

Annual Reports and Financial Statements For the year ended 31 July 2024



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 2023-2024:

| | |
|--------------|--|
| Mark Locking | Principal, Chief Executive Officer, Accounting Officer |
| Sarah Adams | Governance Officer |

BOARD OF GOVERNORS

A full list of Governors is given on pages 23 and 24 of these financial statements.

Governance Officer

Sarah Adams

PROFESSIONAL ADVISERS

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands
B2 5AF

Internal auditors

Wylie and Bisset LLP
168 Bath Street
Glasgow
G2 47P

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

CONTENTS

| | Page Number |
|---|--------------------|
| Report of the Governing Body | 3 |
| Statement of Corporate Governance and Internal Control | 22 |
| Statement on the College's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding | 31 |
| Statement of Responsibilities of the Members of the Corporation | 32 |
| Independent Auditor's Report to the Corporation of Lincoln College | 34 |
| Consolidated and College Statement of Comprehensive Income | 38 |
| Consolidated and College Balance Sheets as at 31 July 2024 | 39 |
| Consolidated and College Statement of Changes in Reserves | 40 |
| Consolidated Statement of Cash Flows | 41 |
| Notes to the Financial Statements | 42 |

REPORT OF THE GOVERNING BODY

The members present their report and the audited financial statements for the year ended 31 July 2024.

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.

PURPOSE

To be an extraordinary employer-led organisation; producing a highly skilled and productive local workforce.

OUR FUTURE STATE

- Our staff are passionate and innovative in their focus on the quality of our education and training to unlock an extraordinary learning experience resulting in highly skilled and motivated students with sector leading outcomes.
- Our education and training are nationally recognised as employer-led and informed by the local skills agenda, resulting in our students being even more productive and employable.
- Leaders enable and liberate our people by being exceptional communicators, inspiring others and having an extraordinary approach to people management and development.
- The Group seeks to invest innovatively in education and training due to growth and diversification of our income in the UK and overseas.
- Our focus on finances, infrastructure and estates will provide resources that reduce our impact on the planet and accelerate the student experience to extraordinary.

OUR PRIORITIES 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 2024/25 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.

REPORT OF THE GOVERNING BODY (CONTINUED)

OUR PRIORITIES 2024-2025 (continued)

- **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.

MINDSET

The College’s mindset is how we expect people to behave to achieve our Purpose and ‘Be Extraordinary’.

CLEAR AND COMPELLING PURPOSE: We need to know where we are heading so that we concentrate our focus, our resources and capabilities on getting there. That vision also needs to be compelling, to motivate us to achieve it. To be compelling it needs to be achievable and realistic. Equally, it needs to take us beyond sustaining the status quo. A clear and compelling vision is something we all need to have.

HIGH PERFORMING LEADERSHIP AND TEAMS: There are lots of examples of organisations that have truly exceptional talent and yet fail to perform to their full potential. Leadership is a way of thinking, behaving and acting; it is a responsibility that falls on us all. We are all capable of leading, it is a choice. High performing leadership and high performing teams are founded upon trust and confidence. It intuitively understands that when one element of the team is unsuccessful, we are all unsuccessful, a sense of shared responsibility.

SHARP FOCUS ON THE NUMBERS: We often do not focus on numbers but use anecdotes to underpin any statements and arguments we make. Top performing organisations really understand their numbers. Those numbers are different for each of us depending upon the area in which we work and the level at which we operate. Take some time to think about your role. Do you know the numbers that pertain to you? If not, do something about it.

ENABLED AND LIBERATED WORKFORCE: Large and complex organisations cannot be run like a small business with decisions being made only by the owner or Managing Director. That sort of approach prevents innovation and creates a paternalistic culture. Equally, organisations that do not have proper boundaries and constraints can lack discipline leading to inappropriate decisions being made, duplication of effort and inefficient use of resources and capabilities. The question is one of balance and clarity.

LEAN, EFFICIENT AND SUSTAINABLE SYSTEMS: Lean and efficient systems ensure that we use our limited resources efficiently. Where we don’t have lean and efficient systems we often tolerate wasted effort. Are the systems and processes that you follow efficient? Are the systems that you plug into efficient? We should all be thinking all the time about how we do our work and whether there is a better way.

EXCEPTIONAL COMMUNICATION: We all have a responsibility to translate our vision, mission and values driving behaviour into the language of our people, relating it to their daily work. We need to take this responsibility seriously and consider what forms of communication work best for us and our teams and make time for this activity.

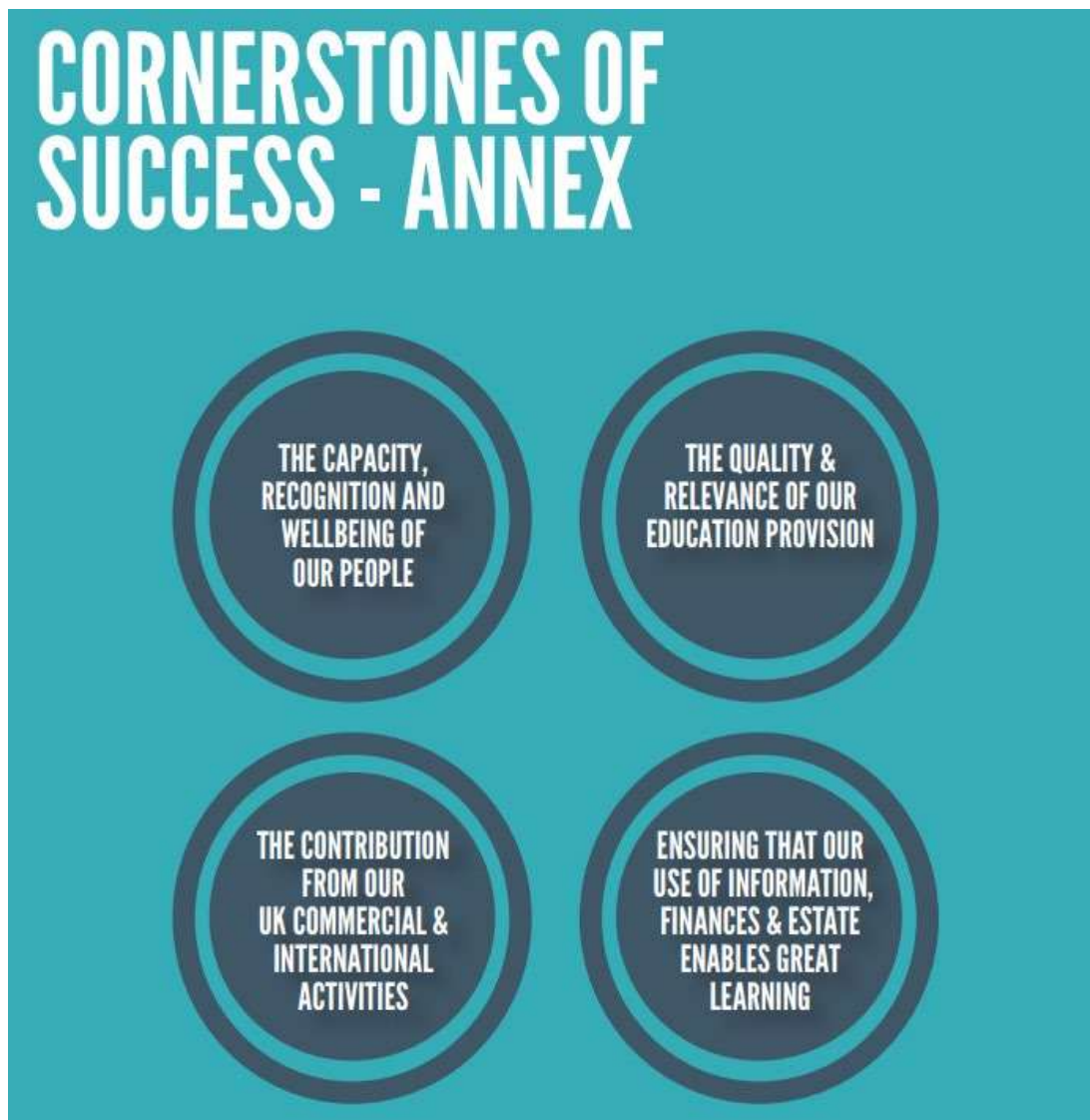
REPORT OF THE GOVERNING BODY (CONTINUED)

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 23 and 24.

In setting and reviewing the 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.

The College Strategy 2022-25 specifically identifies the following cornerstones of success:



REPORT OF THE GOVERNING BODY (CONTINUED)

PUBLIC BENEFIT (continued)

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

- Highly employable, work-ready individuals for employers and the local economy
- High-quality outcomes for learners
- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression opportunities
- Strong student support systems
- Links with Local Enterprise Partnerships (LEPs), the Lincolnshire Chamber of Commerce and other community-based organisations.

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

IMPLEMENTATION OF THE STRATEGY 2022-25

Since the appointment of the current Principal & CEO in April 2021, the focus of the role and that of the Board was around enhancing and improving performance of education provision and the efficiency of delivery, with a focus on the delivery and fulfilment of new projects and ventures including The Drill Hall, The Old Bakery and Aura, along with the creation and build of the new £15m Air and Space Institute (ASI) in Newark which opened to students in April 2024.

