

# **SOUTHPORT EDUCATION GROUP**

**Report and Financial Statements for the  
year ended 31 July 2025**



**SOUTHPORT EDUCATION GROUP**

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## **SOUTHPORT EDUCATION GROUP**

### **KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS**

#### **Key Management Personnel**

Key Management Personnel are defined as members of the Senior Leadership Team and are:

Michelle Brabner – Principal and Chief Executive Officer

Mark Burrows – Deputy Principal Curriculum & Performance (Resigned 19.8.25)

Stephen Musa – Deputy Principal (from 1.4.25, previously Vice Principal Curriculum and Support)

Paris Bonwick – Vice Principal: Business Support

Paula Smith – Director of Finance

Alison McDowell – Director of Human Resources

#### **Board of Governors**

A full list of Governors is given on page 12 and 13 of these financial statements.

#### **Professional Advisers**

##### **Financial Statements Auditors and Reporting Accountants**

WBG (Audit) Limited

168 Bath Street

Glasgow

G2 4TP

#### **Internal Auditors**

TIAA Ltd

Artillery House

Fort Fareham

Newgate Lane

Fareham

Hants

PO14 1AH

#### **Bankers**

Bank of Scotland Plc

40 Spring Gardens

Manchester

M2 1EN

#### **Solicitors**

Weightmans

100 Old Hall Street

Liverpool

L3 9QJ

## STRATEGIC REPORT

### OBJECTIVES AND STRATEGY

The Corporation is pleased to present its report and audited financial statements for the year ended 31 July 2025.

#### Legal Status

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

#### Public Benefit

Southport Education Group 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 12 and 13.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce and the Liverpool City Region (LCR).

#### Vision and Mission

The latest Strategic Plan covers the period 2023 to 2028.

**Vision** – To be a driving force for the educational and economic excellence in Southport and the region.  
**Mission** - To create a positive, high expectation learning environment that allows people to excel in their future careers, education, training and life.

#### Implementation of Strategic Plan

The Corporation monitors the performance of the Group against its Strategic Plan which is reviewed and updated each year - progress against the underlying action plan is reviewed termly by the relevant committee. In particular, the Group continued to develop and enhance its ability to achieve its corporate aims during the year through a range of new strategic intentions:

- A place where learners fulfil their potential
- A place where people want to work and are supported in their careers
- A place where employers develop their skilled workforce
- A place at the heart of our communities

#### Strategic Plan Targets

By 2028 the Group will achieve the following:

- Be in the top quartile of College's in the Northwest Region
- 95% of learners progress to their chosen destination
- A DfE Financial Health rating of Good
- Staff turnover to be below the sector norm as provided by the AoC

#### Resources

The Group has various resources that it can deploy in pursuit of its strategic objectives as follows:

## STRATEGIC REPORT

### *Tangible*

Tangible resources include the Group's land and buildings and its general and IT equipment. The Group has an accommodation strategy which seeks to ensure that the Group facilities are fit for purpose and meet the needs of the curriculum and learners. Capital works continue to be ongoing to ensure the Group has a high standard of facilities.

### *Financial*

The Group has £19.7m of net assets including cash reserves of £5.3 million.

### *People*

The Group employed 245 people (expressed as full-time equivalents), of whom 124 were teaching staff.

### *Reputation*

The Group brands have a reputation locally for good, sustainable education and training. The most recent Ofsted inspection took place in February 2024. A follow up monitoring visit took place in April 2025.

### **Stakeholders**

In line with other College's and with universities, Southport Education Group has many stakeholders. These include:

- Staff, Students and Governors;
- Department of Education
- Education Sector Funding bodies;
- FE Commissioner;
- Local Authorities, the Local Enterprise Partnership and the Liverpool City Region;
- Local Employers with Specific Links;
- Government Offices;
- The Local Community;
- HE Institutions;
- Other FE Institutions;
- Trades Unions;
- Professional Bodies.

The Group recognises the importance of these relationships and engages in regular communication.

## DEVELOPMENT AND PERFORMANCE

### **Student Numbers and Funding**

The Group has significant reliance on the education sector funding bodies for its principal funding sources, largely from recurrent grants. In 2024/25, they provided 93% (2023/24: 95%) of total income.

Overall, the Group had 1,988 16-18 learners (2023/24: 1,880). During 2024/25 an increase in 16-18 funding levels and the effect of lagged funding gave rise to an increase in income of £1.45m. Adult Education Budget (devolved and non-devolved) income was lower than 2023/24 but has effectively returned to pre-pandemic levels. The number of apprenticeship starts reduced in the year, apprenticeship related income decreased by (£117,000) when compared to 2023/24. There were 116 Advanced Learner Loan learners (2023/24: 181) with income reducing by £120,000 in 2024/25. The Group saw out the final 8 students studying Higher Education (HE) courses during 2023/24, and there is no HE income received during 2024/25.

### **Financial results**

There was a deficit before other gains and losses of £398,000 in the year (2023/24: £469,000 deficit).

Southport College merged with KGV College in January 2018 and the merger was supported by Restructure Funds receivable from the Department for Education in the form of £2.7m of Grants and a

## STRATEGIC REPORT

£3m Loan. The fundamental basis of the merger was the turnaround of KGV College to increase its student base and share support costs in order to make the merged Group financially viable over time.

The plan was based on incurring deficits in the early years of merger whilst the recovery took place and the original planned deficit for 2023/24 as at the point of merger was (£1,583,000). The plan did not go beyond the financial year 2023/24.

The Group returned a deficit Education specific Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £567,000 surplus (2023/24: £786,000 surplus) compared to an originally forecasted surplus of £594k within the original budget and CFFR.

Tangible fixed asset additions during the year amounted to £2.09m. Additions include £104k of T Level specialist equipment, £117k LCR Local Skills Improvement Fund and £142k DfE Grants. Equipment and purchases of £246k were in relation to the annual rolling programme of IT replacement and other capital equipment for use in delivery of the Group's curriculum.

At 31 July 2025 the Group had accumulated reserves of £19.7m.

### Cash flows and Liquidity

At 31 July 2025, cash balances and short-term deposits were £5,305,000, an increase of £817,000 from the previous year's position. The increase was primarily the net result of:

- a cash inflow from operations of £367,000.
- a cash outflow from capital expenditure payments, loan repayments and interest paid £2,528,000.
- a cash inflow from grants, interest received and loan repayments of £2,798,000.

## FUTURE PROSPECTS

### Future Developments

Group finances will continue to be influenced by student numbers which is a critical part of future developments; encouraged by increased enrolled numbers in 2023/24 and 2024/25. The Group seeks to continue to grow 16-19 student numbers. The Group remains committed to providing a locally delivered high quality comprehensive academic and vocational offer for school leavers. In addition, the Group is maintaining a strong position to respond to the necessary skills development in the local area.

