technologies, and fostering an environmentally conscious culture within our learning communities. Changes in approach and mindset, and innovative practice will be easier to achieve than the significant investment that is required for transformative change.

Strategic Driver 5: Pursuing Strategic Growth and Diversifying Opportunities

To ensure long-term sustainability and expand our impact, we will actively pursue strategic growth and diversification. This includes exploring significant international opportunities, such as in the Kingdom of Saudi Arabia, while navigating the necessary regulatory and governance frameworks.

We will also seek further growth opportunities, both in the UK and internationally, that strategically align with our Purpose and address the evolving skills needs of the communities we serve. Our challenge is to use strategic growth to add value to the Group beyond our current core funding, enabling investment in learners and local skills.

REPORT OF THE GOVERNING BODY (CONTINUED)

Strategic Driver 6: Fostering Collaborative Growth and Strengthening Regional Impact

By working in close partnership with other providers and devolved authorities, we are confident that this strategy will ensure the Lincoln College Group continues to lead and serve our communities effectively. Recognising the benefits of collective strength and the importance of our regional role, we will actively foster collaborative growth. This involves exploring partnerships, acquisitions, or mergers to broaden our regional skills offer, benefit from economies of scale, enhance accessibility and optimise our teaching resources and facilities.

By working together, we aim to mitigate the challenges of demographic shifts and funding pressures to create clear progression pathways for our learners and strengthening our overall impact within our communities.

STAFF AND STUDENT INVOLVEMENT

Students and staff are represented on College committees and on the Board of the Corporation by staff and student governors. There are two staff governors, academic and non-academic. The students are represented by an HE student, an FE student, and an Apprentice Student.

Termly Student Council meetings are held with input from class and course student representatives. Staff are formally represented termly at the Joint Consultation and Negotiation Committee with the recognised Trade Unions.

The College continues to move forward in terms of communication and engagement. The College operates WorkVivo, giving all staff a mobile data solution to internal communications, enabling them to communicate in groups across projects and to broadcast on an organisation-wide basis via text, video and live-streaming.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the buildings that the College currently operates from, serving the needs of a wide range of learners and employers across Lincolnshire and Nottinghamshire. Other resources are detailed below.

<u>Financial</u>

The College Group has £30.0m (2023-24: £29.5m) of net assets.

<u>People</u>

The College Group employs 912 people (2023-24: 757) of whom 434 (2023-24: 322) in note 7 are teaching staff.

<u>Key financial assets</u>

The College Group has a fixed asset base amounting to £73.3m (2023-24: £71.7m) and cash reserves of £8.5m (2023-24: £12.4m) as at the year-end 2024-25. There was no overdraft as at 31 July 2025.

REPORT OF THE GOVERNING BODY (CONTINUED)

The Estate comprises ownership of 3 campuses in the UK, including land and buildings. The College also operates from several leased properties in the UK. A comprehensive Property Strategy was approved by the Board of Corporation in November 2019 that provides details of the utilisation, condition, and suitability of current usage. This has been updated as part of Vision 2030 for next 5 years. There is a working group that meets monthly to review the estates portfolio and ensures it is meeting the needs of the staff and students. The data derived from the exercise involved obtaining external advice and assurance, including surveys and professional cost plans. Consultancy support was commissioned to articulate a wide variety of potential proposals to improve the College Estate in the interests of learners, staff and other key stakeholders. This has enabled a shift towards a more planned approach to capital works, delivering financial savings and reducing the interruption to operations caused by reactive maintenance.

The Property plan addresses various challenges and opportunities, including demographic changes and funding shifts. Key objectives include modernisation of classrooms and workshops, improved efficiency and capacity for growth in the short and medium term. The plan also prioritises safeguarding and accessibility, alongside sustainability, collaboration and commitment to embracing change to improve student and staff experience.

EVENTS AFTER THE REPORTING PERIOD

There are no post balance sheet adjustments at this time.

PRINCIPAL RISKS AND UNCERTAINTIES

Reputation

The College has a good reputation locally, regionally, and internationally. Maintaining a quality brand is essential for the College’s success in attracting students and building external relationships.

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

Throughout the year the Colleges systems of financial management and control continued to remain strong. Procurement practices continued in line with Financial Regulations and a series of Internal Audit assignments resulted in high levels of assurance for both financial and non-financial areas of the College’s business.

The Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent year’s appraisal will review their effectiveness and progress against risk mitigation actions. The Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College. The Annual Report of the Risk Management Group highlights the work of the Group throughout the year and during 2024/25 there has been a clear focus on ensuring risks, mitigating factors and associated impacts are clearly and transparently reported.

The Risk Management Group was effective during 2024/25. The Board Assurance Framework been reviewed and in the process of being updated as part of an extensive risk management review in 2025-26.

REPORT OF THE GOVERNING BODY (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

A risk register is maintained at the Group level (the Strategic Risk Register) which is continually monitored by GLT, the Audit & Risk Committee and the Board of Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

An annual report on risk is also considered by the Board of Corporation of Lincoln College.

Outlined below are the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College:

- **Strategic Risk**
- **Reputational Risk**
- **Education Risk**
- **Financial Risk**
- **Operational Risk**
- **Safeguarding Risk**
- **International Risk**
- **People Risk**

The regulatory, taxation and supplier payment frameworks in the KSA differ from those of the UK and this is recognised in the College's approach to the risk management of business matters in the Kingdom, including taking advice from local professionals to support College management's understanding of these areas. This is particularly relevant given the significant contribution that international provision brings to the Group results. All known tax provisions are fully accounted in line with advice from our independent advisors. Extensive work has taken place in 2024-25 to ensure the tax position is up to date. In the KSA, a thorough VAT inspection took place by an independent body. This did not result in any penalties. Cashflow forecasts take account of the timing of receipts which are not as structured as the College's other operating activities.

STAKEHOLDER RELATIONSHIPS

In line with other Colleges and Universities, the College has many stakeholders. These include:

- Staff and Students
- Local, Regional and National Employers
- Funding Bodies
- FE Commissioner
- Local and Mayoral Authorities
- The Local Community
- The Local Enterprise Partnerships
- Members of Parliament
- Government Offices & Departments
- Other FE institutions, Universities and Schools
- Trade Unions
- Professional bodies
-

The College recognises the importance of these stakeholders and engages in regular communication with them through a wide range of forums and media.

REPORT OF THE GOVERNING BODY (CONTINUED)

EQUALITY AND DIVERSITY

The College is committed to ensuring equality of opportunity for all who learn and work here. The College's Equality and Diversity Policy is reviewed on a planned basis and updated as required.

The College respects and values positively differences in race, gender, sexual orientation, disability, religion or belief, marriage and civil partnership, pregnancy and maternity, gender reassignment and age. It strives vigorously to remove conditions which place people at a disadvantage and will actively combat bigotry.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation, specifically the Equality Act 2010. The College also considers equality and diversity issues in respect of its decisions, policies, procedures and practices.

The College first committed to the 'Mindful Employer' initiative in May 2010 to assist the mental health and wellbeing of staff. It was last reviewed on 17 March 2025 and the next review is due on 12 May 2027. The College is also signed up to the Association of Colleges Mental Health and Wellbeing Charter.

The College regularly provides opportunities for staff to refresh their knowledge on equality and diversity issues and all new starters undergo training as part of an induction programme.

The College is a 'Disability Confident Employer' and has committed to the principles and objectives of the standard having undertaken a successful review in August 2025 (next review due August 2028). 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.