In seeking to meet current and future challenges a review of the organisation leadership, inclusive of governors, took place leading to a new Group Leadership Team (GLT) and revised leadership structure for the College alongside a number of new governors and Chair which all took full effect as of 1 August 2023 to better align to the local skills priorities and to make efficiencies where appropriate

In September 2023, the Board, in light of the continued growth in the Colleges/Groups UK commercial and overseas commercial interests, embarked on a review of its corporate and governance structures through a Single Task Group (STG); a steering group formed to consider the increasing and changing needs in terms of governance both as an FE College but also one with other entities and overseas operations. The STG reported back suggested changes to the Board of Corporation in July 2024 and these are currently being actioned, such as amendments to the sub-committee structure of the board and changes to the use of subsidiaries such as Lincoln College Academy Ltd.

Investment in education in the Kingdom of Saudi Arabia (KSA) continues and the DfE have acknowledged that this activity is not novel, repercussive or contentious. 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 for 4 more years 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.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF THE STRATEGY 2022-25 (CONTINUED)

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 activities of the College and use of communication channels, such as WorkPlace and Microsoft Teams, where active engagement is encouraged.

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.

The GLT have established an extremely effective Performance Management Framework and systems to ensure delivery of the College Strategy 2023-24 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. Intrinsic to this high-profile work at a strategic level is the translation of all actions in to the operational and impact on local people's life chances and the economic vibrancy of local communities. 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 GXO Logistics, Anglian Water and Pay Plan Ltd. 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.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF THE STRATEGY 2022-25 (CONTINUED)

The Quality and Relevance of Education Provision (continued)

The determined focus by most teachers on 'teaching to the top' and striving to ensure their learners excel resulted in a significant increase of 7.3% in the proportion of study programmes learners who achieved their main qualification and 3% above the national rate. The proportion of the learners who studied full-time level 3 vocational and technical courses and achieved increased by 6% on the previous year to 93% and the highest proportion on record for the College and way above the national rate. The proportion who achieve high grades has increased by 5% on the previous year. The overall achievement rate for apprenticeships continued to improve and was 4.3% above that nationally. The achievement of those with experience of local authority care increased by 13% on the previous year to that of their peers.

Most study programmes learners who left the College progressed to positive destinations including full-time employment, apprenticeships and learning at a higher level (94.6%). Of those apprentices who completed their apprenticeship, around a third secured enhanced roles or promotions in the workplace.

Leaders, managers and a plethora of staff continue to successfully embed a tolerant, safe and inclusive culture. As a result, learners are safe and feel safe. Learners consistently display good behaviour, high levels of tolerance and respect for their peers and staff. They continually demonstrate highly positive attitudes and commitment to their learning.

Effective, well-resourced student support services continued 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 often make good progress.

Too many learners studying English and mathematics GCSE courses did not make good progress and improve their grades. In the year, English and maths provision has been bolstered by a 'nine-strand' series of actions including considerable, new financial investment into additional leadership and teaching capacity and CPD that demonstrates leaders' determination to greatly improve learners' English and maths GCSE outcomes. However, there is much to do to ensure learners excel in these essential subjects.

There has been a decline in both the achievement of learners with high needs and also those on EHCP plans over time by 3% and below their peers. Students of BME origin have fared better over time but their achievement remains just below that of their white British peers.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF THE STRATEGY 2022-25 (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 11 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 Defence College, 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 2023/24.

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.

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

More specifically, in 2023/24 the financial performance of Lincoln College International (LCI) has been good, although lower than its peak before Covid-19. Core contractual revenues are less than 2022/23, but LCI is still making an important contribution to the wider Group. The revenues also include backdated monies for The Inspection Technology and Quality Assurance National Institute (ITQAN) contract which were not accounted for in 2022/23. This approach was agreed with the auditors, with the College working closely with the Colleges of Excellence to finalise this payment with all monies now settled.

In terms of key contracts, LCI continues to operate the highly regarded ITQAN Institute in partnership with Aramco. 2023/24 was the fourth year of operation, with its reputation still high across the oil and gas industry. Furthermore, LCI led the successful mobilisation 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 returning to face-to-face delivery following the Covid-19 challenges.

In the UK, 16-19-year-old student recruitment increased by around 11%, with strong confidence of further growth in excess of 6 per cent for the 2024/25 academic year. Apprenticeship revenues exceeded targets, although there were some challenges with adult education performance. Revenues are close to financial targets, but there were areas for development, for example, in the monitoring of performance. HE numbers fell below target and followed a national declining trend of HE in FE, although there are encouraging signs of growth for 2024/25. Notable highlights include the completion of the ASI in Newark which will serve as a new state-of-the-art education venue for the wider region. Human Alchemy, the College's leadership and management consultancy continues to grow well, with notable wins including the BoostNG programme in Newark, the development of a Leadership of Sustainability Programme and further work with the RAF Tedder Leadership Academy.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF THE STRATEGY 2022-25 (CONTINUED)

International

LCI's ongoing focus is on the diversification of the business, maintaining the quality of delivery and ensuring the success of its existing operations. During 2023/24, LCI focused on ensuring its long-term presence at the ITQAN through close engagement with key stakeholders, introducing new training modules and maintaining high standards of training. While the ITQAN did not receive an external quality inspection in 2023/24, wider performance measures show that standards still reflect the previous 'good' rating. This is great credit to the Dean of the ITQAN and his team. The Institute's student numbers fell slightly to 750 due to contractual limitations rather than a decline in learner or employer appetite. The leadership continues to engage closely with the DfE and KSA stakeholders to secure a long-term contract for the Institute, with a further one year agreement for 2024/25 already in place.

LCI successfully mobilised the first phase of its training vision for the new Academy of Defence Industries in Riyadh. Our role as the Training Provider means we are responsible for academic delivery to young Saudis across various engineering disciplines. We welcomed the first cohort of students in early 2024, including both male and females. This is a high-profile Institute and we are grateful for the ongoing strong support from the UK Government, including Sir Steve Smith, the UK's International Education Champion.

The College continues to retain a good reputation across all of its Chinese college sites. The Chief Executive and Managing Director visited three of our partner colleges in June 2024. This coincided with celebrating 12 years partnership with the Sichuan College of Architectural Technology, graduation events at three of the colleges as well as several meetings focused on strengthening our partnership. The easing of Covid-19 restrictions meant that we were able to transition to face-to-face delivery during 2023/24.

Specific points of note across the international business include:

- Sichuan College of Architectural Technology (SCAT) agreed a two-year contract extension. They are the College's largest and longest standing Chinese partner. The College provides circa 750 students each year across its 3 intakes.
- Further partnership development at both the Guangdong Construction Polytechnic and Chengdu Polytechnic. This includes exploring new courses and negotiations for contract extensions.
- We welcomed our first cohorts of students on the UK Government funded Turing project. As part of this, we were proud to send students to China, Spain, Denmark, Norway and the Kingdom of Saudi Arabia. This programme will continue into 2024/25 and offers a great opportunity for our students to visit other countries and share learning experiences with other cultures.
- Linguistic support at RAF Leeming as part of the RAF-led pilot training programme for other countries.

Finally, in line with our Group strategy we continue to focus on diversifying our international portfolio. This aims to broaden revenue streams, but also to provide further opportunities for students to share experiences with young people from other countries. To achieve this we continue to engage with key stakeholders, such as the British Council, the Association of Colleges and the Department for Business and Trade.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF THE STRATEGY 2022-25 (CONTINUED)

UK Commercial

The College continues to focus on growing the reputation and success of its varied UK commercial operations. Of particular note is the contribution that these ventures are making to the College's curriculum delivery as well as commercial and also community benefits.

During 2023/24 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 2024/25.

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. The Old Bakery restaurant and refurbishment of parts of the Sessions House restaurant on the Lincoln campus are helping to drive up learner numbers. The Drill investment means that we are able to offer a more employer-focused Events Management course. Alongside this, our teams are ensuring that our various ventures deliver commercial success as well as curriculum and community benefits.

UK educational recruitment exceeded targets. Of particular note has been exceeding goals for 16-18 recruitment, with a 11 per cent increase well in excess of the 6 per cent target. Indications are that the student growth will continue in 2024/25, with numbers outstripping demographic increases. In addition, apprenticeship numbers were strong, ahead of target and with quality also rising. There remains areas for improvement in relation to adult education with performance slightly below target and scope to enhance oversight and forecasting of delivery. The College's revised approach to curriculum planning has further enhanced our processes, leading to a more robust approach to aligning courses to employer and student needs.

REPORT OF THE GOVERNING BODY (CONTINUED)

IMPLEMENTATION OF THE STRATEGY 2022-25 (CONTINUED)

LEARNER NUMBERS AND FUNDING

16-19 study programme learners totalled 3,060 (based on 2022-2023 enrolled learners under lagged funding) with associated income of £18.4m, of which £925k was in year growth relating to the current year.