### Financial Plan

The Group governors regularly receive and approve financial plans in line with the annual cycle of reporting and that of the DfE. In July 2025 the governors approved a financial plan which set objectives for the period to July 2027. The DfE have recently altered their reporting arrangement and from 2023/24 the Group no longer has to provide quarterly financial forecasts. Instead, the Group will provide a year-end return which will focus on agreed KPI's and a cash sweep analysis. The Group has stabilised Financial Health as 'Good' from 2023/24 onwards. Going forward, the consolidation as 'Good' is to be achieved through a combination of growth and stability in market share of key funding streams and achieving efficiency in operations. As part of the process of approval governors also review sensitivity analyses in order to determine the level of risk within the forecasts and to help plan the overall strategy and direction of the Group. A key factor in the plans for 2025/26 is to maintain student numbers on the 16-18 Study Programme and apprenticeships.

### Treasury Policies and Objectives

Treasury management is the management of the Group's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. The Group has a separate treasury management policy in place which, together with investment performance, is reviewed annually by the Governors. The Group has £3.0m of long-term borrowings provided by the Department for Education (DfE) in support of the merger in 2017/18. The first repayments were made during 2023/24 and the balance of the loan at 31 July 2025 was £2.4m. The loan will be fully repaid by 31 July 2033.

### Reserves

The Group has a formal Reserves policy and recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support core activities. The Group will, if necessary, continue to use its reserves to support improvements and modifications to its accommodation

## STRATEGIC REPORT

in line with its Accommodation Strategy along with the general upgrading of the Group facilities and to protect itself from the short-term effect of risks materialising.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group has well developed strategies, which are reviewed and developed on an ongoing basis, for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance. The Group takes a measured approach to risk, and high levels of risk will be contemplated only in specific, well-argued and carefully managed circumstances.

Based on the Strategic Plan, the Senior Leadership Team (SLT) undertakes a comprehensive review of the risks to which the Group is exposed. The SLT identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the Group. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the SLT will also consider any risks which may arise as a result of a new area of work being undertaken by the Group.

The risk register is maintained at the Group level which is reviewed at least termly by the Audit Committee and the Corporation and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Group. Not all the factors are within the Group's control. Other factors besides those listed below may also adversely affect the Group.

#### *Government funding*

The Group has considerable reliance on continued government funding through the DfE. In 2024/25, 93% (2023/24 95%) of the Group's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The Group is aware of four issues which may impact on future funding:

- Economic climate - the current economic climate and future public spending plans suggest that there is a significant risk that funding for the education sector as a whole will continue to be constrained. With various and indeed significant fiscal pressures on the UK Government, there is limited assurance that funding will continue at the same levels or on the same terms.
- Staffing costs – the Group has yet to agree a pay award for 2024/25; meetings are soon to commence with trade union representatives. The general cost of living is of concern to staff and the Corporation faces a difficult decision between providing to its workforce and maintaining 'Good' Financial Health.
- Competition - ever increasing competition from other providers and school sixth forms for 16–18-year-old learners. The Group has challenging targets to achieve across each of its major funding streams. Failure to achieve these targets could result in a reduction of funding.
- Funding methodologies - the Group is at the mercy of the DfE implementing changes to its funding methodologies. This could affect learner entitlements, change the focus of funding allocations and potentially negatively impact the overall funding that is received.

These risks are mitigated in a number of ways by:

- Ensuring the Group is rigorous in delivering high quality education & training and continued review and revision of the curriculum offer.
- Placing considerable focus and investment on maintaining and managing key relationships with various stakeholders, partners and funding bodies.
- Ensuring effective marketing and promotional activities are developed.
- Setting realistic fee levels which do not impact negatively on recruitment targets.
- Maximising recurrent funding body grants and securing other funding stream opportunities as appropriate.

## STRATEGIC REPORT

- Ensuring the right staffing structures are in place to deliver the targets which have been set.
- Planning resources flexibly in order to adapt to any potential future funding changes.

The cornerstone to mitigation is forward planning and prudent budgeting.

## KEY PERFORMANCE INDICATORS

The financial objectives for 2024/25 were to achieve or better the targets as follows:

Objective	Target	Actual
Earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of adjusted income	3.83%	3.54%
Adjusted Current Ratio	2.22	3.38
Borrowings as a percentage of adjusted income	15.45%	15.03%
Staff costs as a percentage of adjusted income	68.82%	69.24%
Cash days in hand	102	126
Financial health score	210	210
Financial health grade	Good	Good

As can be seen above, the overall financial health is in line with the original target.

Southport Education Group finances will continue to be influenced by growth of student numbers at both campuses and this is a critical part of future developments; encouraged by increased enrolled numbers 2023/24 and 2024/25. In addition, we have experienced continued growth in 16-19 student numbers at Southport Education Group, which is also positive development and is contrast to a slight decline in previous years.

Southport Education Group remains committed to providing a locally delivered high quality comprehensive academic and vocational offer for school leavers which is reflected in Quality of Education for 16-19 year olds and adults being strong in the November 2023 and January 2024 OFSTED inspection. Southport Education Group undertook a strategic review of its apprenticeship provision and has achieved a rapid improvement to achievement rates in 2024/25 academic year. In addition, Southport Education Group is maintaining a strong position to respond to the necessary skills development in the local area.

## Student Achievements

Southport Education Group's overall achievement rate for 2024/25 is 82.33% for 16-18 and adult learners combined. The continued stability reflects the Group's sustained commitment to quality improvement.

This performance demonstrates the impact of consistent strategies to improve attendance, enhance the quality of delivery and ensure earlier intervention for learners at risk of withdrawal. Improvements to data monitoring, targeted support for English and maths and a continued focus on learner wellbeing have all contributed to the Group's success.

The Group continues to be particularly strong in the delivery of T Levels, where 80% of students achieved a high grade in 2024/25. This reflects the exceptional quality of teaching, employer engagement, and student support across these programmes. Likewise, high grades across the A Level provision increased by over 4%, reinforcing KGV Sixth Form College's reputation for academic excellence. Together, these achievements highlight the strength and breadth of the Group's academic and technical education offer, ensuring students' progress successfully into higher education, apprenticeships and employment.

## Apprenticeship Provision

Achievement rates within Apprenticeship provision stand at 59.09%, marking a significant improvement on 23/24. The Group continues to focus on improving timely completions, with enhanced support mechanisms and a dedicated Apprenticeship Support App now fully operational to strengthen learner engagement and employer collaboration.

## STRATEGIC REPORT

### DEVELOPMENT AND PERFORMANCE

#### Curriculum Developments

During 2024/25, Southport Education Group has continued to expand its curriculum to meet both local and national priorities. Building on its strong foundation of employer engagement, the Group has further strengthened relationships with key sectors, working collaboratively with employers to co-design programmes aligned with the Local Skills Improvement Plan (LSIP).

The introduction of new and updated curriculum areas reflects the Group's agility in responding to workforce needs across the Liverpool City Region (LCR). The launch of the Apprenticeship Learner Conference, highlighted this partnership approach, bringing together learners, employers and experts to explore themes such as workplace wellbeing, resilience and professional identity.

The curriculum continues to grow in strength through enhanced employer partnerships, including ongoing collaboration with BioGrad School of Science and Medicine, who are the lead employer partner for the School of Medicine at KGV. This partnership enriches STEM education across the Group and supports routes into medical, pharmaceutical and laboratory-based careers. International partnerships, such as the link with Bergen Community College (USA), are now embedded, offering a unique cultural exchange and broadening the global learning perspective for students across the Group.