DISABILITY STATEMENT

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

a) The College has a range of specialist equipment which the College can make available for use by students. Where specific equipment is required, we would look to purchase/hire this on an individual basis.
b) The College publishes its Admissions Policy. Within this policy there is a specific section on support of SEND students. Students have the opportunity to appeal against decisions made within the admissions policy.
c) The College employs a Head of Student Services who is a qualified SENCO, a dedicated SEND Team Leader and a number of Assessment and Support Co-Ordinator's. There are a number of Learning Support Assistants who can provide a variety of support for learning.
d) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
e) Students are advised on the variety of pastoral support that is available at open evenings, induction and information is also available within the college prospectus and website.
f) The College employs an Equality and Diversity Officer to support the College working towards the three aims of the general equality duty; eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

REPORT OF THE GOVERNING BODY (CONTINUED)

TRADE UNION FACILITY TIME

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

Numbers of employees who were relevant trade union representatives for the period	FTE employee number
4	3.6

Percentage of time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0

Total cost of facility time	£23,082
Total pay bill	£36,657,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.06%
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	18.6%

REPORT OF THE GOVERNING BODY (CONTINUED)

GOING CONCERN

At the date of approving these financial statements, the governors have considered the cashflow position of the Group and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The governors have made their assessment in respect of the period of at least one year from the date of the issue of these financial statements and in making the assessment have considered the impact of the operations across all subsidiaries, including KSA.

As part of the Group's going concern assessment detailed cashflow projections have been prepared, including scenarios which model a range of potential outcomes, which show that the group could manage its cashflow within its existing facilities. Any additional borrowing needed by the Group to manage any risks in cashflow would be subject to agreement of the DfE and would be considered at the point of need rather than in advance.

PAYMENT PERFORMANCE

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Teasury for payment to suppliers withint 30 days is 95 per cent. During the accounting period 1 August 2024 to 31 July 2025, the College paid 74 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

KEY PERFORMANCE INDICATORS

The College's key performance indicators, targets and results are set out below.

Key performance indicator	Measure/Target	Actual for 2024/5
Student number targets	3181	3443
Student achievement/progression 1. Apprentices 2. E&T (All)	 60% + (AAF) 82.3% + (weighted 23/24 NR)	 61.7% 82.8%
Operating surplus	>1%	2.6%
Staff satisfaction (via survey)	90%	80%
Ofsted rating	Good	Good

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 9th December 2025 and signed on its behalf by:

Signature: ……………………………………………….

Ian Billyard – Chair

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business:

i) In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii) In full accordance with the guidance to Colleges from the Association of Colleges in The FE Code of Good Governance for English Colleges ("the Code"); and
iii) 'whilst not having adopted the UK Corporate Governance Code 2018, the corporation has due regard to its principles and guidance'

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the 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. We have not adopted and therefore do not apply the UK Corporate Governance Code 2018. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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 FE Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 15 December 2015. A revised Further Education Code of Good Governance was published in September 2024 which was approved by the Board of Corporation in November 2024.

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

THE CORPORATION

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

THE CORPORATION (CONTINUED)

Name	Position	Term(s)	First Appt	Expiry	Committees Served	Meeting Attendance
Mr F Ahmed	Independent	1st term of 4 years	1.9.2023	31.8.2027	Higher Education International & Commercial	100%
Ms H Barton	Associate	2nd term of 1 year	1.9.2023	31.8.2025 Reappointed to 31.8.2026	Audit & Risk	50%
Mr I Billyard	Chair	2nd term of 3 years	1.9.2019	31.12.2026	Performance & Quality Finance Remuneration & Appraisal Search T&D Strategy & Growth	100% 75% 100% No mtgs 100%
Mr G Bolton	FE Student	1st term of 1 year	17.10.2024	31.7.25	Performance & Quality	80%
Mr T Calvert	Associate	2nd term of 3 years	31.10.2017	30.10.2025 Reappointed as associate on a rolling 1 year basis	Remuneration & Appraisal	83%
Ms H Clayton	Business Staff	1st term of 3 years	7.5.2024	Resigned 1.5.2025	Finance	40%
Ms H Clayton	Academic Staff	1st term of 3 years	1.6.2025	6.5.2027	Higher Education	N/A
Miss A Conyard	Independent	2nd term of 3 years	23.10.2020	Resigned 23.1.2025	Finance Higher Education Remuneration & Appraisal	
Mr D Dawson	Academic Staff	1st term of 3 years	20.3.2024	Resigned 22.5.2025	Performance & Quality	100%
Ms E Denton	HE Student	1 year term	1.12.2023	31.7.2025 Reappointed for a further 1 year term	Higher Education	67%
Mr P Doody	Vice Chair	1st term of 3 years	1.9.2023	31.8.2026	Finance Strategy & Growth	88% 86%
Mr T Godson	Independent	2nd term of 4 years	1.9.2018	31.8.2027	Audit & Risk	100%
Ms L Goodier	Independent	2nd term of 3 years	23.10.2020	Resigned 15.10.2024	Audit & Risk	N/A
Mr C Jones	Independent	1st term of 4 years	1.9.2023	31.8.2027	Audit & Risk Strategy & Growth	100% 86%
Mr A Kumar	Independent	1st term of 4 years	1.9.2023	31.8.2027	Performance & Quality	50%

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

THE CORPORATION (CONTINUED)

	Position	Term(s)	First Appt	Expiry	Committees Served	Meeting Attendance
Mr R Leggett	Independent	1st term of 4 years	1.9.2023	31.8.2028	Performance & Quality Higher Education	83% 100%
Mr M Lewis	Associate	1st Term	1.9.2025	31.8.2026	Audit & Risk	N/a
Mr M Locking	Ex-officio	While in office	1.4.2022	-	Finance	75%
Mr T McKenzie	Independent	2nd term of 4 years	23.10.2020	22.10.2027	Performance & Quality Higher Education Search, T&D International & Commercial	50% 67% No mtgs 86%
Mr P Milner	Independent	1st term of 3 years	1.9.2023	31.8.2026	Finance Strategy & Growth	100% 86%
Mr M Platts	Independent	2nd term of 4 years	30.09.2015	31.8.2025	Finance	88%
Mr M Platts	Associate	2nd term of 4 years	31.08.2025	31.8.2026	Finance	N/A
Mr P Price	Independent / Associate	2nd term of 4 years	23.10.2020	22.10.2027	Audit & Risk	75%
Miss C Watson	Independent	2nd term of 4 years	23.10.2020	22.10.2027	Performance & Quality Higher Education Search,T&D International & Commercial	50% 33% No mtgs 86%
Mrs K Wilson	Independent	1st term of 4 years	1.9.2023	31.8.2027	Remuneration	100%
Mrs K Wilson	Associate	1st term of 4 years	1.9.2023	31.8.2026	Remuneration	N/a
Mrs S Adams - Governance Officer - Resigned 31.07.25						
Ms Cheryl Maxwell - Governance Officer - Appointed 01.08.25						

The corporation has conducted an annual self-assessment of governance during the year.

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 meets seven times a year.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

THE CORPORATION (CONTINUED)

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 and Risk, Finance, Performance and Quality, Higher Education, Remuneration and People and Search, Training and Development. In addition, two new committees were introduced; Strategy and Growth and International and Commercial. Minutes of standing committees, except those deemed to be confidential by the Corporation, are available on the College's website (www.lincolncollege.ac.uk) or from the Governance Officer at:

Lincoln College
Monks Road
Lincoln
LN2 5HQ

The Governance Officer maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

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

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

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

APPOINTMENTS TO THE CORPORATION

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

Members of the Corporation are appointed for a term of office not exceeding four years. In accordance with the AoC Code of Good Governance for English Colleges, members shall not normally serve more than two successive terms of office except where subsequently undertaking a new and more senior role, for example as Chair.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

THE CORPORATION (CONTINUED)

CORPORATION PERFORMANCE

The Governors complete annual self-assessments, registers of interest and skills audits. The Board also carry out a formal review of Board Effectiveness on an annual basis which resulted in the performance being assessed as good or excellent on the Ofsted scale in all areas covered. The Board also undertook a review of the performance of the Chair of the Corporation for 2024/25. The responses were fed in via the Governance Officer and the Appraisal of the Chair took place on 9 December 2024.