Adult Skills funding totalled £3.3m and the income earned from apprenticeships reached £4.9m.

Key performance indicators

| Key performance indicator | Target | Actual |
|--|--------|-------------|
| Operating surplus | >1% | 2.6% |
| Staff costs (including restructuring costs) as % of income | <65% | 60.8% |
| Adjusted current ratio | 1.4 | 1.87 |
| Financial Health Score | | GOOD |

FINANCIAL POSITION

The Education and Skills Funding Agency (ESFA) 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 'RI' for 2022-2023. This was due to the delay in the payment of the ITQAN contract for the year. The College expects a health grade of 'GOOD' in 2023-2024. The College (as part of the 2022-2025 Strategy which was launched in the Autumn term 2022) is developing a three-year approach to curriculum, people, property and finance. This longer-term approach, beyond regulatory compliance, is aimed at ensuring a joined-up approach to the delivery of the Strategy. The outturn for 2023/24 is more favourable than in previous years for Lincoln College, though the Group position is reduced due to a smaller contract with KSA. The target for the next few years is to provide a small surplus, thus contributing to the overall reserves position of the college. Towards the end of the year a dividend was declared by the parent company of the LCI entity. £1m 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 2023-24 are detailed below.

Despite widespread financial challenges in the sector a reduced contract in the KSA, rising inflation and adverse foreign exchange differences the forecast outturn for the year to 2024-25 is a small surplus. The Board of Corporation are confident that 2024-25 outturn is deliverable through tight controls and by having the appetite to adapt in year as necessary.

The Income and Expenditure results are good against sector benchmarks and liquidity levels are high with a year-end cash balance of £12.4m and adjusted cash days standing at 92.

REPORT OF THE GOVERNING BODY (CONTINUED)

FINANCIAL POSITION (CONTINUED)

Financial Results (continued)

2023-24 was a positive year for capital investment in its estate, as forecast. The ASI project based in Newark opened in April 2024. This was a £14m project with £10m of capital support as part of the Towns' Deal Funding and a DfE loan of £3.2m. In addition, further upgrades to the IT infrastructure took place as well as the expansion of the construction area with an additional mezzanine floor which has assisted greatly with the continued increase in student numbers in this area. These projects were made possible through continued access to public funds (capital grants) and match funding from the College's own reserves. In 2023-24 there was £1m of self funded capital investment in both the curriculum, IT and estates. In addition, extensive work is being carried out to improve our carbon footprint. Several successful funding bids from Salix have allowed the updating of boilers and, in 2024-25, lighting to ensure we are working towards our net zero target by 2030.

For 2023-24 the Lincoln College Group ended the year with an operating surplus of £1.4m (2022-23: deficit of £8.1m).

Total income for the year amounted to £53.8m (2022-23: £46.3m) relating to continuing operations with £29.3m (2022-23: £25.1m) from funding bodies, £19.1m (2022-23: £17.3m) from tuition fees and education contracts and £4.5m (2022-23: £3.5m) from other income. The College group has accumulated reserves of £29.5m (2022-23: £28.7m) including a year-end cash balance, net of overdraft, of £12.4m (2022-23: £9.5m). 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 £11.0m, this was split between land and buildings £7.3m and equipment £3.7m. This represented a significant increase on prior years, and taken over a three-year period amounted to over £20m of capital investment.

Cash inflow from operating activities was £11.8m (2022-23: £17.1m).

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 College key financial objectives reflect current sector challenges, but allow continued monitoring of performance in year by Governors and Key stakeholders, these include:

- Securing a Financial Health Grade of at least 'Good' across the life of the plan.
- Generating an EBITDA to cover financial commitments and capital investment as required (subject to affordability) in both the UK and Overseas.
- To contribute an in year surplus to the overall Reserves position.
- Ensure that Lincoln College UK manages its cashflow position effectively and responsibly
- Maintain sufficient levels of working capital via. own reserves and agreed facilities.
- Control of the key drivers;
 - **Performance**
 - **Liquidity**
 - **Gearing**
- Deploy resources into opportunities for growth and multiply efforts in those areas of the business that yield a positive financial contribution.
- Improve the financial efficiency of curriculum delivery.

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 £3.2m, 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 and from October 2024 will be produced monthly as part of the month end process.

Treasury Management reports throughout 2023-24 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 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 inflow of £2.8m during 2023-24. No working capital facilities were required from the DfE for potential future use following the ONS announcement on 29 November 2022 and subsequent reclassification of the College under central government.

Reserves policy

The Group has an implied reserves policy by virtue of the targets and key assumptions detailed in the financial plan (2023-24), 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 £26.4m (2022-23: £25.7m).

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 | 2023/24 FP | 2024/25FP | |
|---|---------------|---------------|-------------|---------------|------------|-----------|--|
| 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 DEVELOPMENTS

In line with the College Strategy 2022-25 the core objectives include the following:

- **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 2024/25 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.

REPORT OF THE GOVERNING BODY (CONTINUED)

FUTURE DEVELOPMENTS (CONTINUED)

- **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.

Newark Towns Fund Projects

The College has developed two projects incorporated into the Newark Town Investment Plan and is supporting two others. This plan is being implemented over the next five years.

The College led on and has now opened its doors to students at the ASI Focusing initially on aviation engineering, airfield operations, pilot training, cyber and space the institute currently has c.200 full time students with a business growth plan for adults, professional qualifications and apprenticeships. This innovative new institution is combining further, higher and industry training to raise aspirations locally and has started to deliver employment ready staff to the air and space sectors. It officially opened in September 2024 and is already transformative in its ability to regenerate the town and post 16 education environment by locating a facility normally found at an airport or airfield into the middle of Newark; right where people need it to be incorporating the latest training techniques and equipment in a bespoke new facility funded by the Towns Fund.

Higher Education in conjunction with Nottingham Trent University and a Space Engineering programme, supported by the National Space Centre are just a few of the exciting elements to follow as the business plan develops and grows.

A new and exciting partnership has begun between each of the 3 Lincolnshire NHS Trusts with the 3 LCC GFE Colleges and both Universities in Lincoln. This partnership has signed up at the strategic level to create a co-ordinated 5-year workforce plan for the 14,000 employees of the 3 NHS trusts. This is the first collaboration of this size and scale in Lincolnshire led by the new NHS Integrated Care System and the Federation of Lincolnshire Colleges in close association with the University of Lincoln and its medical school.

REPORT OF THE GOVERNING BODY (CONTINUED)

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 Workplace by Facebook, 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.

Financial

The College Group has £29.5m (2022-23: £28.7m) of net assets. Due to the recognition of the effect of the asset ceiling, the pension asset was restricted to nil in the current year.

People

The College Group employs 757 people (2022-23: 839) of whom 322 (2022-23: 278) in note 7 are teaching staff.

Key financial assets

The College Group has a fixed asset base amounting to £71.9m (2022-23: £64.0m) and cash reserves of £12.4m (2022-23: £9.5m) as at the year-end 2023-24. There was no overdraft as at 31 July 2024.

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 will be updated in 2024-25 as part of the review of the next 5 year strategy. 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. The Property Strategy has brought coherency to the Colleges approach to developing its Estate, and the appointment in year of a Director of Estates Development has further improved the Colleges ability to access external funding for projects and to connect with wider stakeholders (such as the One Public Estate in Lincoln). 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 Strategy was refreshed in 2022-23 with a focus on improving space utilisation and the quality and appropriateness of our spaces. Sustainability and the need to reduce overheads (particularly in the context of extremely high inflation relating to utilities costs) has moved up the agenda. This is in line with the 2022-2025 Strategy and based on feedback from staff, a recent manual utilisation exercise and various external surveys.

REPORT OF THE GOVERNING BODY (CONTINUED)

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 2023/24 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 2023/24. The Board Assurance Framework will be reviewed and updated as part of an extensive risk management review in 2024-25.

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:

- Financial Health
- Business Continuity
- Achievement of Student Recruitment Targets
- Regulatory Compliance
- Quality of Outcomes for Learners

REPORT OF THE GOVERNING BODY (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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 2023-24 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 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.

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 23 May 2023 and the next review is due on 12 May 2025. 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.

REPORT OF THE GOVERNING BODY (CONTINUED)

EQUALITY AND DIVERSITY (continued)

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 2022 (next review due August 2025). 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.

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 |
|---|---------------------|
| 5 | 4.2 |

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 0 |
| 1-50% | 5 |
| 51-99% | 0 |
| 100% | 0 |

| | |
|---|------------|
| Total cost of facility time | £19,965.57 |
| Percentage of pay spent on facility time | 0.08% |
| Percentage of total hours spent on paid facility time | 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 ESFA and would be considered at the point of need rather than in advance.

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 11/02/25 2025 and signed on its behalf
by:

Signature: *Ian Billyard*
.....

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 2023 to 31 July 2024 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 English Colleges' Foundation Code of Governance ("the Foundation 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 Foundation 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 2024. 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 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 2023 which was approved by the Board of Corporation in November 2023.

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. Individual categories of members (save for elected members) were discontinued under the requirements of the revised Instruments and Articles effective from 1 January 2008.