#### School of Medicine at KGV

The establishment of the School of Medicine at KGV marks a significant development in creating new progression pathways into medical and allied health professions. Supported by our lead employer partner, BioGrad, students now have access to professional laboratory resources and specialist guest lectures that mirror university-level training.

This innovative programme connects academic study with practical application, preparing students for further study in medicine, biosciences and healthcare. This year, learners benefited from a series of employer engagement sessions and guest speaker events, including talks from industry professionals in biomedical research and clinical science. These experiences have been instrumental in deepening students' understanding of medical career routes and raising aspirations across the Group community.

#### Apprenticeship Innovation and Engagement

The Apprenticeship Support App has been successfully launched, enabling apprentices to access wellbeing resources, employability tools and mentorship opportunities online. Early feedback from users

indicates strong engagement, with the platform rated 4/5 for usability and relevance. This digital innovation supports the Group's ambition to be a sector leader in apprenticeship experience and achievement.

The inaugural Apprenticeship Conference, held as part of National Apprenticeship Week, further strengthened relationships with employers and learners. Workshops led by industry experts from Loud Speaker and a resilience coach who explored key themes of professional branding, mindset, and workplace wellbeing, equipping apprentices with valuable personal and professional development skills.

#### The King's Scholarship Programme

The King's Scholarship continues to recognise outstanding academic excellence among local Year 11 students, with scholars receiving grants to support their studies at KGV. Supported by the Old Georgians Alumni and Foundation, the scholarship reinforces the Group's commitment to celebrating ambition, achievement and potential.

#### Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days. During the accounting period 1 August 2024 to 31 July 2025 the Group responded to the Government commitment to pay all suppliers as soon as possible and, rather than waiting for the full 30-day payment period, brought forward its payments

## STRATEGIC REPORT

as soon as invoices were approved. The Group incurred no interest charges in respect of late payments for this period.

### Streamlined Energy and Carbon Reporting

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

- Measure 1 – Installation of Heat Source Pump in the Eco hub at the Southport Education Group campus
- Measure 2 – Installation of new windows across both campuses
- Measure 3 – Installation of LED lighting across both campuses
- Measure 4 – Installation of EV chargers at the KGV campus. This facility is now available across both campuses.

The Group's greenhouse gas emissions and energy use for the period are:

Greenhouse gas emissions and energy use data for the period	1 <sup>st</sup> August 24 – 31 <sup>st</sup> July 25	1 <sup>st</sup> August 23 – 31 <sup>st</sup> July 24
Energy consumption used to calculate emissions (kWh)	3,185,804.70	3,190,023.29
<b>Energy consumption breakdown (kWh):</b>		
Gas	2,290,237.00	2,204,652.00
Electricity	853,183.00	936,775.20
Transport fuel	42384.70	48,596.06
<b>Scope 1 emissions in metric tonnes CO2e</b>		
Gas consumption	419.02	403.23
Owned transport – Vans	1.42	2.32
Owned Transport - Cars	0.67	0.78
<b>Total scope 1</b>	421.11	406.33
<b>Scope 2 emissions in metric tonnes CO2e</b>		
Purchased electricity	151.01	193.96
<b>Scope 3 emissions in metric tonnes CO2e</b>		
Business travel in employee owned vehicles	8.26	8.69
<b>Total gross emissions in metric tonnes CO2e</b>	580.38	608.97
<b>Intensity ratio</b>		
Tonnes CO2e per FTE member of staff	2.37	2.59

### Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2025 UK Governments Conversion Factors for Company Reporting.

### Intensity Ratio

The chosen intensity ratio is FTE staff members.

## **STRATEGIC REPORT**

### **Equal Opportunities and Employment of Disabled Persons**

The Group remains steadfast in its commitment to equality, diversity, inclusion, and wellbeing. We continue to promote a culture that values difference and celebrates the diversity of our learners, staff, and community partners.

We aim to:

- Provide inclusive conditions that encourage participation and eliminate discrimination.
- Ensure that all individuals are treated with dignity and respect, regardless of protected characteristics.
- Attain a workforce composition that reflects the diversity of our local community.
- Engage proactively with employers to promote workplace diversity and inclusive practices.

The Group's Equality and Diversity Committee, chaired by a Vice Principal and including a Governor, ensures strategic oversight of progress. The Group remains a proud signatory of the AoC Equality, Diversity and Inclusion Charter, and is the first College nationally to have achieved the Rainbow Flag Award for LGBTQIA+ inclusion.

We also continue to hold Disability Confident Employer status and have achieved the Sefton Young Carers Bronze Award, reflecting our ongoing commitment to supporting students and staff with additional needs. In recognition of our outstanding commitment to wellbeing, Southport Education Group has been awarded the Carnegie Centre of Excellence for Mental Health in Schools 'Further Education Mental Health Award' – Gold Status. This national recognition celebrates the Group's dedication to embedding a whole-organisation approach to mental health and wellbeing, ensuring that both staff and students are supported to thrive.

Further demonstrating this commitment, the Group has also been awarded the Young Carers in Schools Award for the exceptional support provided to Young Carers and Young Adult Carers in education. This recognition, presented by The Children's Society and Carers Trust, acknowledges our work in identifying, understanding, and supporting students who balance their studies with caring responsibilities.

### **Disability Statement**

Southport Education Group continues to uphold the principles of the Equality Act 2010 by:

- Promoting equality of opportunity for all learners.
- Ensuring accessibility and fairness in learning, assessment and employment.
- Maintaining a positive, inclusive working and learning environment.
- Operating a zero-tolerance approach to discrimination, harassment or victimisation.
- Embedding accessibility and inclusion in all systems and facilities.

## STRATEGIC REPORT

### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Group to publish information on facility time arrangements for trade union officials at the Group for the period 1 April 2024 to 31 March 2025. The information is as follows:

Numbers of employees who were relevant officials during the period	2
Total FTE employee number	1.5

Percentage of time	Number of employees
0%	-
1-50%	2
51-99%	-
100%	-

Total cost of facility time	£5,556
Total pay bill	£10,614,570
Percentage of total bill spent on facility time	0.05%
Time spent on paid trade union activities as a percentage of total paid facility time.	100%

### GOING CONCERN

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

### EVENTS AFTER THE REPORTING PERIOD

There were no events after the balance sheet date that could have had an impact on the financial statements.

### 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 Group's auditors are unaware; and each member has taken all the steps that they ought to have taken to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approved by order of the members of the Corporation on 16<sup>th</sup> December 2025 and signed on its behalf by:

Signed by:  
  
 Paul Walker  
 Signed .....  
 6962978AB8E2497.....

Paul Walker  
 Chair of Governors

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

The following statement is provided to enable readers of the annual report and accounts of the Group to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

The Group 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 (AoC) in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Governors, the Group complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2025. This opinion is based on an internal review of compliance with the Code reported to the Board on 2<sup>nd</sup> July 2025.