Committee membership has been amended for the 2024/25 academic year. Quality Improvement Events, including the Annual College Review (ACR) which has Governor involvement and input in learning walks and engaging with students took place in the academic year 2024/25. Cross-committee attendance, and engagement at events continues and is reported on throughout the year. The Chair of Search has analysed the Skills Audits returns and reported his findings to the Board of Corporation.

REMUNERATION COMMITTEE

Throughout the year ending 31 July 2025, the College's Remuneration and People Committee comprised four members of the Corporation and the Chair of Lincoln College (International) LLC Board of Directors. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and Senior Post Holders in addition to consideration of an all staff pay award. The College has adopted the AoC's Senior Staff Remuneration Code and responded to the consultation on changes in November 2018.

Details of remuneration for the year ended 31 July 2025 are set out in Note 7 to the financial statements.

FINANCE COMMITTEE

The Finance Committee comprises five members of the Corporation (including the Accounting Officer). The Committee met five times during the year.

The Corporation has delegated the Finance Committee:

a. to review detailed information relating to the budget, annual statements and monthly/regular financial performance.
b. to provide comprehensive independent financial advice to the Corporation.
c. advising on approval of any DfE or other Funding Body financial returns and submissions, including the IFMC, with specific consideration to ensuring any plans enable and drive the strategy as approved by the Board of Corporation.
d. to review the regulations governing management of finances and capital assets.
e. ensure effective compliance reporting is in place in respect of any loan covenants or other requirements relating to banking facilities.
f. to take on any specific tasks as the Corporation may determine from time to time; and
g. to act in line with normal policy when the urgency of the situation, in the opinion of the Committee, prompts immediate action; this includes Chair's emergency action.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

THE CORPORATION (CONTINUED)

AUDIT & RISK COMMITTEE

The Audit and Risk Committee comprise of four members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Committee meet on a regular basis 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 body, as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit and Risk Committee. The last review of the approach to internal auditors took place in September 2025. It was agreed to continue to use independent specialists to review each area deemed highest risk, or requiring a more recent audit.

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

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

Name	Attendance
Mr T Godson	4 out of 4
Mr C Jones	4 out of 4
Mr P Price	3 out of 4
Ms H Barton (Associate Member)	2 out of 4
Mrs L Goodier	0 out of 0

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

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 Accounting Officer for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the conditions of funding between Lincoln College and the funding body. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding 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 financial statements. 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:

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

INTERNAL CONTROL (CONTINUED)

Lincoln 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 endorsed by the Corporation on the recommendation of the Audit & Risk Committee. The Board draw on several sources of information to strengthen the systems around internal control, this includes the work of any appointed Internal Audit firm, specific specialised reports to provide focussed assurance, and internal reports produced by the Executive Leadership Team.

Statement from The Audit and Risk Committee

The Audit and Risk Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit and Risk Committee believes the corporation has effective internal controls in place. The College has reviewed its policies, procedures and approval processes in line with the requirements of the new College Financial Handbook to ensure there are systems in place to handle any transactions of which DfE approval is required in accordance with the financial Handbook in 2024, which has the effective date of 1 August 2024

The specific areas of work undertaken by The Audit and Risk Committee in 2024/25 and up to the date of the approval of the financial statements are:

RISK / SYSTEM	AUDIT AREA
Financial Systems	Accounts Payable and Cash & banking
Operations	Safeguarding
IT Systems	A detailed IT healthcheck
Operations	Failure to prevent (FTP) fraud risk assessment based on new regulations

On the basis of the independent audit reports received, the Committee's opinion is that the College does have in place an adequate and effective assurance framework. As a result of the assurances received throughout the academic year, the Committee can confirm that the College has in place adequate and effective audit arrangements. It is the Committee's opinion that the framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets are sufficiently robust to provide a reasonable opinion. The area highlighted above for FTP was carried out internally due to a change in regulations. An independent audit will be carried out as part of the 2025/26 plans.

Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. His 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 and the reporting accountant for regularity assurance in their management letters and other reports.
- the regularity self-assessment questionnaire

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

INTERNAL CONTROL (CONTINUED)

Risks faced by the College
The main risks associated with the college is in relation to 16-19 in year growth funding. As the college continues to grow considerably year by year the cost of growth is not being met at the time when it is need. The college recognises the risk to cyber security as a global issue. However, the college continues to invest in preventative action in this area.

Control weaknesses identified
The college has a robust board assurance framework which has been reviewed as part of its risk management framework in 2024/25. As part of its internal audit processes, there are no weaknesses identified in 2024/25 that have not been addressed.

Review of effectiveness (Continued)

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by The Audit and Risk 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 Accounting Officer and Senior Leadership Team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Accounting Officer, Senior Management Team and The Audit and Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its July 2025 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Group Leadership Team and internal audit and taking account of events since 31 July 2025. Feedback from the committee to the Board of Corporation was based on recommended areas of improvement and focus for the academic year 2024/25. The Chief Finance and Compliance Officer is responsible for ensuring the relevant internal audits are carried out through the year and any risks highlighted are mitigated.

Based on the advice of The Audit and Risk 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 governing body and the safeguarding of their assets*".

Approved by order of the members of the Corporation on 9th December 2025 and signed on its behalf by:

Signature: ……………………………………………….
Ian Billyard – Chair

M Locking

Signature: ……………………………………………….
Mark Locking – Accounting Officer

STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of the corporation of Lincoln 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's board of governors and DfE of material irregularity, impropriety and non-compliance with terms and conditions of all funding.

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

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

M Locking

Mark Locking
Accounting Officer

9th December 2025

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation who act as trustees for the charitable activities of the College are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the college's accountability agreement, funding agreements and contracts with Department for Education (DfE) 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 College for that 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards.

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
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College 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.

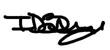
The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the **financial** position of the Corporation, and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education Act 1992 , the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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for 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 board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

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

Approved by order of the members of the Corporation on 9th December 2025 and signed on its behalf by:



Ian Billyard
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LINCOLN COLLEGE

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LINCOLN COLLEGE (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

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

- the College's grant and fee income, as disclosed in the note 3 to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LINCOLN COLLEGE (CONTINUED)

Responsibilities of the Corporation of Lincoln College

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LINCOLN COLLEGE (CONTINUED)

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Department for Education, Regulatory Advice 9: Accounts Direction published by the Office for Students' and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures inspecting any correspondence with local tax authorities and evaluating any advice received from internal/external tax advisors.