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
(CONTINUED)**

THE CORPORATION (CONTINUED)

| | Position | Term(s) | First Appt | Expiry | Committees Served | Meeting Attendance |
|----------------|----------------|---------------------------------|------------|--|---|----------------------|
| Mr F Ahmed | Independent | 1 st term of 4 years | 1.9.2023 | 31.8.2027 | Higher Education | 50% |
| Ms H Barton | Associate/Lay | 1 st term of 1 year | 1.9.2023 | 31.8.2024 Reappointed to 31.8.2025 | Audit | 75% |
| Mr I Billyard | Chair | 2 nd term of 3 years | 1.9.2019 | 31.12.2026 | Performance & Quality Higher Education Remuneration & Appraisal | 100% 100% 100% |
| Mr T Calvert | Associate/Lay | 2 nd term of 3 years | 31.10.2017 | 30.10.2023 Reappointed as associate on a rolling 1 year basis | Remuneration & Appraisal | 57% |
| Ms H Clayton | Business Staff | 1 st term of 3 years | 7.5.2024 | 6.5.2027 | Finance | 50% |
| Miss A Conyard | Independent | 2 nd term of 3 years | 23.10.2020 | 22.10.2026 | Finance Higher Education Remuneration & Appraisal | 40% 100% 40% |
| Mr D Dawson | Academic Staff | 1 st term of 3 years | 20.3.2024 | 19.3.2027 | Performance & Quality | 50% |
| Mr P Doody | Independent | 1 st term of 3 years | 1.9.2023 | 31.8.2026 | Finance | 80% |
| Mr T Godson | Independent | 2 nd term of 4 years | 1.9.2018 | 31.8.2027 | Audit | 100% |
| Mrs L Goodier | Independent | 2 nd term of 3 years | 23.10.2020 | 22.4.2027 Resigned 15.10.2024 | Audit | 33% |
| Mr C Jones | Independent | 1 st term of 4 years | 1.9.2023 | 31.8.2027 | Audit | 50% |
| Mr S Justice | Academic Staff | 1 st term of 3 years | 7.4.2021 | 6.4.2024 Resigned 10.11.2023 | | |
| Mrs K Knoll | Business Staff | 1 st term of 3 years | 7.4.2022 | 6.4.2025 | Finance | 67% |
| Mr A Kumar | Independent | 1 st term of 4 years | 1.9.2023 | 31.8.2027 | Performance & Quality | 60% |
| Mr R Leggett | Associate/Lay | 1 st term of 1 year | 1.9.2023 | 31.8.2024 Appointed as full member until 31.8.2028 | Performance & Quality Higher Education | 60% 100% |
| Mr M Locking | Ex-officio | While in office | 1.4.2022 | - | Finance | 80% |

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

THE CORPORATION (CONTINUED)

| | Position | Term(s) | First Appt | Expiry | Committees Served | Meeting Attendance |
|---------------|-------------|---------------------------------|------------|------------|---|--------------------|
| Mr T McKenzie | Independent | 2 nd term of 4 years | 23.10.2020 | 22.10.2027 | Performance & Quality Higher Education | 40% 100% |
| Mr P Milner | Independent | 1 st term of 3 years | 1.9.2023 | 31.8.2026 | Finance | 100% |
| Mr M Platts | Vice Chair | 2 nd term of 4 years | 30.09.2015 | 31.8.2025 | Finance | 60% |
| Mr P Price | Independent | 2 nd term of 4 years | 23.10.2020 | 22.10.2027 | Audit | 100% |
| Miss E Sadler | FE Student | 1 year term | 1.9.2023 | 31.7.2024 | Performance & Quality | 100% |
| Ms E Denton | HE Student | 1 year term | 1.12.2023 | 31.7.2024 | Higher Education | 50% |
| Miss C Watson | Independent | 2 nd term of 4 years | 23.10.2020 | 22.10.2027 | Performance & Quality Higher Education | 80% 50% |
| Mrs K Wilson | Independent | 1 st term of 4 years | 1.9.2023 | 31.8.2027 | Remuneration & Appraisal | 80% |

The corporation has conducted an annual self-assessment of governance during the year. An external governance review took place in the previous year of which findings were shared. The findings of the review are included on page 26.

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. 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 in all areas covered. In May 2023 an external review of the Board effectiveness was commissioned. This review is now complete and the results were shared with the Board of Corporation in January 2024. The external review evaluated all paperwork, observed Board meetings as well as conducted interviews with members of the Board. The review concluded that the culture that has been intentionally curated over the last few years is wholly conducive to the current and future objective of the Lincoln College Corporation Board. There are high levels of respect and a strong emphasis on seeking to ensure the meetings lend themselves to discussion, challenge, and scrutiny. It is noteworthy that the calibre of those involved in the Corporation Board are exceptional in terms of their wealth of experience and expertise. Recommendations have been made and these are in the process of being actioned. The Board also undertook a review of the performance of the Chair of the Corporation for 2023/24. 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 2023/24 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 2023/24. Cross-committee attendance, and engagement at events continues and is reporting on throughout the year. The Chair of Search has analysed the Skills Audits returns and reported his findings to the Board of Corporation. In September 2023, Ian Billyard took up the role of Chair of the Corporation following the end of the term of office of James Pinchbeck. In addition, 6 new Governors and 2 Associate/Lay Governors have been recruited. These new Governors were inducted in September and October 2023 following appointment from 1 September 2023.

REMUNERATION AND PEOPLE COMMITTEE

Throughout the year ending 31 July 2024, 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 2024 are set out in Note 7 to the financial statements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

THE CORPORATION (CONTINUED)

FINANCE COMMITTEE

The Finance Committee comprises six 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 ESFA 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.

AUDIT & RISK COMMITTEE

The Audit and Risk Committee comprises five 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 meets 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 Committee. The last review by the internal auditors took place in July 2024.

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 advises 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 2024. The members of the Committee and their attendance records are shown below:

| Name | Attendance |
|--------------------------------|------------|
| Mr T Godson | 4 out of 4 |
| Mrs L Goodier | 1 out of 3 |
| Mr C Jones | 2 out of 4 |
| Mr P Price | 4 out of 4 |
| Ms H Barton (Associate Member) | 3 out of 4 |

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 2024 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 2024 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 ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. The 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 specific areas of work undertaken by The Audit and Risk Committee in 2023/24 and up to the date of the approval of the financial statements are:

| RISK / SYSTEM | AUDIT AREA |
|-------------------|---------------------------|
| Financial Systems | Overall Financial Control |
| Other | Human Resources |
| Other | GDPR |
| Other | Health and Safety |
| Financial Systems | Procurement |
| Funding | Apprenticeships |
| Required | Follow-up Review |

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.

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 in their management letters and other reports.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

INTERNAL CONTROL (CONTINUED)

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 Management 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 2024 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Senior Management Team and internal audit and taking account of events since 31 July 2024. 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 incoming Chief Finance and Compliance Officer will be 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 11/02/25 2025 and signed on its behalf
by:

Signature: *Ian Billyard*
.....
Ian Billyard – Chair

Signature: *M Locking*
.....
Mark Locking – Accounting Officer

STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of the college's accountability agreement, funding agreements and contracts with ESFA and DfE, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the college's accountability agreement, funding agreements and contracts with ESFA and DfE, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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

Signed

M Locking

Mark Locking
Accounting Officer

11/02/25 **2025**

Statement of the Chair of Governors

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

Signed

Ian Billyard

Ian Billyard
Chair of the Board of Corporation

11/02/25 **2025**

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

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

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

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

The 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 the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities following the reclassification of college corporations on 29 November 2022. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA, DfE and other public bodies are not put at risk. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

**STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION
(CONTINUED)**

Approved by order of the members of the corporation on 11/02/25 2025 and signed on its behalf by:

Signed

Ian Billyard

Chair of Board of Corporation

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 2024 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 Education and Skills Funding Agency.

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 2024 and of the Group's and the College's surplus/deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Other information (continued)

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

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 4 to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Lincoln College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 32 and 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.

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

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.

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 Education and Skills Funding Agency, 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 correspondence with local tax authorities and evaluating advice received from external tax advisors.

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

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

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 FRS 102.

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.