The Governing Body 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 issued by the Association in 2023, which it formally adopted on 3 July 2023. This decision was based on the draft circulated by the Association of Colleges in 22/23, and subject to the final version being in alignment with the draft, which was confirmed to the Governance Committee on 2<sup>nd</sup> October 2023.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### Members of the Corporation

The members who served the Corporation during the year and any changes since the year end were as follows:

Name	Date of Appointment	Term of Office	Date of Resignation/End of term of Office	Status of Appointment	Committee Served	Meeting Attendance Percentage
Mr A. Barton	1 September 2023	4 yrs	-	Independent	None (Board auth leave of absence)	0%
Mrs L. Bell	12 May 2021 12 May 2025®	4 yrs	-	Independent	Audit Corporation Vice Chair from December 2022	100% 10/10
Mrs M Boneham	25 February 2020 25 February 2024®	4 yrs	-	Independent	Resources (as Cttee Chair from 1 <sup>st</sup> January 2025) Governance from 1 <sup>st</sup> January 2025 Remuneration from 1 <sup>st</sup> January 2025	94% 15/16
Mrs M Brabner	9 March 2020	-	-	Principal	Standards, Resources and Governance	100% 17/17
Mr A Bridson	1 May 2025	4 yrs		Independent	Audit	100% 4/4
Mr K Burke	8 January 2024	4 yrs	-	Independent	Standards Audit from March 2025	83% 10/12
Mr L Collier	1 April 2025	To end of studies	18 September 2025	Student	Standards	25% 1/4
Mr C Davies	1 January 2025	4 yrs	-	Independent	Resources (Cttee VC from Jan 25)	83% 5/6
Ms. C. Durr	4 March 2022	4 yrs	June 2025	Staff	Standards	100% 8/8
Mr R E Firth	14 November 2016, 14 November 2020 ® Governor type changed 1 <sup>st</sup> Jan 2025 to associate	2 yrs	31 <sup>st</sup> December 2024 (as an independent) Re-appointed as associate to Resources	Independent to 31 <sup>st</sup> December 2024 Associate from 1 <sup>st</sup> Jan 2025	Resources (Committee Chair to 31 <sup>st</sup> December 2024) Remuneration (to 31 <sup>st</sup> Dec 24) Governance (to 31 <sup>st</sup> Dec 24)	67% 8/12
Mrs A Gamil	1 January 2021	4 yrs	31 <sup>st</sup> December 2024	Independent	Resources VC in 23/34 to 31 <sup>st</sup> December 2024	75% ¾
Mr R. Gillespie	23 January 2022	4 yrs	-	Independent	Standards (Committee Chair) Governance Remuneration	75% 12/16
Mrs A Holt	16 November 2019 16 November 2021® 16 November 2023®	2 yrs	-	Associate Standards only	Co-opted to the Standards Committee only	75% 3/4
Mrs D. Hutchinson	1 January 2021 1 January 2025®	4 yrs	-	Independent	Audit Remuneration (Committee Chair)	100% 17/17
Mrs K. Kalim	29 March 2023	4 yrs	-	Independent	Standards (from March 2023) Standards VC in 24/25	78% 7/9
Mr M Kundu	1 September 2017 1 September 2021® 1 September 2025®	1 yr	-	Independent	Audit (Committee Chair) Remuneration Governance	94% 16/17
Mr C. Lunt	1 April 2025	To end of studies	17 July 2025	Student	Standards	0% 0/4
Ms R Matchett	8 January 2024	4 yrs	31 March 2025	Independent	Resources	0% 0/6
Ms C. Moffat-Lonsdale	1 March 2024	4 yrs	-	Independent	Resources	90% 9/10
Mr D. Mutori	1 March 2024	4 yrs	-	Independent	Audit	50% 5/10

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Mr M Naden	1 May 2025	4 yrs	-	Independent	Resources	67% 2/3
Mrs S Porter	1 January 2021 1 January 2025®	4 yrs	-	Independent	Standards	56% 5/9
Mrs K Robinson	10 January 2020 1 September 2023® (as an associate)	2 yrs	31 Aug 2025	Associate	Co-opted associate to the Standards Committee only	75% 3/4
Mr T. Rowe	20 November 2021	4 yrs	19 November 2025	Staff	Governance	50% 4/8
Mr J Sheldon	23 June 2025	4 yrs	-	Staff	Governance	0% 0/1
Mrs E. Small	1 September 2023	4 yrs	-	Independent	Standards	78% 7/9
Mrs T. Wood	1 March 2024	4 yrs	-	Independent	Standards (appointed as Cttee VC 25/26)	67% 6/9
Mr P Walker	1 April 2021 1 September 2025®	4 Yrs	-	Independent	Corporation Chair Resources Governance (Committee Chair) Remuneration	94% 16/17

® = Re-appointment date

Lisa Farnhill served as Clerk to the Corporation (role is titled Director of Governance and Compliance).

### The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters, personnel related matters, as well as premises matters, including the estates strategy, health and safety and environmental issues.

The Corporation meets at least termly. The Corporation conducts its business through a number of committees. Membership of Committees is on the recommendation of the Governance Committee and approved by the Corporation. Each committee has terms of reference, reviewed at least annually by the Committee and approved by the Corporation.

The full Corporation met on five occasions during 2024/25. The number of meetings held by each committee in 2024/25, is outlined as follows:

Committee	Number of Meetings
Resources	5
Standards	4
Audit	5
Governance	3
Remuneration	4

Minutes of all non-confidential meetings are available on the Group's website at [Southport.ac.uk](http://Southport.ac.uk) or from the Director of Governance and Compliance, Southport Education Group, Mornington Road, Southport PR9 0TT.

The Director of Governance and Compliance maintains a register of financial and personal interests of Governors, Senior Postholders, managers and their partners. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties at the Group's expense and have access to the Director of Governance and Compliance, who is responsible to the Corporation for ensuring compliance with all applicable procedures and regulations. The appointment,

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

evaluation and removal of the Director of Governance and Compliance are matters for the Corporation as a whole.

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

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer of the Group 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 Governance Committee, consisting of independent governors, one staff governor and the Principal, which is responsible for advising the Corporation on the appointment of Governors. Membership of the Committee is made up of representatives from each Committee, and where possible, this is the Committee Chair or Vice Chair. This ensures that the Committee making recommendations to support recruitment, skills and training discussions has a view of the work undertaken in every Committee, and their current and future skills needs.

The Corporation is responsible for ensuring that appropriate training is provided as required. The Corporation approves an annual training plan, taking into account the skills audit outcomes, member needs, Quality Improvement Plan objectives and external factors including sector changes.

The Corporation has approved procedures for the nomination and appointment of staff, and student governors which the Director of Governance and Compliance administers in the event of a vacancy or a forthcoming vacancy. Subject to the Director of Governance and Compliance receiving more than one nomination, interviews are held for staff, and student governors.

Members of the Corporation are appointed for a term of office not exceeding four years, although they are eligible for re-appointment at the end of that term. The Standing Orders were amended in July 2021 to limit the number of terms of office to two four-year terms, with extensions only permissible in exceptional circumstances. This is kept under review, with a formal risk rated succession plan introduced in 2023/2024 to further support with this.

### Corporation Performance

The Corporation carries out a self-assessment of its own performance annually as part of the Leadership and Management aspect of the Group Self-Assessment process. The next Self-Assessment Report will be finalised in December 2025, and it is currently envisaged that Leadership and Management, including Governance will be assessed as Good.