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

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and inspecting funding agreements and allocations confirming revenue was recognised in line with the requirements of FRS102.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LINCOLN COLLEGE (CONTINUED)

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Accountability Agreement published by the Department for Education and our engagement letter dated 8 July 2025. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

103 Colmore Row

Birmingham

West Midlands

B3 3AG

18 December 2025

CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2025

	Notes	2025		2024	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	3	34,259	34,259	29,310	29,310
Tuition fees and education contracts	4	14,708	5,381	19,142	4,999
Other income	5	3,896	5,251	4,531	5,339
Investment income	6	1,307	3,843	851	847
Total income		54,170	48,734	53,834	40,495
EXPENDITURE					
Staff costs	7	36,616	28,588	32,716	26,239
Restructuring costs	7	41	41	140	134
Other operating expenses	8	11,586	11,118	14,851	12,539
Amortisation	11	34	34	66	31
Depreciation	12	3,351	3,312	3,075	2,919
Interest and other finance costs	9	872	708	1,123	706
Total expenditure		52,500	43,801	51,971	42,568
Surplus/(deficit) before other gains and losses		1,670	4,933	1,863	(2,073)
Loss on disposal of assets		-	-	(82)	-
Surplus/(deficit) before tax		1,670	4,933	1,781	(2,073)
Taxation	10	38	(44)	(383)	(65)
Surplus/(deficit) for the year		1,708	4,889	1,398	(2,138)
Exchange rate movements		(936)	-	347	-
Unrealised surplus on revaluation of investment	13	804	804	59	59
Re-measurement of net defined benefit pension liability	22	(1,148)	(1,148)	(1,010)	(1,010)
Other Comprehensive expense for the year		(1,280)	(344)	(604)	(951)
Total Comprehensive income/(expense) for the year		428	4,545	794	(3,089)
Surplus/(deficit) for the year attributable to the Corporation of the College		1,708	4,889	1,398	(2,138)
Total Comprehensive Income/(expense) for the year attributable to Corporation of the College		428	4,545	794	(3,089)

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2025

	Notes	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Fixed assets					
Intangible assets	11	100	100	134	134
Tangible assets	12	73,278	72,988	71,690	71,595
Investments	13	866	1,163	61	358
		74,244	74,251	71,885	72,087
Current assets					
Stock		170	149	110	95
Debtors	14	9,309	4,606	9,334	3,965
Cash at bank and in hand		8,528	3,306	12,388	6,204
		18,007	8,061	21,832	10,264
Current liabilities					
Creditors – amounts falling due within one year	15	(9,667)	(11,627)	(11,691)	(16,341)
Net current assets/(liabilities)		8,340	(3,566)	10,141	(6,077)
Total assets less current liabilities		82,584	70,685	82,026	66,010
Creditors – amounts falling due after more than one year	17	(51,802)	(51,802)	(51,546)	(51,546)
Provisions for liabilities					
Defined benefit pension scheme asset/(liability)	22	-	-	-	-
Other provisions	19	(817)	(817)	(943)	(943)
Total net assets		29,965	18,066	29,537	13,521
Reserves					
Restricted reserves					
Income and expenditure reserve – endowment fund		80	80	80	80
Unrestricted Reserves					
Income and expenditure reserve		26,061	14,162	26,438	10,422
Revaluation reserve		3,824	3,824	3,019	3,019
Attributable to the College Corporation and total unrestricted reserves		29,885	17,986	29,457	13,441
Total reserves		29,965	18,066	29,537	13,521

The financial statements on pages 39 to 76 were approved and authorised for issue by the Corporation on 9th December 2025 and were signed on its behalf on that date by:

M Locking

I Billyard
Chair

M Locking
Accounting Officer

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2025

	Attributable to College Corporation			
	Endowment fund	**Income and expenditure reserve**	**Revaluation reserve**	**Total**
Group	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 August 2023	80	25,658	3,005	28,743
Surplus for the year	-	1,398	-	1,398
Other comprehensive expense	-	(663)	59	(604)
Transfers between revaluation and income and expenditure reserves		45	(45)	-
Total comprehensive expense for the year	-	780	14	794
Balance at 31 July 2024	80	26,438	3,019	29,537
Surplus for the year	-	1,708	-	1,708
Other comprehensive (expense)/income	-	(2,084)	804	(1,280)
Transfers between revaluation and income and expenditure reserves	-	49	(49)	-
Total comprehensive income for the year	-	(327)	755	428
Balance at 31 July 2025	80	26,111	3,774	29,965

	Endowment fund	**Income and expenditure reserve**	**Revaluation reserve**	**Total**
College	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 August 2023	80	13,525	3,005	16,610
Deficit for the year	-	(2,138)	-	(2,138)
Other comprehensive expense	-	(1,010)	59	(951)
Transfers between revaluation and income and expenditure reserves	-	45	(45)	-
Total comprehensive expense for the year	-	(3,103)	14	(3,089)
Balance at 31 July 2024	80	10,422	3,019	13,521
Surplus for the year	-	4,889	-	4,889
Other comprehensive (expense)/income	-	(1,148)	804	(344)
Transfers between revaluation and income expenditure reserves	-	49	(49)	-
Total comprehensive (expense)/income for the year	-	3,790	755	4,545
Balance at 31 July 2025	80	14,212	3,774	18,066

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2025

	Notes	2025	2024
Group		**£'000**	**£'000**
Operating activities			
Cash generated from operations	21 a)	2,595	13,623
Interest received		208	77
Taxation paid		(388)	(1,860)
Net cash from operating activities		2,415	11,840
Investing activities			
Purchase of intangible asset		-	(37)
Purchase of tangible fixed assets		(4,944)	(10,973)
		(4,944)	(11,010)
Financing activities			
Interest paid		(872)	(945)
Proceeds of new loans		-	3,097
Repayments of borrowings		(474)	-
Repayment of obligations under finance leases		(221)	(221)
		(1,567)	1,931
Increase in cash and cash equivalents in the year		(4,096)	2,761
Cash and cash equivalents at beginning of the year		12,388	9,510
Effect of foreign exchange rate movement		236	117
Cash and cash equivalents at end of the year		8,528	12,388
Relating to:			
Bank balances included in cash at bank and in hand		8,528	12,388
Cash and cash equivalents at end of the year		8,528	12,388

COLLEGE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2025

	Notes	2025	2024
College		**£'000**	**£'000**
Operating activities			
Cash generated from operations	21 a)	3,133	10,327
Interest received		83	73
Taxation paid		-	-
Net cash from operating activities		3,216	10,400
Investing activities			
Purchase of intangible asset		-	(37)
Purchase of tangible fixed assets		(4,705)	(10,945)
		(4,705)	(10,982)
Financing activities			
Interest paid		(708)	(706)
Proceeds of new loans		-	3,097
Repayments of borrowings		(474)	-
Repayment of obligations under finance leases		(221)	(221)
		(1,403)	2,170
Increase in cash and cash equivalents in the year		(2,893)	1,588
Cash and cash equivalents at beginning of the year		6,203	4,681
Effect of foreign exchange rate movement		(4)	(66)
Cash and cash equivalents at end of the year		3,306	6,203
Relating to:			
Bank balances included in cash at bank and in hand		3,306	6,203
Cash and cash equivalents at end of the year		3,306	6,203

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

General information

Lincoln College is a corporation established under the Further and Higher Education Act 1992 as an English general College of further education. The address of the College's principal place of business is given on page 26. The nature of the College's operations are set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (the F & HE SORP 2019), the College Accounts Direction for 2024 to 2025 and Regulatory Advice 9 Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

Reduced disclosures

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, as set out in note 13. 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. The results of subsidiaries acquired or sold are consolidated using the purchase method for the periods from or to the date that control passes. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. As noted in note 13 the share of profits in the joint venture is not included as the results are immaterial to the Group. All financial statements are made up to 31 July 2025.

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Going concern

At the date of approving these financial statements, the Governors have considered the cashflow position of the College and wider group and have a reasonable expectation that they have adequate resources to continue in operational existence for the foreseeable future. The Governors have made their assessment in respect of the period of at least one year from the date of the issue of these financial statements and in making the assessment have considered the impact of the operations across all subsidiaries, including KSA.

As part of the Group's going concern assessment detailed cashflow projections have been prepared, including scenarios which model a range of potential outcomes, which show that the group can continue to manage its cashflow within its existing facilities. As the group is now part of the public sector any additional borrowing needed would be subject to agreement from the Department of Education. At the date of approval of these financial statements, there is no requirement for working capital facilities to support the ongoing operations of the group.