Use of our report

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

13 February 2025

**CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 JULY 2024**

| | Notes | 2024 | | 2023 | |
|---|-------|----------------|------------------|-----------------|------------------|
| | | Group £'000 | College £'000 | Group £'000 | College £'000 |
| INCOME | | | | | |
| Funding body grants | 3 | 29,310 | 29,310 | 25,131 | 25,131 |
| Tuition fees and education contracts | 4 | 19,142 | 4,999 | 17,296 | 5,377 |
| Other income | 5 | 4,531 | 5,339 | 3,457 | 4,574 |
| Interest receivable and similar income | 6 | 851 | 847 | 453 | 106 |
| Total income | | 53,834 | 40,495 | 46,337 | 35,188 |
| EXPENDITURE | | | | | |
| Staff costs | 7 | 32,722 | 26,239 | 35,275 | 25,534 |
| Restructuring costs | 7 | 134 | 134 | 205 | 205 |
| Other operating expenses | 8 | 14,851 | 12,539 | 14,557 | 10,621 |
| Amortisation | 11 | 66 | 31 | 60 | - |
| Depreciation | 12 | 3,075 | 2,919 | 2,525 | 2,361 |
| Interest and other finance costs | 9 | 1,123 | 706 | 888 | 625 |
| Total expenditure | | 51,971 | 42,568 | 53,510 | 39,346 |
| Surplus/(deficit) before other gains and losses | | 1,863 | (2,073) | (7,173) | (4,158) |
| Loss on disposal of assets | | (82) | - | - | - |
| Surplus/(deficit) before tax | | 1,781 | (2,073) | (7,173) | (4,158) |
| Taxation | 10 | (383) | (65) | (969) | (86) |
| Surplus/(deficit) for the year | | 1,398 | (2,138) | (8,142) | (4,244) |
| Exchange rate movements | | 347 | - | (903) | - |
| Unrealised surplus on revaluation of investment | | 59 | 59 | - | - |
| Re-measurement of net defined benefit pension liability | 22 | (1,010) | (1,010) | (1,569) | (1,569) |
| Other Comprehensive expense for the year | | (604) | (951) | (2,472) | (1,569) |
| Total Comprehensive income/(expense) for the year | | 794 | (3,089) | (10,614) | (5,813) |
| Surplus/(deficit) for the year attributable to the Corporation of the College | | 1,398 | (2,138) | (8,142) | (4,244) |
| Total Comprehensive Income/(expense) for the year attributable to Corporation of the College | | 794 | (3,089) | (10,614) | (5,813) |

CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY 2024

| | Notes | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|--|-------|------------------------|--------------------------|------------------------|--------------------------|
| Fixed assets | | | | | |
| Intangible assets | 11 | 134 | 134 | 163 | 128 |
| Tangible assets | 12 | 71,690 | 71,595 | 63,822 | 63,571 |
| Investments | 13 | 61 | 358 | 2 | 299 |
| | | <u>71,885</u> | <u>72,087</u> | <u>63,987</u> | <u>63,998</u> |
| Current assets | | | | | |
| Stock | | 110 | 95 | 33 | 14 |
| Debtors | 14 | 9,334 | 3,965 | 17,185 | 12,883 |
| Cash at bank and in hand | | 12,388 | 6,204 | 9,510 | 4,477 |
| | | <u>21,832</u> | <u>10,264</u> | <u>26,728</u> | <u>17,374</u> |
| Current liabilities | | | | | |
| Creditors – amounts falling due within one year | 15 | (11,691) | (16,341) | (9,160) | (12,045) |
| Net current assets/(liabilities) | | <u>10,141</u> | <u>(6,077)</u> | <u>17,568</u> | <u>5,329</u> |
| Total assets less current liabilities | | <u>82,026</u> | <u>66,010</u> | <u>81,555</u> | <u>69,327</u> |
| Creditors – amounts falling due after more than one year | 17 | (51,546) | (51,546) | (51,749) | (51,749) |
| Provisions for liabilities | | | | | |
| Defined benefit pension scheme asset/(liability) | 22 | - | - | - | - |
| Other provisions | 19 | (943) | (943) | (1,063) | (968) |
| Total net assets | | <u>29,537</u> | <u>13,521</u> | <u>28,743</u> | <u>16,610</u> |
| Reserves | | | | | |
| Restricted reserves | | | | | |
| Income and expenditure reserve – endowment fund | | 80 | 80 | 80 | 80 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve | | 26,438 | 10,422 | 25,658 | 13,525 |
| Revaluation reserve | | 3,019 | 3,019 | 3,005 | 3,005 |
| Attributable to the College Corporation and total unrestricted reserves | | <u>29,457</u> | <u>13,441</u> | <u>28,663</u> | <u>16,530</u> |
| Total reserves | | <u>29,537</u> | <u>13,521</u> | <u>28,743</u> | <u>16,610</u> |

The financial statements on pages 38 to 73 were approved and authorised for issue by the Corporation on 11/02/25 2025 and were signed on its behalf on that date by:

Ian Billyard

**I Billyard
Chair**

M Locking

**M Locking
Accounting Officer**

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2024

| | Attributable to College Corporation | | | Total |
|---|-------------------------------------|--------------------------------|---------------------|----------|
| | Endowment fund | Income and expenditure reserve | Revaluation reserve | |
| Group | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 August 2022 | 80 | 36,227 | 3,050 | 39,357 |
| Deficit for the year | - | (8,142) | - | (8,142) |
| Other comprehensive expense | - | (2,472) | - | (2,472) |
| Transfers between revaluation and income and expenditure reserves | | 45 | (45) | - |
| Total comprehensive expense for the year | - | (10,569) | (45) | (10,614) |
| Balance at 31 July 2023 | 80 | 25,658 | 3,005 | 28,743 |
| Surplus for the year | - | 1,398 | - | 1,398 |
| Other comprehensive (expense)/income | - | (663) | 59 | (604) |
| Transfers between revaluation and income and expenditure reserves | - | 45 | (45) | - |
| Total comprehensive income for the year | - | 780 | 14 | 794 |
| Balance at 31 July 2024 | 80 | 26,438 | 3,019 | 29,537 |
| | | | | |
| College | Endowment fund | Income and expenditure reserve | Revaluation reserve | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 August 2022 | 80 | 19,293 | 3,050 | 22,423 |
| Deficit for the year | - | (4,244) | - | (4,244) |
| Other comprehensive expense | - | (1,569) | - | (1,569) |
| Transfers between revaluation and income and expenditure reserves | - | 45 | (45) | - |
| Total comprehensive expense for the year | - | (5,768) | (45) | (5,813) |
| Balance at 31 July 2023 | 80 | 13,525 | 3,005 | 16,610 |
| Deficit for the year | - | (2,138) | - | (2,138) |
| Other comprehensive (expense)/income | - | (1,010) | 59 | (951) |
| Transfers between revaluation and income expenditure reserves | - | 45 | (45) | - |
| Total comprehensive (expense)/income for the year | - | (3,103) | 14 | (3,089) |
| Balance at 31 July 2024 | 80 | 10,422 | 3,019 | 13,521 |

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 JULY 2024**

| | Notes | 2024 £'000 | 2023 £'000 |
|---|-------|-----------------|-----------------|
| Operating activities | | | |
| Cash generated from operations | 21 a) | 13,623 | 18,510 |
| Interest received | | 77 | 107 |
| Taxation paid | | (1,860) | (1,558) |
| Net cash from operating activities | | <u>11,840</u> | <u>17,059</u> |
| Investing activities | | | |
| Purchase of intangible asset | | (37) | (128) |
| Disposal of tangible assets | | - | 8 |
| Purchase of tangible fixed assets | | (10,973) | (10,116) |
| | | <u>(11,010)</u> | <u>(10,236)</u> |
| Financing activities | | | |
| Interest paid | | (945) | (930) |
| Proceeds of new loans | | 3,097 | - |
| Repayments of borrowings | | - | (1,000) |
| Repayment of obligations under finance leases | | (221) | (217) |
| | | <u>1,931</u> | <u>(2,147)</u> |
| Increase in cash and cash equivalents in the year | | <u>2,761</u> | <u>4,676</u> |
| Cash and cash equivalents at beginning of the year | | 9,510 | 5,409 |
| Effect of foreign exchange rate movement | | 117 | (575) |
| Cash and cash equivalents at end of the year | | <u>12,388</u> | <u>9,510</u> |
| Relating to: | | | |
| Bank balances included in cash at bank and in hand | | <u>12,388</u> | <u>9,510</u> |
| Cash and cash equivalents at end of the year | | <u>12,388</u> | <u>9,510</u> |

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 25. 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 2023 to 2024 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 2024.

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 Education Budget 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 College 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 charge 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.

Investments in works of art 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 2024. 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.

Financial assets and liabilities

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

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 certain discretionary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College 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 2023 has been used by the actuary in valuing the pensions obligation at 31 July 2024. 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 | |
|---|--------------------|---------------|--------------------|---------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Recurrent grants | | | | |
| Education and Skills Funding Agency – Adult | 3,312 | 3,312 | 3,514 | 3,514 |
| Education and Skills Funding Agency – 16 – 19 | 18,351 | 18,351 | 14,606 | 14,606 |
| Education and Skills Funding Agency Apprenticeships | 4,930 | 4,930 | 4,355 | 4,355 |
| Office for Students | 305 | 305 | 303 | 303 |
| Specific grants | | | | |
| Teacher Pension Scheme contribution grant | 881 | 881 | 716 | 716 |
| Releases of government capital grants | 1,132 | 1,132 | 625 | 625 |
| Other grants | 2 | 2 | 203 | 203 |
| Education and Skills Funding Agency – 16-19 Tuition Fund | 291 | 291 | 269 | 269 |
| Education and Skills Funding Agency – High Value Course Premium | 106 | 106 | 540 | 540 |
| Total | <u>29,310</u> | <u>29,310</u> | <u>25,131</u> | <u>25,131</u> |

Funding of £291k (2023: £269k) was received for the 16-19 Tuition Fund and £106k (2023: £540k) 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 | |
|---|--------------------|--------------|--------------------|--------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Tuition Fees (UK) | 3,202 | 3,202 | 3,511 | 3,511 |
| Education Contracts (Kingdom of Saudi Arabia) | 14,143 | - | 11,919 | - |
| Education Contracts (UK & China) | 1,797 | 1,797 | 1,866 | 1,866 |
| Total | <u>19,142</u> | <u>4,999</u> | <u>17,296</u> | <u>5,377</u> |

Education contracts includes delivery in the previous year which wasn't recognised due to the delay in the contract being signed.