In addition to feeding into the Group Self-Assessment, the Corporation conducts a stand-alone in-depth review of its performance annually resulting in a Governance Development Plan (GDP). This is in addition to incorporating Governance into the cycle of work undertaken by the internal auditor, and having periodic external reviews, with these undertaken at least every three years in line with the funding agreement and Governance Code.

Following an extensive scoping exercise in 2022/2023, the Board appointed Governance4FE to complete an external review of performance during 2023/2024. This review concluded with a positive report, which indicated a well-developed level of governance maturity at Southport Education Group, demonstrating good progress that has been made on governance in recent times. This report, and a series of recommendations for further improvement were presented to the Board by the reviewer during the Corporation's Strategy Event on 8<sup>th</sup> May 2024.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The review focused on five key areas, with the following summary of findings as agreed for publication by the reviewer:

### **Governance Structures**

Strengths lie in the clear delineation of roles and efficient committee functionality and characterised by exemplary reports from committee chairs to the Board. The Board is well-informed, allowing for effective management oversight and financial control assurance. The governance professional's contribution to this is commendable. Potential development areas include enhancing assurance in committee reporting and improving governors' understanding of their role in engaging with external stakeholders; implementing a board portal for efficient document access and collaboration; and refining board reporting with strategic implications to foster forward-looking discussions and streamline governance processes.

### **Relationships**

The Group benefits from active governor participation; comprehensive governor development which is embedded in the Board calendar; effective board-executive relationships; and inclusion of the student voices in decision-making. Governors' external activities, like SAR validation meetings and link visits, demonstrate commitment to improvement, while an excellent induction process supports new members. Governors would like more direct interactions with students to better incorporate the student voice into

governance processes. Additionally, increasing social interactions among governors and executives can build trust and confidence to support effective decision-making.

### **Enabling**

The Group exhibits strengths in effective board operations, with members utilising multiple sources like site visits, benchmarking, and stakeholder feedback for informed oversight. Constructive challenges to the Executive's assumptions are encouraged and are met with positive responses. Decision-making is collaborative, considering various options and scenarios, facilitated by excellent chairing. Incorporating executive feedback into governance self-assessments, should enhance the understanding of the Board's value add to the Executive and thus the performance of the Group.

### **Alignment**

Governors play an active role in defining the Group's vision, values, ethos, and oversight of its culture. They have a clear understanding of strategic objectives, thanks to strategic planning sessions and comprehensive CEO reports. Each report is linked to a strategic objective, a practice recommended for expansion to include strategic implications. The Board and committees are proactive in reviewing risk, understanding significant potential impacts and opportunities.

### **Team**

Governors understand their contribution in the context of the strategic objectives. A formal CEO and senior team succession plan is advised. The Board actively pursues demographic and cognitive diversity, regularly reviewing recruitment practices and policies to enhance diversity, and overall governor performance is supported by comprehensive governance evaluations.,

The Corporation welcomed the findings, accepting all the recommendations, which have been formulated into a three-year governance development plan, to be reviewed and re-assessed annually alongside the outcome of the Governance Self-Assessment.

### **Self-Assessment in 2024/2025**

During 2024/2025, the Corporation undertook a thorough self-assessment of its own performance. The outcome of this has been developed into an updated Governance Development Plan, which continues to build on the recommendations made during the external review of governance.

The annual self-assessment process is a multistep approach, this includes:

- Each Committee self-assessing against the delegated authority as laid out in its terms of reference and a creating committee improvement plan, overseen by the Governance Committee
- All members completing a short survey outlining what has gone well and needs to improve, then undertaking an annual review meeting with the Chair and Vice Chair. This includes training and development, succession, and a review of the skills audit responses
- All members participating in an interactive self-assessment of the Board's performance against the principles and recommended practice within the Governance Code

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

- Evidence, including outcomes of the above is collated and provided to the Governance Committee highlighting compliance and non-compliance to each area of the Governance code along with suggested areas for improvement
- The Governance Committee review the evidence and report, along with skills audit outcomes, and agree the strengths, areas for improvement and actions to be addressed in the Governance Development Plan
- The Final Governance SAR and Governance Development Plan are presented to the Corporation for approval alongside the whole Group SAR

Associated action plans, which includes Committee improvements and the recommendations from the external review and self-assessment are embedded into the GDP and are the responsibility of the whole Corporation and are overseen by the Governance Committee. The outcomes of any external assurance process are also reported to the Audit Committee.

Alongside the Governance Development Plan, to improve Governance, the Board also has a training plan to support in addressing training needs that are evident from the outcomes of the above. This comprehensive plan offered members a range of opportunities to develop in 2025/2026 through a series of in house and external courses, webinars updates and conferences.

Onsite training offered to all members covered the following topics:

- Safeguarding & Prevent
- the Audit Process
- the SAR Process
- Ofsted
- Celebrating Differences and Personality Types
- AI
- SEND

Additionally, members all completed statutory modules on 'Smartlog' on health and safety, safeguarding and GDPR. For individual training needs, members were given access to the Governance Development Programme provided by the AOC and ETF. Members were also invited to attend AOC conferences, given copies of Eversheds legal updates (including webinar details), directed to modules by ACAS, provided with relevant updates and courses from the NGA and Governors for Schools as well as provided with copies of Governance Briefings by the AOC and the SFCA. These opportunities were highlighted to members as part of a standing training item at meetings of the Corporation and via regular newsletters circulated by email.

To ensure the Board is well supported, the Director of Governance and Compliance also completes regular training and updates and has recently achieved IoD Level 5 FE Award for GP's and Level 6 Certificate.

In 2024/2025 34 CPD activities were completed, which included the following topics:

- **Safeguarding**
  - Contextualised training: statistics, developments, governance responsibilities, priorities, and Group response. Safeguarding for Trustees, oversight of safeguarding, effective governance, policies, procedures, and reporting.
- **Best Practices in Governance**
  - Governance frameworks, board effectiveness, strategy, diversity, risk management, conflict of interest, succession planning, and board training.
- **Sector Updates**
  - Funding, horizon scanning, risks, and opportunities.
- **GDPR & Data Protection**
  - Basic GDPR requirements, reporting, data sharing agreements, complex SARs, information asset registers, AI and data protection, legal updates, and forthcoming legislation.
- **E-Safety & Cyber Security**
  - Online safety for children and staff, identity protection, cyber security awareness, prevention, reporting, and recovery.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

- **Networking & Collaboration**
  - NW GP networking (sector update & AI), DPO networking, AOC networking, stakeholder engagement.
- **Artificial Intelligence in Education & Governance**
  - HE and FE collaboration on AI, AI use in FE, AI for governance, fraud prevention and AI, AI training (legislation, guidance, best practice).
- **Conflict Management**
  - Types of conflict, management strategies, de-escalation techniques.
- **Health & Safety**
  - H&S law for managers, responsibilities, compliance, and statutory requirements.
- **Environmental Awareness**
  - Issues in education, reducing consumption, compliance.
- **Fraud Awareness & Prevention**
  - Insights from a reformed fraudster, recognising signs, strategies for protection.
- **Board Development & Effectiveness**
  - High-performing boards, interventions for board development, succession planning, report writing, chairing the strategic board.
- **Sexual Harassment & Governance**
  - Implications of new law, action for governors, preventing sexual harassment in the workplace.
- **Equality, Diversity & Inclusion (EDI)**
  - Legislation, requirements, board diversification, EDI in board assurance and accountability agreements.
- **Ofsted & Policy Updates**
  - Ofsted consultation, new guidance, policy and regional updates.
- **Modern Slavery**
  - Statutory aspects, identification, and reporting.