Recognition of income

Grants – government and non-government

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Skills Funding outside of permitted tolerance levels is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

The recurrent grant from Office for Students represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions, and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Government capital grants for assets, other than land, are accounted for under the accrual model. The grant income received, or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees is recognised over the period for which it is received.

Retirement benefits

Retirement benefits to employees of the Group are principally provided by Teachers' Pensions Scheme (TPS) and the Lincolnshire County Council Pension Scheme (LCCPS), which are multi-employer defined benefit plans.

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 the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme, but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LCCPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating deficit/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. The net interest cost on the net defined benefit liability is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

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

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

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

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 comprehensive 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.

Fixed asset investments

College

Interests in subsidiaries and joint ventures are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in comprehensive income.

Other Investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Transaction costs are expensed to profit or loss as incurred. Changes in fair value are recognised in other comprehensive income except to the extent that a gain reverses a loss previously recognised in profit or loss, or a loss exceeds the accumulated gains recognised in equity; such gains and loss are recognised in profit or loss.

Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to the statement of comprehensive income on a straight-line basis over their useful lives.

Goodwill is capitalised and written off evenly over 3 – 5 years as in the opinion of the trustees, this represents the period over which the goodwill is expected to give rise to economic benefits.

Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are stated at cost or deemed cost at the date of transition to FRS 102 less accumulated depreciation and accumulated impairment losses.

Equipment

Equipment costing less than £300 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

Assets under construction

Assets under construction are accounted for at cost, based on the value of architect’s certificates and other direct costs incurred to 31 July 2025. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to operating condition. They are not depreciated until they are brought into use.

Depreciation and residual values

Freehold land is not depreciated as it is considered to have an infinite useful life. Depreciation on other assets is calculated, using the straight-line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

- Freehold buildings – over periods up to 50 years
- Leasehold improvement – term of the lease
- Motor vehicles – 4 years
- Furniture, fixtures and fittings – 10 years
- Computer equipment – 5 years
- Plant and machinery – 10 years
- General equipment – 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset’s revised carrying amount (less any residual value) over its remaining useful life.

Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Leased assets

Finance leases – as lessee

An asset and corresponding liability are recognised for leasing arrangements that transfer to the Group substantially all of the risks and rewards incidental to ownership. The amount capitalised is the fair value of the leased asset, or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital elements. The interest is charged to comprehensive income so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases – as lessee

All leases are operating leases, and annual rents are charged to comprehensive income on a straight-line basis over the lease term.

Operating leases – as lessor

Rental income from assets leased under an operating lease is recognised on a straight-line basis over the term of the lease.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial Instruments

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

<u>Financial assets and liabilities</u>

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are stated or substantially all the risks and rewards of ownership are transferred to another party or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Foreign currency translation

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

Assets and liabilities of overseas subsidiaries are translated into the Group's presentation currency at the rates ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as this is considered to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a small element 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 where the inputs themselves are tangible fixed assets by nature.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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 the amount of the obligation can be reliably measured.

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 that reflects the risks specific to the liability. 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 reliably measured.

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

Agency arrangements

The College acts as an agent in distributing bursary support funds and Further Education Free Meals Funds from the funding bodies to eligible learners. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the Group where the Group does not have control of the economic benefit related to the transaction.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

- Determined whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to be included in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and its inherent implied continuance as well as the operation of the primary and secondary contributions.

- Determined whether a deferred tax asset has been included as it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Critical accounting estimates and assumptions

- Tangible fixed assets

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

- Impairment of fixed assets

  The group considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

- Lincolnshire County Council Pension Scheme

  The present value of the Local Government Pension Scheme defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension obligation. 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 obligation 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 obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 FUNDING BODY GRANTS

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Department for Education – Adult	4,297	4,297	3,312	3,312
Department for Education – 16 – 19	21,762	21,762	18,351	18,351
Department for Education Apprenticeships (funded)	5,167	5,167	4,930	4,930
Office for Students - HE	258	258	305	305
Specific grants				
Teacher Pension Scheme contribution grant	1,158	1,158	881	881
Releases of government capital grants	1,501	1,501	1,132	1,132
Other grants	4	4	2	2
Department for Education – 16-19 Tuition Fund	-	-	291	291
Department for Education – High Value Course Premium	112	112	106	106
Total	34,259	34,259	29,310	29,310

Funding of £0k (2024: £291k) was received for the 16-19 Tuition Fund and £112k (2024: £106k) for the High Value Course Premium, both funding was fully spent during the year.

4 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
Tuition Fees (UK)	3,334	3,334	3,202	3,202
Education Contracts (Kingdom of Saudi Arabia)	9,327	-	14,143	-
Education Contracts (UK & China)	2,047	2,047	1,797	1,797
Total	14,708	5,381	19,142	4,999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 TUITION FEES AND EDUCATION CONTRACTS (CONTINUED)

Details of grant and fee income

	Year ended 31 July		Year ended 31 July	
	2025	**2025**	**2024**	**2024**
	Group	**College**	**Group**	**College**
	£000	**£000**	**£000**	**£000**
Grant income from the Office of Students	258	258	305	305
Grant income from other bodies	34,001	34,001	29,005	29,005
Total grants	34,259	34,259	29,310	29,310
Fee income from non-qualifying courses (exclusive of VAT)	9,327	-	14,143	-
Tuition fees and education contracts	5,381	5,381	4,999	4,999
Total tuition fees	14,708	5,381	19,142	4,999
Total grant and fee income	48,967	39,640	48,452	34,309

5 OTHER INCOME

	Year ended 31 July		Year ended 31 July	
	2025	**2025**	**2024**	**2024**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Catering	901	901	833	833
Other income generating activities	885	726	741	588
Other grant income	804	804	1,056	1,056
Miscellaneous income	1,306	2,820	1,901	2,862
Total	3,896	5,251	4,531	5,339

6 INVESTMENT INCOME

	Year ended 31 July		Year ended 31 July	
	2025	**2025**	**2024**	**2024**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Interest receivable	207	83	77	73
Net interest on defined pension (note 22)	906	906	774	774
Gift Aid	-	2,854	-	-
Foreign exchange gains	194	-	-	-
	1,307	3,843	851	847

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION

The average number of persons (including key management personnel) employed by the College and group (incl KSA) during the year, disclosed on an average headcount basis, was:

	Year ended 31 July 2025 Group No.	Year ended 31 July 2025 College No.	Year ended 31 July 2024 Group No.	Year ended 31 July 2024 College No.
Teaching Staff	434	360	322	322
Non-Teaching Staff	478	430	435	418
	912	790	757	740

Staff costs for the above persons:

	Year ended 31 July 2025 Group £'000	Year ended 31 July 2025 College £'000	Year ended 31 July 2024 Group £'000	Year ended 31 July 2024 College £'000
Wages and salaries	30,136	15,092	26,873	13,276
Social security costs	2,388	1,584	2,094	1,468
Other pension costs	3,909	3,531	3,264	2,969
Payroll sub-total	36,433	20,207	32,231	17,713
Contracted out staffing services	183	8,381	485	8,526
	36,616	28,588	32,716	26,239
Restructuring - contractual	2	2	80	80
- non-contractual	39	39	60	54
Total Staff Costs	36,657	28,629	32,856	26,373

The staff restructuring costs were approved by the Corporation.

Severance payments

The group paid 3 severance payments in the year, disclosed in the following bands:

Severance Payment amount	Number of severance payments made
0- £25,000	2
£25,001 – £50,000	1

The severance payments were approved by the Accounting Officer

Included in staff restructuring costs are special severance payments totalling £39k (2024- £54k). Individually, the payments were: £2,674, £27,100, and £9,500. Severance payments include contractual payments, statutory payments and special staff severance payments. Special staff severance payments are amounts paid to employees outside of statutory and contractual requirements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal / Chief Executive Officer / Accounting Officer, Managing Director - International & Commercial and the Governance Officer. Staff costs include compensation paid to key management personnel for loss of office.