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 | |
|--|-----------------------|---------------|-----------------------|---------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Grant income from the Office of Students | 305 | 305 | 303 | 303 |
| Grant income from other bodies | 29,005 | 29,005 | 24,828 | 24,828 |
| Total grants | 29,310 | 29,310 | 25,131 | 25,131 |
| Fee income from non-qualifying courses (exclusive of VAT) | 14,143 | - | 11,919 | - |
| Tuition fees and education contracts | 4,999 | 4,999 | 5,377 | 5,377 |
| Total tuition fees | 19,142 | 4,999 | 17,296 | 5,377 |
| Total grant and fee income | 48,452 | 34,309 | 42,427 | 30,508 |

5 OTHER INCOME

| | Year ended 31 July | | Year ended 31 July | |
|------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Catering | 833 | 833 | 732 | 732 |
| Other income generating activities | 741 | 588 | 533 | 382 |
| Other grant income | 1,056 | 1,056 | 509 | 509 |
| Miscellaneous income | 1,901 | 2,862 | 1,683 | 2,951 |
| Total | 4,531 | 5,339 | 3,457 | 4,574 |

6 INTEREST RECEIVABLE AND SIMILAR INCOME

| | Year ended 31 July | | Year ended 31 July | |
|---|--------------------|------------|--------------------|------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Interest receivable | 77 | 73 | 65 | 64 |
| Net interest on defined pension (note 22) | 774 | 774 | 42 | 42 |
| Foreign exchange gains | - | - | 346 | - |
| | 851 | 847 | 453 | 106 |

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 during the year, disclosed on an average headcount basis, was:

| | Year ended 31 July | | Year ended 31 July | |
|--------------------|--------------------|------------|--------------------|------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | No. | No. | No. | No. |
| Teaching Staff | 322 | 322 | 278 | 278 |
| Non-Teaching Staff | 435 | 418 | 561 | 453 |
| | <u>757</u> | <u>740</u> | <u>839</u> | <u>731</u> |

Staff costs for the above persons:

| | Year ended 31 July | | Year ended 31 July | |
|----------------------------------|--------------------|---------------|--------------------|---------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Wages and salaries | 26,873 | 13,276 | 30,097 | 13,142 |
| Social security costs | 2,094 | 1,468 | 1,848 | 1,266 |
| Other pension costs | 3,264 | 2,969 | 3,075 | 2,833 |
| Payroll sub-total | <u>32,231</u> | <u>17,713</u> | <u>35,020</u> | <u>17,241</u> |
| Contracted out staffing services | 485 | 8,526 | 255 | 8,293 |
| | <u>32,716</u> | <u>26,239</u> | <u>35,275</u> | <u>25,534</u> |
| Restructuring - contractual | 80 | 80 | 205 | 205 |
| - non-contractual | 60 | 54 | - | - |
| Total Staff Costs | <u>32,856</u> | <u>26,373</u> | <u>35,480</u> | <u>25,739</u> |

The staff restructuring costs were approved by the Corporation.

The group paid 4 severance payments in the year, disclosed in the following bands:

| | |
|-------------|---|
| £0- £25,000 | 4 |
|-------------|---|

Included in staff restructuring costs are special severance payments totalling £54,000 (2023- £nil). Individually, the payments were: £9,000, £9,000, £16,000 and £20,000. 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 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

| | 2024 | 2023 |
|--|-------------|-------------|
| | No. | No. |
| The number of key management personnel including the Accounting Officer was: | <u>2</u> | <u>3</u> |

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 | |
|----------------------|---------------------------------|-------------|--------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| | No. | No. | No. | No. |
| £55,001 to £60,000 | 1 | - | 3 | - |
| £60,001 to £65,000 | - | - | 2 | 7 |
| £65,001 to £70,000 | - | - | 4 | 2 |
| £70,001 to £75,000 | - | - | 1 | - |
| £75,001 to £80,000 | - | - | 1 | - |
| £80,001 to £85,000 | - | - | - | 1 |
| £85,001 to £90,000 | - | - | 1 | 2 |
| £90,001 to £95,000 | - | - | 1 | - |
| £95,001 to £100,000 | - | - | 1 | 2 |
| £100,001 to £105,000 | - | - | 2 | - |
| £105,001 to £110,000 | - | - | 1 | - |
| £110,001 to £115,000 | - | - | 1 | - |
| £135,001 to £140,000 | - | 1 | - | - |
| £145,001 to £150,000 | - | 1 | - | - |
| £190,001 to £195,000 | - | - | 1 | - |
| £205,001 to £210,000 | - | 1 | - | - |
| £210,001 to £215,000 | 1 | - | - | - |
| | <u>2</u> | <u>3</u> | <u>19</u> | <u>14</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

| | 2024 | 2023 |
|-------------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Salaries | 254 | 387 |
| Other benefits | 12 | 121 |
| | <u>266</u> | <u>508</u> |
| Pension contributions | 47 | 67 |
| Total emoluments | <u><u>313</u></u> | <u><u>575</u></u> |

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.

In addition to the above is national insurance amounting to £29,000 (2023: £59,000)

The total emoluments include amounts payable to the Accounting Officer (who was the highest paid of key management personnel 1 Aug 2023 to 31 July 2024) of:

| | 2024 | 2023 |
|---|-------------------|-------------------|
| | £'000 | £'000 |
| Salary | 199 | 173 |
| Additional discretionary payments in respect of Lincoln College (International) LLC | - | 25 |
| Other benefits | 12 | 12 |
| | <u>211</u> | <u>210</u> |
| Pension contributions | 34 | 21 |
| Total | <u><u>245</u></u> | <u><u>231</u></u> |

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 | 2024 | 2023 |
|--|-------------|-------------|
| | No | No |
| Basic salary as a multiple of median basic salary of staff | 9.04 | 8.58 |
| Total remuneration as a multiple of median total remuneration of staff | 9.51 | 8.78 |

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 £3,894 to 6 Governors (2023: £443 to 4 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 (2023: 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 | |
|--------------------|--------------------|---------------|--------------------|---------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Teaching Costs | 2,916 | 2,916 | 2,600 | 2,600 |
| Non-Teaching Costs | 7,854 | 6,241 | 6,146 | 4,543 |
| Premises Costs | 4,081 | 3,382 | 5,811 | 3,478 |
| Total | 14,851 | 12,539 | 14,557 | 10,621 |

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

| | Year ended 31 July | | Year ended 31 July | |
|---|--------------------|---------|--------------------|---------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Auditors remuneration, excluding VAT | | | | |
| - Financial statements audit | 45 | 45 | 34 | 34 |
| - Financial statement audit of subsidiaries | 35 | - | 26 | - |
| - Other services provided by financial statements auditors: | | | | |
| services – regularity | - | - | 5 | 5 |
| other assurance services | - | - | 21 | 21 |
| accounting & taxation | 49 | 16 | 41 | 11 |
| Internal audit | 18 | 18 | 19 | 19 |
| Operating lease rentals | 193 | 191 | 307 | 302 |

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

| | Total | Individual items above £5,000 | |
|--|--------------|-------------------------------|--------------|
| | £'000 | Amount | Reason |
| | £'000 | £'000 | |
| Compensation payments | 10 | - | - |
| Write off and losses | 7 | - | - |
| Guarantees, letters of comfort and indemnities | 1,356 | 1,356 | Subsidiaries |
| | 1,373 | 1,356 | |

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 four subsidiaries – Deans Sport, Health and Leisure Management Company Limited, The Old Bakery Lincoln Limited and The Drill Hall Lincoln Ltd. The liabilities total £1,356,000 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 £6,858,000 at the year end.