### Remuneration Committee

Throughout the year ending 31 July 2025, the Group's Remuneration Committee comprised the Chairs of Committees and an independent member with relevant skills and experience to support the work of the Committee.

The Committee's responsibilities include making recommendations to the Corporation on the remuneration and benefits of the Accounting Officer, other senior postholders and the Director of Governance and Compliance. The Group has adopted the AoC's senior staff remuneration code in this respect.

In 2021/2022, the Committee reviewed its decision to adopt the AoC's Senior Staff Remuneration Code, with the Corporation resolving to continue to adopt the Code and principles to ensure it maintains fair and transparent processes in relation to SPH remuneration.

The Committee reports annually to the Board. Details of remuneration for the year ended 31 July 2025 are set out in note 7 to the financial statements.

### Audit Committee

In accordance with its approved terms of reference, the Audit Committee comprised of up to seven members, which included independent members of the Corporation (excluding the Accounting Officer, Chair of the Corporation and members of the Resources Committee), and up to two co-opted members.

The Audit Committee meets at least termly and provides a forum for reporting by the Group's internal and financial statement auditors and regularity reporting accountant, 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 funding bodies as they affect the Group's business.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Group's internal auditor reviews the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and reports its findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and the internal auditor undertakes periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and the regularity reporting accountant and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

The audit committee met five times in the year to 31 July 2025. The members of the committee and their attendance records are shown below:

Member	Attendance
Mo Kundi (Independent Governor & Committee Chair)	3/3
Laura Bell (Independent Governor)	5/5
Andrew Bridson (Independent Governor)	2/2
Kevin Burke (Independent Governor)	3/3
Diane Hutchinson (Independent Governor)	5/5
David Mutori (Independent Governor)	3/5

### INTERNAL CONTROL

#### Scope of responsibility

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

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

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group 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 Southport Education Group for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

#### Capacity to handle risk

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

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### The risk and control framework

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

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

The Group has an internal audit service, which operates in accordance with the requirements of the DfE's Framework for auditors and reporting accountants of Colleges. The work of the internal audit service is informed by an analysis of the risks to which the Group 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. Each year the Internal Auditor provides the governing body with a report on internal audit activity in the Group. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the Group's system of risk management, controls and governance processes.

### Risks Faced By The Corporation

As detailed within 'Principal Risks and Uncertainties', the Group has sought to strengthen its governance processes and has developed and embedded systems of internal control, including financial, operational and risk management, designed to protect the Group's assets and reputation. The Corporation continues to utilise internal audit services to support in the identification, management and reduction of risks, with reports analysed by the Audit Committee and summarised to the Corporation.

A risk register is maintained at the Group level which is reviewed in full at least annually by the Audit Committee and the Corporation and more frequently where necessary. In addition, high risks are reviewed as a standing item by the Audit Committee, with each Committee presented with details of risks relating to their terms of reference for review and consideration. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

In addition to the assurances of the internal and external auditors, the Group participates in regular DfE Case Conferences and invited the team of the FEC to conduct a review of the efficiency of its curriculum. This external assurance supports the Corporation in identifying and mitigating risks, in addition to having a programme of link governors to work directly with staff in key areas across the Group to ensure full and accurate information is obtained.

### Control Weaknesses Identified

The annual review of the Internal Auditors indicated no significant internal control weaknesses or outstanding actions for areas of significant risk.

### Responsibilities under accountability agreements

The financial statements, which incorporated all mandatory elements outlined in the College Accounts Direction, were reviewed and approved by the Board on 17th December 2024,

Signed and submitted with the associated documents. Once signed, these were published on the website.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Group has reviewed its policies, procedures and approval processes in line with the 2024-5 College finance handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

### Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

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

- Assessed the performance of the internal and external audit function
- Received the Financial Statements, including Management Representation Letter, Fraud and Irregularity Report and RSAQ along with the recommendations and advice of the External Auditors and considered the audit outcomes for onward recommendation for approval by the Corporation
- Considered the scope of work of the internal auditors for recommendation to the Board for approval and received the subsequent reports,
- Reports received in 2024/25 included the following reports from the internal auditors:
  - an annual review of 2023/24,
  - a review of recommendations made in 2023/2024
  - Internal Audit Report on Cyber Security
  - Internal Audit Report on Financial Management and Budgetary Control
  - Internal Audit Report on Admissions and Enrolment
  - Internal Audit Report on Estates Management
  - Internal Audit Report on Absence Management
  - Internal Audit Report on Apprenticeships
- Considered the outcomes and monitored management action against the recommendations
- Received and recommended for approval the Whistle Blowing and Fraud Policies
- Received reports and policies relating to GDPR and data protection
- Received and reviewed updated regulatory information incl. Framework for auditors and reporting accountants of Colleges, FPH, CAD and the updated Financial Handbook
- Received the outcomes of external audits, including LCR devolved funding review and JCQ inspection and the FEC Curriculum Efficiency (CEFS) outcome and follow up reports
- Considered the co-ordination of the auditors
- Oversaw the process for appointing an internal audit service, recommending a preferred provider to the Corporation
- Reviewed and recommended for Corporation approval updates to its Terms of Reference
- Undertook an assessment of the Committee's own performance against its terms of reference
- Recommended to the Corporation the annual report of the Audit Committee

### Review of effectiveness

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

- the work of the internal auditors.
- the work of the executive managers in the Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the Group's financial statements auditors, the regularity reporting accountant and the appointed funding auditors in their management letters and other reports.

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded in the departments and reinforced by risk awareness training. The Senior Leadership Team and

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

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

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the Group 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 safeguarding of its assets".

Approved by order of the members of the Corporation on 16 December 2025 and signed on its behalf by:-

Signed   
Paul Walker  
6962978AB8E2497.....

Paul Walker  
Chair of Governors

Signed   
Michelle Brabner  
5B28D7EBE040497.....

Michelle Brabner  
Accounting Officer

## SOUTHPORT EDUCATION GROUP

### STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Signed  Signed by:  
Michelle Brabner  
5B28D7E8E040497.....

Michelle Brabner  
Accounting Officer

Date 18th December 2025 .....

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation, as charity trustees, are required to present audited financial statements for each financial year.

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

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate.
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the Group 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, which 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 Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

Approved by order of the members of the Corporation on 16<sup>th</sup> December 2025 and signed on its behalf by:

Signed by:  
  
Paul Walker  
Signed 6962978AB8E2497.....

Paul Walker  
Chair of Governors

## **SOUTHPORT EDUCATION GROUP**

### **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT EDUCATION GROUP FOR THE YEAR ENDED 31 JULY 2025**

#### **Opinion**

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

In our opinion the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

**SOUTHPORT EDUCATION GROUP**  
**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT EDUCATION**  
**GROUP FOR THE YEAR ENDED 31 JULY 2025**

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

We have nothing to report in this regard.