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

	2025 No.	2024 No.
The number of key management personnel including the Accounting Officer was:	3	2

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

	Key management personnel		Other staff	
	2025 No.	2024 No.	2025 No.	2024 No.
£55,001 to £60,000	1	1	-	3
£60,001 to £65,000	-	-	6	2
£65,001 to £70,000	-	-	3	4
£70,001 to £75,000	-	-	2	1
£75,001 to £80,000	-	-	1	1
£80,001 to £85,000	-	-	1	-
£85,001 to £90,000	-	-	-	1
£90,001 to £95,000	-	-	2	1
£95,001 to £100,000	-	-	-	1
£100,001 to £105,000	-	-	1	2
£105,001 to £110,000	-	-	1	1
£110,001 to £115,000	-	-	-	1
£120,001 to £130,000	-	-	1	-
£145,001 to £150,000	-	-	-	-
£180,001 to £200,000	1	-	-	1
£210,001 to £215,000	-	1	-	-
£215,001 to £220,000	1	-	-	-
	3	2	18	19

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 STAFF COSTS FOR KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

There were 3 Key management personnel (including the Accounting Officer) in 2025. Total compensation is made up as follows:

	2025	2024
	£'000	£'000
Salaries	440	254
Benefits in kind	21	12
National Insurance	55	29
	516	295
Pension contributions	66	47
Total emoluments	582	342

There were no amounts due to key management personnel that were waived in the year, two of the key management personnel had salary sacrifice arrangements in place.

The total emoluments include amounts payable to the Accounting Officer (who was the highest paid of key management personnel 1 Aug 2024 to 31 July 2025) of:

	2025	2024
	£'000	£'000
Salary	205	199
Other benefits	12	12
	217	211
Pension contributions	34	34
Total	251	245

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

Emoluments for Senior Postholders are reviewed and decided by the Remuneration & People Committee of the Board of Corporation. The Senior Postholders do not participate in any discussion or decision related to their emoluments.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration and excludes agency worker. This is calculated from the total pay costs excluding: enhanced pension, pension adjustments, contracted out staffing costs, restructuring, social security and employer pension contributions for the basic salary cost and, including employer pension contribution for the total remuneration costs.

Accounting Officer	**2025 No**	**2024 *Restated* ***
Basic salary as a multiple of median basic salary of staff	6.42	6.74
Total remuneration as a multiple of median total remuneration of staff	6.92	7.79

2024 has been restated due to an error found in the previous years reported median.

Governors' remuneration

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

The total expenses paid to or on behalf of the Governors during the year was £3,032 to 5 Governors (2024: £3,894 to 6 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2024: None). However, two Directors for the LCI board, who are not Governors of the Board of Corporation, received remuneration for their role as Directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 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	3,242	3,242	2,916	2,916
Non-Teaching Costs	5,118	5,334	7,854	6,241
Premises Costs	3,226	2,542	4,081	3,382
Total	11,586	11,118	14,851	12,539

Surplus/(deficit) before taxation is stated after charging:

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Auditors remuneration, excluding VAT				
- Financial statements audit	47	45	45	45
- Financial statement audit of subsidiaries	37	-	35	-
- Other services provided by financial statements auditors:				
accounting & taxation	20	20	49	16
Internal audit	26	26	18	18
Operating lease rentals	167	165	193	191

For information

Write offs and losses

The total value of debts written off or other losses incurred is £13,000 (2024: £8,000). There was one transaction where the value was £5,000 or more. For the avoidance of doubt, all such transactions must be disclosed not just those where consent was obtained from DfE.

Guarantees, letters of comfort and indemnities

The college has provided 4 letters of comfort, entered into in the normal course of business.

Included within expenditure are the following transactions, individual transactions exceeding £5,000 are identified separately:

	Total	Individual items above £5,000	
		Amount	Reason
	£'000	£'000	
Compensation payments	39	27.1	Settlement agreement
		9.5	Settlement agreement
Write off and losses	13	8	
Guarantees, letters of comfort and indemnities	5,559	5,559	Subsidiaries
	5,598	5,598	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 OTHER OPERATING EXPENSES (continued)

Guarantees, letters of comfort and indemnities

The college/college group has three letters of comfort which were approved by the Department of Education. These are in relation to three subsidiaries – Deans Sport, Health and Leisure Management Company Limited, The Old Bakery Lincoln Limited and The Drill Hall Lincoln Ltd. The liabilities total £1,405,000 for the three subsidiaries.

There is also a letter of comfort between the college and Lincoln College Corporate Support Solutions Limited, in relation to a loan from Lincoln College International LLC to the subsidiary totalling £4,154,000 at the year end.

9 INTEREST AND OTHER FINANCE COSTS

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans	713	708	712	706
Bond guarantee	159	-	233	-
Foreign exchange losses	-	-	178	-
	872	708	1,123	706

10 TAXATION

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
UK Corporation Tax	-	-	114	65
Kingdom of Saudi Arabia Corporation Tax	-	-	259	-
Kingdom of Saudi Arabia Withholding Tax	(38)	44	10	-
	(38)	44	383	65

The standard rate of tax applied to reported profit is 25% (2024: 25%)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 INTANGIBLE FIXED ASSETS (GROUP)

	Goodwill £'000
Cost or valuation	
At 1 August 2024	345
Additions	-
At 31 July 2025	345
Amortisation	
At 1 August 2024	211
Charge for year	34
At 31 July 2025	245
Carrying amount at 31 July 2025	100
Carrying amount at 31 July 2024	134

11 INTANGIBLE FIXED ASSETS (COLLEGE)

	Goodwill £'000
Cost or valuation	
At 1 August 2024	165
Additions	-
At 31 July 2025	165
Amortisation	
At 1 August 2024	31
Charge for year	34
At 31 July 2025	65
Carrying amount at 31 July 2025	100
Carrying amount at 31 July 2024	134

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 TANGIBLE FIXED ASSETS (GROUP)

	Freehold land and buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2024	82,600	20,894	103,494
Additions	2,685	2,259	4,944
Exchange rate	-	1	1
At 31 July 2025	85,285	23,154	108,439
Depreciation			
At 1 August 2024	18,502	13,302	31,804
Charge for year	1,521	1,830	3,351
Exchange rate	-	6	6
At 31 July 2025	20,023	15,138	35,161
Carrying amount at 31 July 2025	65,262	8,016	73,278
Carrying amount at 31 July 2024	64,098	7,592	71,690

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 TANGIBLE FIXED ASSETS (COLLEGE)

	Freehold land and buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2024	82,600	20,787	103,387
Additions	2,685	2,020	4,705
At 31 July 2025	85,285	22,807	108,092
Depreciation			
At 1 August 2024	18,502	13,290	31,792
Charge for year	1,521	1,791	3,312
At 31 July 2025	20,023	15,081	35,104
Carrying amount at 31 July 2025	65,262	7,726	72,988
Carrying amount at 31 July 2024	64,098	7,497	71,595

Group and College

Land and buildings includes land of £7.47m (2024 £7.47m) which is not depreciated.