9 INTEREST AND OTHER FINANCE COSTS

| | Year ended 31 July | | Year ended 31 July | |
|---|--------------------|------------|--------------------|------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| On bank loans, overdrafts and other loans | 712 | 706 | 628 | 625 |
| Bond guarantee | 233 | - | 260 | - |
| Foreign exchange losses | 178 | - | - | - |
| | <u>1,123</u> | <u>706</u> | <u>888</u> | <u>625</u> |

10 TAXATION

| | Year ended 31 July | | Year ended 31 July | |
|---|--------------------|-----------|--------------------|-----------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| UK Corporation Tax | 114 | 65 | 92 | 86 |
| Kingdom of Saudi Arabia Corporation Tax | 259 | - | 451 | - |
| Kingdom of Saudi Arabia Withholding Tax | 10 | - | 426 | - |
| | <u>383</u> | <u>65</u> | <u>969</u> | <u>86</u> |

The standard rate of tax applied to reported profit is 25% (2023: 21%)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 INTANGIBLE FIXED ASSETS (GROUP)

| | Goodwill £'000 |
|--|---------------------------|
| Cost or valuation | |
| At 1 August 2023 | 308 |
| Additions | 37 |
| At 31 July 2024 | <u>345</u> |
| Amortisation | |
| At 1 August 2023 | 145 |
| Charge for year | 66 |
| At 31 July 2024 | <u>211</u> |
| Carrying amount at 31 July 2024 | <u>134</u> |
| Carrying amount at 31 July 2023 | <u>163</u> |

11 INTANGIBLE FIXED ASSETS (COLLEGE)

| | Goodwill £'000 |
|--|---------------------------|
| Cost or valuation | |
| At 1 August 2023 | 128 |
| Additions | 37 |
| At 31 July 2024 | <u>165</u> |
| Amortisation | |
| At 1 August 2023 | - |
| Charge for year | 31 |
| At 31 July 2024 | <u>31</u> |
| Carrying amount at 31 July 2024 | <u>134</u> |
| Carrying amount at 31 July 2023 | <u>128</u> |

The addition of £37,000 in the group and college relates to the goodwill on the purchase of the Old Bakery, Burton Road, Lincoln.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 TANGIBLE FIXED ASSETS (GROUP)

| | Freehold land and buildings £'000 | Assets under construction £'000 | Equipment £'000 | Total £'000 |
|--|---|--|--------------------|----------------|
| Cost or valuation | | | | |
| At 1 August 2023 | 68,702 | 6,585 | 28,668 | 103,955 |
| Additions | 7,313 | | 3,660 | 10,973 |
| Disposals | - | - | (11,572) | (11,572) |
| Exchange rate | - | - | 138 | 138 |
| Transfer | 6,585 | (6,585) | - | - |
| At 31 July 2024 | <u>82,600</u> | <u>-</u> | <u>20,894</u> | <u>103,494</u> |
| Depreciation | | | | |
| At 1 August 2023 | 17,106 | - | 23,027 | 40,133 |
| Charge for year | 1,396 | - | 1,679 | 3,075 |
| On disposals | - | | (11,529) | (11,529) |
| Exchange rate | - | | 125 | 125 |
| At 31 July 2024 | <u>18,502</u> | <u>-</u> | <u>13,302</u> | <u>31,804</u> |
| Carrying amount at 31 July 2024 | <u>64,098</u> | <u>-</u> | <u>7,592</u> | <u>71,690</u> |
| Carrying amount at 31 July 2023 | <u>51,596</u> | <u>6,585</u> | <u>5,641</u> | <u>63,822</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 TANGIBLE FIXED ASSETS (COLLEGE)

| | Freehold land and buildings £'000 | Assets under construction £'000 | Equipment £'000 | Total £'000 |
|--|--|--|--------------------|----------------|
| Cost or valuation | | | | |
| At 1 August 2023 | 68,702 | 6,585 | 25,125 | 100,412 |
| Additions | 7,313 | | 3,632 | 10,945 |
| Disposals | - | - | (7,970) | (7,970) |
| Transfer | 6,585 | (6,585) | - | - |
| At 31 July 2024 | 82,600 | - | 20,787 | 103,387 |
| Depreciation | | | | |
| At 1 August 2023 | 17,106 | - | 19,735 | 36,841 |
| Charge for year | 1,396 | - | 1,523 | 2,919 |
| On disposals | - | - | (7,968) | (7,968) |
| At 31 July 2024 | 18,502 | - | 13,290 | 31,792 |
| Carrying amount at 31 July 2024 | 64,098 | - | 7,497 | 71,595 |
| Carrying amount at 31 July 2023 | 51,596 | 6,585 | 5,390 | 63,571 |

Group and College

Land and buildings includes land of £7.47m (2023 £7.42m) which is not depreciated.

Land and buildings includes inherited land valued at £7.42m (2023 £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 (2023 £31.7m) in respect of assets held under finance leases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 INVESTMENTS

| | Year ended 31 July | | Year ended 31 July | |
|----------------------------|--------------------|------------|--------------------|--------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Investment in works of art | 61 | 61 | 2 | 2 |
| Investment in subsidiaries | - | 297 | - | 297 |
| | <u>61</u> | <u>358</u> | <u>2</u> | <u>299</u> |
| Cost or valuation | | | £'000 | £'000 |
| At 1 August 2023 | | | 2 | 299 |
| Revaluation | | | 59 | 59 |
| At 31 July 2024 | | | <u>61</u> | <u>358</u> |

Investments in works of art were revalued by Golding Young & Mawer, in accordance with RICS Global Valuation Practice Standards (VPS-14) and RICS Professional Standards (PS 1&2), on 10 February 2024.

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)

In addition the group owned 50% of Greater Lincolnshire Apprenticeships Limited, a company incorporated in England and Wales. 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 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 3,847 | 772 | 525 | 458 |
| Amounts owed by subsidiary undertakings | - | 1,027 | - | 1,033 |
| Amounts owed by jointly controlled entities | - | - | 2 | 2 |
| Other debtors | 1,529 | 282 | 9,823 | 9,597 |
| Prepayments and accrued income | 3,958 | 1,884 | 6,835 | 1,793 |
| Total | <u>9,334</u> | <u>3,965</u> | <u>17,185</u> | <u>12,883</u> |

Trade debtors are stated after a doubtful debt provision of £7,000 (2023: £27,000).

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Other loans | 474 | 474 | - | - |
| Obligations under finance leases | 258 | 258 | 212 | 212 |
| Trade creditors | 2,387 | 2,239 | 1,782 | 1,162 |
| Amounts owed to subsidiary undertakings | - | 7,888 | - | 6,848 |
| Amounts owed to jointly controlled entities | 3 | 3 | - | - |
| Corporation tax Kingdom of Saudi Arabia | 564 | - | 2,041 | - |
| Other taxation and social security | 619 | 371 | 705 | 487 |
| Other creditors | 3,340 | 1,185 | 1,530 | 526 |
| Accruals | 1,206 | 1,204 | 1,211 | 1,317 |
| Holiday pay accrual | 884 | 807 | 825 | 680 |
| Deferred income (Note 16) | 563 | 519 | 41 | - |
| Government capital grants | 1,393 | 1,393 | 777 | 777 |
| Amounts owed to HEFCE | - | - | 36 | 36 |
| Total | <u>11,691</u> | <u>16,341</u> | <u>9,160</u> | <u>12,045</u> |

16 Deferred income

Deferred income comprises ESFA 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 2024.

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|--------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Balance at 1 August 2023 | 41 | - | 32 | - |
| Amount released | (41) | - | (32) | - |
| Amount deferred in year | 563 | 519 | 41 | - |
| Balance at 31 July 2024 | <u>563</u> | <u>519</u> | <u>41</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Other loans | 2,623 | 2,623 | - | - |
| Obligations under finance leases | 20,562 | 20,562 | 20,829 | 20,829 |
| Government capital grants | 28,361 | 28,361 | 30,920 | 30,920 |
| Total | <u>51,546</u> | <u>51,546</u> | <u>51,749</u> | <u>51,749</u> |

Finance leases:

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

| | 2024 £'000 | 2023 £'000 |
|----------------------------|-----------------------|-----------------------|
| In one year or less | 258 | 212 |
| Between one and five years | 945 | 917 |
| In five years or more | 19,617 | 19,912 |
| Total | <u>20,820</u> | <u>21,041</u> |

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 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|----------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| In one year or less | 474 | 474 | - | - |
| Between one and two years | 632 | 632 | - | - |
| Between two and five years | 1,896 | 1,896 | - | - |
| In five years or more | 95 | 95 | - | - |
| Total | <u>3,097</u> | <u>3,097</u> | <u>-</u> | <u>-</u> |

The other loan is £3,097,000 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 | Dilapidation provision £'000 | Total £'000 |
|--|---------------------------------------|---|------------------------|
| At 1 August 2023 | 968 | 95 | 1,063 |
| Amounts utilised | (115) | (95) | (210) |
| Additions in the year charged to income and expenditure account | 90 | - | 90 |
| At 31 July 2024 | 943 | - | 943 |

| COLLEGE | Enhanced Pension £'000 |
|---|---------------------------------------|
| At 1 August 2023 | 968 |
| Amounts utilised | (115) |
| Additions in the year charged to income and expenditure account | 90 |
| At 31 July 2024 | 943 |

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:

| | 2024 | 2023 |
|-----------------|-------------|-------------|
| Discount rate | 4.8% | 5.0% |
| Price Inflation | 2.8% | 2.8% |

The dilapidation provision relates to an estimate of costs the group will incur in respect of restoring leased property no longer occupied by the group to its original condition at the date of inception of the lease. The provision was fully utilised in the year.