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

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

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

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

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

**Responsibilities of the Corporation**

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

In preparing the financial statements, the Corporation is responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

**SOUTHPORT EDUCATION GROUP**  
**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT EDUCATION**  
**GROUP FOR THE YEAR ENDED 31 JULY 2025**

**Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- The nature of the Group, the environment in which it operates and the control procedures implemented by management and the Corporation; and
- Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

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

- Regulations and legislation pertinent to the Group's operations;
- Compliance with the Framework and guide for external auditors and reporting accountants of Groups 2024 to 2025;
- Colleges with the requirements of the Department for Education and the Office for Students; and
- Compliance with the requirements of the Office for Standards in Education

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Framework and guide for external auditors and reporting accountants of Groups 2024 to 2025.

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

- Posting inappropriate journal entries

**SOUTHPORT EDUCATION GROUP  
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT EDUCATION  
GROUP FOR THE YEAR ENDED 31 JULY 2025**

**Audit response to the risks identified;**

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

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

We scrutinised the general ledger for the following:

- Duplicate journal entries;
- Unbalances journal entries; and
- Journals with detail which include key phrases or words.

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

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

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

**Use of our report**

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

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

Signed by:

 Wbg (Audit) Limited

0575527041FA406...

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

## **Reporting accountant's assurance report on regularity**

### **To: The Corporation of Southport Education Group and Secretary of State for Education, acting through Department of Education (the DfE)**

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

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

### **Respective responsibilities of the accounting officer of Southport Education Group and the reporting accountant**

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament, and that the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

The work undertaken to draw to our conclusion includes:

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

## Conclusion

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

Signed by:

Wbg (Audit) Limited

0575527041FA406  
Wbg (Audit) Limited  
Statutory Auditors  
168 Bath Street  
Glasgow  
G2 4TP

Date: 16<sup>th</sup> December 2025

## SOUTHPORT EDUCATION GROUP

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 July 2025**

	Note	2025 £'000	2024 £'000
<b>INCOME</b>			
Funding Body Grants	2	16,111	14,452
Tuition Fees and Education Contracts	3	230	461
Other Income	4	296	225
Investment Income	5	298	229
<b>Total Income</b>		<u>16,935</u>	<u>15,367</u>
<b>EXPENDITURE</b>			
Staff Costs	6	10,981	9,717
Other Operating Expenses	8	4,130	4,163
Depreciation	11	2,030	1,779
Interest and Other Finance Costs	9	138	177
<b>Total Expenditure</b>		<u>17,279</u>	<u>15,836</u>
<b>DEFICIT BEFORE TAX</b>		<b>(344)</b>	<b>(469)</b>
Taxation	10	-	-
<b>DEFICIT FOR THE YEAR</b>		<b>(344)</b>	<b>(469)</b>
Actuarial Gain in Respect of Pension scheme	21	-	-
Fixed Asset Investment Revaluation	12	(54)	
<b>TOTAL COMPREHENSIVE (EXPENDITURE)/INCOME</b>		<b>(398)</b>	<b>(469)</b>

Represented by:

Restricted comprehensive income for the year	-	(13)
Unrestricted comprehensive income for the year	(398)	(456)
	<u>(398)</u>	<u>(469)</u>

**STATEMENT OF CHANGES IN RESERVES**  
**For the year ended 31 July 2025**

	Income and Expenditure Account £'000	Restricted Reserves £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 1st August 2023</b>	<b>17,004</b>	<b>13</b>	<b>3,872</b>	<b>20,889</b>
Deficit from the income and expenditure account	(456)	(13)	-	(469)
Other comprehensive income	-	-	-	-
Transfers between revaluation and income and expenditure reserves	160	-	(160)	-
<b>Balance at 31st July 2024</b>	<b>16,708</b>	<b>-</b>	<b>3,712</b>	<b>20,420</b>
Deficit from the income and expenditure account	(398)	-	-	(398)
Prior year Restricted Reserve Movement	(13)	-	-	(13)
Movement to Revaluation Reserve	-		(296)	(296)
Transfers between revaluation and income and expenditure reserves	160	-	(160)	-
Total comprehensive income for the year	(251)	-	(456)	(707)
<b>Balance at 31st July 2025</b>	<b>16,457</b>	<b>-</b>	<b>3,256</b>	<b>19,713</b>

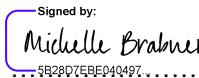
**BALANCE SHEET****As at 31 July 2025**

	Note	2025 £'000	2024 £'000
<b>NON CURRENT ASSETS</b>			
Tangible Fixed assets	11	29,281	29,221
Fixed asset investments	12	650	1,000
		<hr/>	<hr/>
		29,931	30,221
<b>CURRENT ASSETS</b>			
Stock		-	7
Trade and other receivables	13	721	531
Cash and cash equivalents	20	5,304	4,488
		<hr/>	<hr/>
		6,025	5,026
<b>CREDITORS: amounts falling due within one year</b>	14	<hr/> (2,714)	<hr/> (2,914)
<b>NET CURRENT ASSETS</b>		<hr/> 3,311	<hr/> 2,112
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> 33,242	<hr/> 32,333
<b>CREDITORS: amounts falling due after more than one year</b>	15	<hr/> (13,529)	<hr/> (11,913)
<b>PROVISIONS</b>			
Defined benefit obligations	21	-	-
		<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>		<hr/> 19,713	<hr/> 20,420
<b>RESTRICTED RESERVES</b>			-
<b>UNRESTRICTED RESERVES</b>			
Income and expenditure account		16,457	16,708
Revaluation reserve		3,256	3,712
		<hr/>	<hr/>
<b>TOTAL UNRESTRICTED RESERVES</b>		<hr/> 19,713	<hr/> 20,420
<b>TOTAL RESERVES</b>		<hr/> 19,713	<hr/> 20,420

The financial statements on pages 30 to 49 were approved and authorised for issue by the Corporation on 16th December 2025 and were signed on its behalf on that date by:

Signed  Signed by:  
Paul Walker  
69629784B8E2497

Paul Walker  
Chair of Governors

Signed  Signed by:  
Michelle Brabner  
5B28D7EBE040497

Michelle Brabner  
Accounting Officer

**STATEMENT OF CASH FLOWS****As at 31 July 2025**

	Note	2025 £'000	2024 £'000
<b>Cash Flow From Operating Activities</b>			
Deficit for the year		(398)	(469)
<b>Adjustments for Non-cash Items</b>			
Depreciation	11	2,030	1,779
(Increase) in debtors	13	(190)	(348)
Increase/(decrease) in creditors due within one year	14	(403)	309
Release of deferred capital grants		(833)	(630)
Release of restricted reserve		-	13
Pensions costs less contributions payable	21	-	(11)
Fixed Asset Investment Revaluation	12	54	
<b>Adjustments for Investing or Financing Activities</b>			
Investment income	5	(149)	(88)
Interest payable	9	138	177
<b>Net Cash Flow From Operating Activities</b>		<b>249</b>	<b>732</b>
<b>Cash Flows from Investing Activities</b>			
Investment income	5	149	88
Payments made to acquire fixed assets	11	(2,090)	(2,271)
Deferred capital grants received		2,948	1,038
		1,256	(413)
<b>Cash Flows from Financing Activities</b>			
Loan interest paid	9	(138)	(177)
Repayments of amounts borrowed		(302)	(300)
		(440)	(477)
<b>Increase in Cash and Cash Equivalents in the year</b>		<b>816</b>	<b>(890)</b>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
Increase/(Decrease) in cash in the year		816	(890)
Cash and cash equivalents at beginning of the year		4,488	5,378
Cash and cash equivalents at end of the year		<b>5,304</b>	<b>4,488</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**1.STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES**

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

**Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023-24 and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102). The Group is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

**Basis of Accounting**

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

**Going Concern**

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

The Group currently has £5.3m of cash and short term deposits, a £2.4m outstanding on a loan from the Department for Education and £24m of reserves. The Group's forecasts and financial projections indicate that it will be able to operate for the foreseeable future.