Land and buildings includes inherited land valued at £7.42m (2024 £7.42m) on 1 August 2014 (the transition date to FRS102) that is not depreciated. This was included at deemed cost. The valuation was performed by Lambert Smith Hampton, an independent valuer, on a fair value basis. If inherited land and buildings had not been revalued they would have been included at the following amounts:

	£'000
Cost	-
Aggregate depreciation based on cost	-
Carrying amount based on cost	-

The net book value of freehold land and buildings includes an amount of £30.9m (2024 £30.9m) in respect of assets held under finance leases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 INVESTMENTS

	Year ended 31 July 2025 Group £'000	Year ended 31 July 2025 College £'000	Year ended 31 July 2024 Group £'000	Year ended 31 July 2024 College £'000
Investment in works of art	866	866	61	61
Investment in subsidiaries	-	297	-	297
	866	1,163	61	358

	Group	College
Cost or valuation	**£'000**	**£'000**
At 1 August 2024	61	358
Revaluation	805	805
At 31 July 2025	866	1,163

Investments in works of art were revalued by Newark Town Hall Museum and Art Gallery in July 2025.

During the year, the College loaned out artwork to Newark Town Hall Museum and Art Gallery for display purposes. The loan was provided for nil consideration under a formal agreement dated 31 July 2025. The loan is for a period of 5 years from 31 July 2025 to 31 July 2030. The College retains full ownership of the artwork but Newark Town Hall Museum and Art Gallery will be responsible for ensuring the objects are kept in fair/good condition throughout the loan period.

Disclosure of subsidiary companies

Name	Where Incorporated	Principal Activity	Class of Shares Held and %
Lincoln College Commercial Holdings Limited	England	Holding Company	Owned by College Ordinary 100%
Lincoln Academy Limited *	England	Investment	Limited by guarantee
Deans Sport, Health and Leisure Management Company Limited *	England	Health and Leisure	Ordinary 100%
Lincoln College Corporate Support Solutions Limited *	England	Administrative Service	Ordinary 100%
Human Alchemy Limited	England	Business consultancy	Ordinary 100%
FE Resources (Lincoln) Ltd *	England	Staffing Services	Limited by guarantee
Lincoln College International LLC **	Kingdom of Saudi Arabia	Education Provider	Limited Liability Company
The Drill Hall Lincoln Ltd*	England	Performing Arts	Ordinary 100%
The Old Bakery Lincoln Limited*	England	Licenced restaurant	Ordinary 100%

* Subsidiary companies of Lincoln College Commercial Holdings Limited.

** Subsidiary company of Lincoln Academy Limited (99% shareholding) and Lincoln College Corporate Support Solutions Limited (1% shareholding).

The registered office of the subsidiary companies is Monks Road, Lincoln, LN2 5HQ except for Lincoln College International LLC which has a registered office of 10 Al Aflaj, 16827, Saudi Arabia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 INVESTMENTS (continued)

The principal activity is that of a training provider. The College's share of the results of Greater Lincolnshire Apprenticeships Limited have not been included in the financial statements as they are immaterial for the purpose of giving a true and fair view. There have been no transactions in the year, therefore the results have not been consolidated as these are considered to not be material to the Group.

14 DEBTORS

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Amounts falling due within one year:				
Trade debtors	1,702	273	3,847	772
Amounts owed by subsidiary undertakings	-	1,321	-	1,027
Other debtors	1,655	427	1,529	282
Prepayments and accrued income	5,952	2,585	3,958	1,884
Total	9,309	4,606	9,334	3,965

Trade debtors are stated after a doubtful debt provision of £17,167 (2024: £7,000).

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Other loans	632	632	474	474
Obligations under finance leases	225	225	258	258
Trade creditors	341	279	2,387	2,239
Amounts owed to subsidiary undertakings	-	4,318	-	7,888
Amounts owed to jointly controlled entities	-	-	3	3
Corporation tax Kingdom of Saudi Arabia	138	-	564	-
Other taxation and social security	591	336	619	371
Other creditors	3,911	2,153	3,340	1,185
Accruals	1,448	1,341	1,206	1,204
Holiday pay accrual	676	660	884	807
Deferred income (Note 16)	176	154	563	519
Government capital grants	1,503	1,503	1,393	1,393
Amounts owed to HEFCE	26	26	-	-
Total	9,667	11,627	11,691	16,341

16 Deferred income

Deferred income comprises DfE grants to the college received in advance and advance ticket sales for performances at The Drill Hall Lincoln that are scheduled for after 31 July 2025.

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Balance at 1 August 2024	563	519	41	-
Amount released	(563)	(519)	(41)	-
Amount deferred in year	176	154	563	519
Balance at 31 July 2025	176	154	563	519

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Other loans	1,951	1,951	2,623	2,623
Obligations under finance leases	20,300	20,300	20,562	20,562
Government capital grants	29,551	29,551	28,361	28,361
Total	51,802	51,802	51,546	51,546

Finance leases:

The total future minimum lease payments for the Group and College are payable:

	2025 £'000	2024 £'000
In one year or less	225	258
Between one and five years	975	945
In five years or more	19,325	19,617
Total	20,525	20,820

Finance leases are in respect of the land and buildings held under a sale and leaseback arrangement and are secured on the assets to which they relate.

18 Maturity of debt

Other loans are repayable as follows:

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
In one year or less	632	632	474	474
Between one and two years	632	632	632	632
Between two and five years	1,319	1,319	1,896	1,896
In five years or more	-	-	95	95
Total	2,583	2,583	3,097	3,097

The other loan is £2,583,000 repayable to the DfE by instalments between January 2025 and October 2030. Interest is charged at the Public Works Loan Board (PWLB) standard rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	**Enhanced Pension £'000**
At 1 August 2024	943
Amounts utilised	(126)
Additions in the year charged to income and expenditure account	-
At 31 July 2025	817

COLLEGE	**Enhanced Pension £'000**
At 1 August 2024	943
Amounts utilised	(126)
Additions in the year charged to income and expenditure account	-
At 31 July 2025	817

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

The principal assumptions for this calculation are:

	2025	**2024**
Discount rate	5.75%	4.8%
Price Inflation	3.1%	2.8%

20 DEFERRED TAX

The major deferred tax assets not recognised by the group are:

	Group 2025 £'000	**Group 2024 £'000**
Tax losses	161	138
	161	138

Deferred tax is not recognised as the recovery against future taxable profits is uncertain.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 (a) NOTES TO CASH FLOW STATEMENT

Group	2025	2024
	£'000	£'000
Surplus after tax for the year	1,708	1,398
Adjustment for:		
Taxation	(38)	383
Amortisation	35	66
Depreciation	3,351	3,075
Interest and other finance costs	815	1,123
Investment income	(1,113)	(851)
Loss/(profit) on sale of fixed assets	-	82
(Decrease) in provisions	(126)	(120)
Pensions costs less contributions payable	(242)	(236)
Operating cash inflow/(outflow) before movements in working capital	4,390	4,920
(Increase) in stock	(62)	(77)
Decrease in debtors	28	7,851
Increase / (decrease) in creditors	(1,761)	929
Cash generated from operations	2,595	13,623

College	2025	2024
	£'000	£'000
Surplus / (Deficit) after tax for the year	4,889	(2,138)
Adjustment for:		
Taxation	44	65
Amortisation	34	31
Depreciation	3,312	2,919
Interest and other finance costs	708	706
Investment income	(3,843)	(847)
Loss/(profit) on sale of fixed assets	-	82
(Decrease) in provisions	(126)	(120)
Pensions costs less contributions payable	(232)	(236)
Operating cash inflow/(outflow) before movements in working capital	4,786	462
(Increase) in stock	(53)	(82)
Decrease in debtors	(641)	8,918
Increase / (decrease) in creditors	(959)	1,029
Cash generated from operations	3,133	10,327

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(b) Analysis of changes in net debt

	At 1 August 2024 £000	Cash flows £000	Exchange rate movements £000	At 31 July 2025 £000
Cash	12,388	3,890	30	8,528
Loans falling due within one year	(474)	(158)	-	(632)
Loans falling due after one year	(2,623)	632	-	(1,991)
Finance lease obligations	(20,820)	295	-	(20,525)
Total net debt	(11,529)	4,659	30	(14,620)

22 RETIREMENT BENEFITS

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 Lincolnshire County Council Pension Scheme (LCCPS) for non-teaching staff, which is managed by Lincoln County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	**Group 2025 £'000**	**College 2025 £'000**	**Group 2024 £'000**	**College 2024 £'000**
Teachers' Pension Scheme: contributions paid	2,642	2,642	2,137	2,137
Lincolnshire County Council Pension Scheme				
Contributions paid excluding deficit contributions	928	928	935	935
FRS 102 (28) charge	(242)	(242)	(236)	(236)
Charge to the Statement of Comprehensive Income	686	686	699	699
Payments to other schemes	455	77	338	43
Enhanced pension charge to Statement of Comprehensive Income	126	126	90	90
Total Pension Cost for Year within staff costs	3,909	3,531	3,264	2,969

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.