20 DEFERRED TAX

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

| | Group 2024 £'000 | Group 2023 £'000 |
|------------|---------------------------------|---------------------------------|
| Tax losses | 138 | 138 |
| | 138 | 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

| | 2024 | 2023 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Surplus/(deficit) after tax for the year | 1,398 | (8,142) |
| Adjustment for: | | |
| Taxation | 383 | 969 |
| Amortisation | 66 | 60 |
| Depreciation | 3,075 | 2,525 |
| Interest and other finance costs | 1,123 | 888 |
| Investment income | (851) | (453) |
| Loss/(profit) on sale of fixed assets | 82 | (2) |
| (Decrease) in provisions | (120) | (338) |
| Pensions costs less contributions payable | (236) | 133 |
| | <hr/> | <hr/> |
| Operating cash inflow/(outflow) before movements in working capital | 4,920 | (4,360) |
| (Increase) in stock | (77) | (12) |
| Decrease in debtors | 7,851 | 6,844 |
| Increase in creditors | 929 | 16,038 |
| | <hr/> | <hr/> |
| Cash generated from operations | 13,623 | 18,510 |

(b) Analysis of changes in net debt

| | At 1 | | Exchange | |
|-----------------------------------|-----------------|--------------|------------------|-------------------|
| | August | Cash | rate | At 31 July |
| | 2023 | flows | movements | 2024 |
| | £000 | £000 | £000 | £000 |
| Cash | 9,510 | 2,995 | (117) | 12,388 |
| Loans falling due within one year | - | (474) | - | (474) |
| Loans falling due after one year | - | (2,623) | - | (2,623) |
| Finance lease obligations | (21,041) | 221 | - | (20,820) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total net debt | (11,531) | 119 | (117) | (11,529) |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Teachers' Pension Scheme: contributions paid | 2,137 | 2,137 | 1,823 | 1,823 |
| Lincolnshire County Council Pension Scheme | | | | |
| Contributions paid excluding deficit contributions | 935 | 935 | 942 | 942 |
| FRS 102 (28) charge | (236) | (236) | 133 | 133 |
| Charge to the Statement of Comprehensive Income | 699 | 699 | 1,075 | 1,075 |
| Payments to other schemes | 338 | 43 | 284 | 42 |
| Enhanced pension charge to Statement of Comprehensive Income | 90 | 90 | (107) | (107) |
| Total Pension Cost for Year within staff costs | 3,264 | 2,969 | 3,075 | 2,833 |

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 £204,000 (2023: £56,000) were payable to the scheme at 31 July and are included within creditors.

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 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 RETIREMENT BENEFITS (CONTINUED)

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 £2,137,000. (2023: £1,823,000)

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 2023-24 academic year, and currently through to July 2025.

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 2024 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 RETIREMENT BENEFITS (CONTINUED)

Local Government Pension Scheme (continued)

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 2023 updated to 31 July 2024 by a qualified independent actuary.

| | At 31 July 2024 | At 31 July 2023 |
|------------------------------|--------------------------------|--------------------------------|
| Rate of increase in salaries | 3.85% | 3.85% |
| Future pensions increases | 2.85% | 2.85% |
| Discount rate | 5.05% | 5.15% |
| Inflation assumption (CPI) | 2.85% | 2.85% |

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

| | At 31 July 2024 Years | At 31 July 2023 Years |
|-----------------------------|--|--|
| <i>Retiring today</i> | | |
| Males | 19.5 | 19.5 |
| Females | 22.6 | 22.6 |
| <i>Retiring in 20 years</i> | | |
| Males | 20.7 | 20.7 |
| Females | 24.1 | 24.0 |

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

| | Fair Value at 31 July 2024 £'000 | Fair value at 31 July 2023 £'000 |
|--|---|---|
| Equity instruments | 29,138 | 30,856 |
| Debt instruments | 8,345 | 7,016 |
| Property | 4,258 | 4,139 |
| Cash/temporary investments | 1,755 | 1,889 |
| Infrastructure | 2,561 | 2,102 |
| Absolute return fund | 13,958 | 9,943 |
| Total fair value of plan assets | 60,015 | 55,945 |
| Actual return on plan assets | 5,217 | 1,355 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 RETIREMENT BENEFITS (CONTINUED)

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

| | 2024 | 2023 |
|---|--------------|----------------|
| | £'000 | £'000 |
| Current service cost | (680) | (1,151) |
| Past service cost | (19) | (76) |
| Net interest on the net defined benefit pension liability | 819 | 72 |
| Administration expenses | (45) | (30) |
| Total | <u>75</u> | <u>(1,185)</u> |

Amounts recognised in other comprehensive income

| | | |
|---|---------|----------|
| Re-measurement of net defined benefit pension liability | 1,994 | 13,891 |
| Restriction to level of asset ceiling | (3,004) | (15,460) |

| | | |
|--|----------------|----------------|
| Amounts recognised in other Comprehensive Income | <u>(1,010)</u> | <u>(1,569)</u> |
|--|----------------|----------------|

| | 2024 | 2023 |
|--|--------------|--------------|
| | £'000 | £'000 |

Changes in the present value of defined benefit obligations

| | | |
|---|---------------|---------------|
| Defined benefit obligations at start of period | 40,485 | 54,366 |
| Current service cost | 680 | 1,075 |
| Past service cost | 19 | 76 |
| Interest cost | 2,034 | 1,824 |
| Contributions by scheme participants | 225 | 225 |
| Actuarial losses | 370 | (15,229) |
| Benefits paid | (2,262) | (1,852) |
| Defined benefit obligations at end of period | <u>41,551</u> | <u>40,485</u> |

Changes in fair value of plan assets

| | 2024 | 2023 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Fair value of plan assets at start of period | 55,945 | 56,102 |
| Interest income | 2,853 | 1,896 |
| Return on plan assets (excluding net interest on the net defined benefit liability) | 2,319 | (571) |
| Other actuarial gains/(losses) | - | (797) |
| Employer contributions | 935 | 942 |
| Contributions by scheme participants | 225 | 225 |
| Benefits paid | (2,262) | (1,852) |
| Fair value of plan assets at end of period | <u>60,015</u> | <u>55,945</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 RETIREMENT BENEFITS (CONTINUED)

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

| | 2024 £'000 | 2023 £'000 |
|---------------------------------------|-----------------|-----------------|
| Fair value of plan assets | 60,015 | 55,945 |
| Present value of plan liabilities | (41,505) | (40,433) |
| Present value of unfunded liabilities | (46) | (52) |
| Net asset | <u>18,464</u> | <u>15,460</u> |
| Restriction to level of asset ceiling | <u>(18,464)</u> | <u>(15,460)</u> |
| Net pensions asset/(liability) | <u>-</u> | <u>-</u> |

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.

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

23 CAPITAL COMMITMENTS (GROUP AND COLLEGE)

| | 2024 £'000 | 2023 £'000 |
|---------------------------------------|---------------|---------------|
| Commitments contracted for at 31 July | <u>725</u> | <u>-</u> |

24 FINANCIAL COMMITMENTS (GROUP AND COLLEGE)

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

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|---|------------------------|--------------------------|------------------------|--------------------------|
| Payments due | | | | |
| Not later than one year | 178 | 178 | 264 | 260 |
| Later than one year and not later than five years | 541 | 541 | - | - |
| Total lease payments due | <u>719</u> | <u>719</u> | <u>264</u> | <u>260</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 RELATED PARTY TRANSACTIONS

Key management compensation disclosure is given in note 7.

Transactions with subsidiaries

| | Sales | Purchase | Balance due/ (owed) | Sales | Purchase | Balance due/ (owed) |
|---|-------|----------|---------------------------|-------|----------|---------------------------|
| | 2024 | 2024 | 2024 | 2023 | 2023 | 2023 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Deans Sport, Health and Leisure Management Company Limited | - | 6 | 63 | - | - | 41 |
| The Drill Hall Lincoln Limited | - | 38 | 579 | - | 42 | 460 |
| FE Resources (Lincoln) Ltd | 822 | 3 | (67) | 929 | - | (101) |
| Human Alchemy Limited | - | 5 | (41) | - | 6 | (15) |
| Lincoln College Corporate Support Solutions Limited | 7,439 | - | (6,933) | 7,109 | - | 96 |
| Lincoln Academy Limited | - | - | (847) | - | - | 322 |
| The Old Bakery Lincoln Limited | - | 9 | 139 | - | 10 | 114 |
| Lincoln College International LLC | 2,883 | - | 246 | 3,300 | 8,600 | (6,732) |

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 23.58m (£3.93m) (ITQAN) and SAR 11.6m (£2,42m) (ADI). The bond for SAR 15.75m (£3.29m) was released on 6 February 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 ACCESS AND PARTICIPATION EXPENDITURE – GROUP AND COLLEGE

| | 2024 | 2023 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Access investment | 38 | 77 |
| Financial support provided to students | 212 | 138 |
| Support for disabled students | 2 | 10 |
| Research and evaluation related to access and participation | 40 | 50 |
| Total access and participation expenditure | <u>292</u> | <u>275</u> |

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

28 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 ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter and further to the requirements of the accountability agreement, grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") and the Department for Education (the "DfE") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln College during the period 1 August 2023 to 31 July 2024 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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

We 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 Corporation of Lincoln College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; 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 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF LINCOLN COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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

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

Use of our report

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

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13 February 2025