Contributions amounting to £46,000 (2024: £204,000) were payable to the scheme at 31 July and are included within creditors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 RETIREMENT BENEFITS (CONTINUED)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2024 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

Valuation of the Teachers' Pension Scheme

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

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

The pension costs paid to TPS in the year amounted to £2,642,000. (2024: £2,137,000)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 1 April 2028 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2024-25 academic year, and currently through to July 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 RETIREMENT BENEFITS (CONTINUED)

Local Government Pension Scheme

The LCCPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lincolnshire County Council. The total contributions made for the year ended 31 July 2025 were £905,000 of which employer's contributions totalled £680,000, employees' contributions totalled £225,000 and strain costs of £13,000. The agreed contribution rates for future years are 17.30% for employers and range from 5.50% to 12.50% for employees, depending on salary.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

The next scheme valuation for LGPS will be 31 March 2025, with the new employer contribution rates applicable from 1 April 2026.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2024 updated to 31 July 2025 by a qualified independent actuary.

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	3.80%	3.85%
Future pensions increases	2.80%	2.85%
Discount rate	5.75%	5.05%
Inflation assumption (CPI)	2.8%	2.85%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2025 Years	At 31 July 2024 Years
Retiring today		
Males	21.4	19.5
Females	23.4	22.6
Retiring in 20 years		
Males	23.0	20.7
Females	25.1	24.1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

RETIREMENT BENEFITS (CONTINUED)

Principal Actuarial Assumptions (Continued)

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

	Fair Value at 31 July 2025 £'000	Fair value at 31 July 2024 £'000
Equity instruments	35,177	29,138
Debt instruments	9,058	8,345
Property	4,626	4,258
Cash/temporary investments	1,611	1,755
Infrastructure	2,872	2,561
Absolute return fund	10,056	13,958
Total fair value of plan assets	63,400	60,015
Actual return on plan assets	4,329	5,217

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

	2025 £'000	2024 £'000
Current service cost	(686)	(680)
Past service cost	-	(19)
Net interest on the net defined benefit pension liability	955	819
Administration expenses	(49)	(45)
Total	220	75

Amounts recognised in other comprehensive income		
Re-measurement of net defined benefit pension liability	(19,570)	1,994
Restriction to level of asset ceiling	18,422	(3,004)
Amounts recognised in other Comprehensive Income	(1,148)	(1,010)

	2025 £'000	2024 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	41,551	40,485
Current service cost	686	680
Past service cost	-	19
Interest cost	2,053	2,034
Contributions by scheme participants	231	225
Actuarial losses	(2,688)	370
Benefits paid	(2,054)	(2,262)
Defined benefit obligations at end of period	39,779	41,551

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

RETIREMENT BENEFITS (CONTINUED)

Changes in fair value of plan assets

	2025 £'000	2024 £'000
Fair value of plan assets at start of period	60,015	55,945
Interest income	3,008	2,853
Return on plan assets (excluding net interest on the net defined benefit liability)	1,272	2,319
Employer contributions	928	935
Contributions by scheme participants	231	225
Benefits paid	(2,054)	(2,262)
Fair value of plan assets at end of period	63,400	60,015

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

	2025 £'000	2024 £'000
Fair value of plan assets	63,400	60,015
Present value of plan liabilities	(39,737)	(41,505)
Present value of unfunded liabilities	(42)	(46)
Net asset	23,621	18,464
Restriction to level of asset ceiling	(23,621)	(18,464)
Net pensions asset/(liability)	-	-

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

The College is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced and it's not clear how this interacts with the investigations made by the UK Government's Actuary's Department therefore the potential impact if any, on the valuation of scheme liabilities remains unknown.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 CAPITAL COMMITMENTS (GROUP AND COLLEGE)

	2025 £'000	2024 £'000
Commitments contracted for at 31 July	-	725

24 FINANCIAL COMMITMENTS (GROUP AND COLLEGE)

The Group and College had total future minimum lease payments under non-cancellable operating leases as follows:

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Payments due				
Not later than one year	154	154	178	178
Later than one year and not later than five years	490	490	541	541
Total lease payments due	644	644	719	719

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 RELATED PARTY TRANSACTIONS

Key management compensation disclosure is given in note 7.

Transactions with subsidiaries

	Sales 2025 £'000	Purchase 2025 £'000	Balance due/ (owed) 2025 £'000	Sales 2024 £'000	Purchase 2024 £'000	Balance due/ (owed) 2024 £'000
Deans Sport, Health and Leisure Management Company Limited	-	8	69	-	6	63
The Drill Hall Lincoln Limited	70	-	786	-	38	579
FE Resources (Lincoln) Ltd	1,032	-	(0)	822	3	(67)
Human Alchemy Limited	23	-	(117)	-	5	(41)
Lincoln College Corporate Support Solutions Limited	2,998	-	(4,157)	7,439	-	(6,933)
Lincoln Academy Limited	15	-	142	-	-	(847)
The Old Bakery Lincoln Limited	7	-	220	-	9	139
Lincoln College International LLC	3,582	-	103	2,883	-	246

26 CONTINGENT LIABILITY

The College has a guarantee in respect of Lincoln College International LLC with National Westminster Bank, provided by the Secretary of State acting by the Export Credits Guarantee Department.

In the year, the number of bonds for KSA have been reduced to 2; SAR 20m (£4.0m) (ITQAN) and SAR 11.6m (£2,42m) (ADI).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 ACCESS AND PARTICIPATION EXPENDITURE – GROUP AND COLLEGE

	2025	2024
	£'000	£'000
Access investment	17	38
Financial support provided to students	213	212
Support for disabled students	3	2
Research and evaluation related to access and participation	70	40
Total access and participation expenditure	303	292

The College's access and participation plan is available on the College's website at www.lincolncollege.ac.uk.

28 AMOUNTS DISBURSED AS AGENT

	2025			2024		
	16-19 Bursary	FEFM	Total	16-19 Bursary	FEFM	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Unspent funding at 1 August	194	64	258	209	-	209
Funding received	656	261	917	590	178	768
Disbursed funds	(710)	(154)	(864)	(605)	(114)	(719)
Repaid to DfE	-	-	-			
	140	171	311	194	64	258

29 POST BALANCE SHEET EVENT

There are no post balance sheet adjustments at this time.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF LINCOLN COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION

Conclusion
We have carried out an engagement, in accordance with the terms of our engagement letter dated 8 July 2025 and further to the requirements of the Department for Education (the "DfE") as included in the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the DfE, to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Lincoln College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

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

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

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

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

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

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

We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received during the period 1 August

2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Use of our report

This report is made solely to the 1 August 2024 to 31 July 2025 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 1 August 2024 to 31 July 2025 and the Secretary of State for Education those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 1 August 2024 to 31 July 2025 and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

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18 December 2025