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

**Recognition of Income**

*Revenue Grant Funding*

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

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

*Capital Grant Funding*

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

*Fee Income*

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

*Investment Income*

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

*Other Funding Body Income*

Other discrete Funding Body funds received during the year are taken to income in line with the specific terms and conditions attached to each fund to the extent of the completion of the contract or service concerned.

**Accounting for Post-Employment Benefits**

Post-employment benefits to employees of the Group are provided by the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). These are defined benefit plans which are externally funded.

*Teachers' Pension Scheme*

The TPS is an unfunded scheme. Contributions to the TPS are calculated so to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

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

*Merseyside Pension Fund (MPF)*

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

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

**Short Term Employment Benefits**

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

**Non-current Assets - Tangible Fixed Assets**

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

or prior to the date of transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

**Freehold land and buildings**

Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation at date of transfer on the basis of depreciated replacement cost. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land totalling £1,553,000 is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the Group of 50 years. Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

On adoption of FRS 102, the Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993 and 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

**Subsequent expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated over its useful economic life of 15 to 50 years:

- market value of the fixed asset has subsequently improved;
- assets' capacity increases;
- substantial improvement in the quality of output or reduction in operating costs;
- significant extension of the asset's life beyond that conferred by repairs and maintenance.

**Equipment**

Except for computer equipment, equipment costing less than £500 (exclusive of VAT) per individual item is written off to the income and expenditure account in the period of acquisition.

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

Motor vehicles	3 years
Computer equipment	5 years
General equipment	3-10 years
Furniture and fittings	15 years

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

**Assets under construction**

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

**Investment Properties**

Investment properties are included in the balance sheet at valuation as determined by Senior Postholders with the assistance of independent professional advice.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 July 2025

#### Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

#### Maintenance of Premises

The cost of day to day and planned maintenance is charged to the income and expenditure account in the period it is incurred.

#### Discretionary Support Funds

The Group acts as an agent in the collection and payment of certain Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 23, except for the 5 per cent of the grant received which is available to the Group to cover administration costs relating to the grant. The Group employs two members of staff (1.5 FTE) dedicated to the administration of Learner Support Fund applications and payments.

#### Taxation

The Group 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 Group 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 Group is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

#### Provisions and Contingent Liabilities

Provisions would be recognised when:

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

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

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

**Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty**

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

- Determine whether leases entered into by the 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.
- Determine whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

*Other key sources of estimation uncertainty:*

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2023 to value the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. FUNDING BODY GRANTS**

	<b>2025</b> <b>£'000</b>	<b>2024</b> <b>£'000</b>
Department of Education (Adult Skills Budget)	140	103
Department of Education (16-18)	12,187	10,742
Department of Education (Apprenticeships)	705	822
Liverpool City Region (Adult Skills Budget)	1,090	1,421
Office for Students (OFS)	-	2
Other Funding Body Non-recurrent Grants	1,156	736
Releases of government deferred capital grants	833	622
Releases of OFS Deferred Capital Grants	-	4
	<hr/>	<hr/>
	16,111	14,452
	<hr/>	<hr/>

## SOUTHPORT EDUCATION GROUP

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**3. TUITION FEES AND EDUCATION CONTRACTS**

	2025 £'000	2024 £'000
Adult Education Fees	80	139
Fees for FE Loan Supported Courses	150	270
Fees for HE Loan Supported Courses	-	52
	<hr/>	<hr/>
	230	461
	<hr/>	<hr/>

**Details of Sources of Funding Body Grants and Tuition Fees**

	2025 £'000	2024 £'000
Grant Income from the OFS	-	2
Grant Income from Other Bodies	16,111	14,450
Fee Income for Taught Awards	-	52
Fee Income from Non-qualifying Courses	230	409
	<hr/>	<hr/>
	16,341	14,913
	<hr/>	<hr/>

**4. OTHER INCOME**

	2025 £'000	2024 £'000
Non-government Capital Grants	-	4
Miscellaneous Income	276	221
Other Grant Income	20	-
	<hr/>	<hr/>
	296	225
	<hr/>	<hr/>

**5. INVESTMENT INCOME**

	2025 £'000	2024 £'000
Other Interest Receivable	149	88
Net Return on Pension Asset (note 21)	149	141
	<hr/>	<hr/>
	298	229
	<hr/>	<hr/>

**6. STAFF COSTS**

The average number of persons (including key management personnel) employed by the Group during the year was:

	2025	2024
Teaching Staff	155	158
Non-teaching Staff	178	157
	<hr/>	<hr/>
	333	315
	<hr/>	<hr/>

## SOUTHPORT EDUCATION GROUP

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**Staff Costs for the Above Persons**

	<b>2025</b> £'000	<b>2024</b> £'000
Wages and Salaries	8193	7,297
Social Security Costs	842	632
Other Pension Costs	1,666	1,430
<b>Payroll Sub-total</b>	<b>10,701</b>	<b>9,359</b>
Contracted out Staffing Services	279	301
Staff Severance - Contractual	1	57
- Non-contractual	-	-
<b>Total Staff Costs</b>	<b>10,981</b>	<b>9,717</b>

The Group paid 3 (2024: 3) severance payments in the year, disclosed in the following bands:

	<b>2025</b>	<b>2024</b>
0 - £25,000	1	3
£25,001 - £50,000	-	-
£50,001 - £100,000	-	-
£100,001 - £150,000	-	-
£150,000 +	-	-

**7. KEY MANAGEMENT PERSONNEL**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the Senior Leadership Team which comprised the Principal (who is also the Accounting Officer), Deputy Principal, Vice Principal – Curriculum and Support, Vice Principal - Business Support, Director of Finance and Director of Human Resources.

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

	<b>2025</b> Number	<b>2024</b> Number
The number of key management personnel including the Accounting Officer was:	6	8

The number of key management personnel who received annual emoluments, excluding pension contributions, but including benefits in kind, in the following ranges was:

	<b>2025</b>	<b>2024</b>
£0-£5,000	-	1
£20,001-£25,000	-	1
£40,000-£45,000	-	-
£45,001-£50,000	-	-
£55,001-£60,000	1	1
£60,000-£65,000	-	1
£65,001-£70,000	1	2
£75,000-£80,000	1	-
£75,001-£80,000	1	-
£80,001-£85,000	1	1
£115,001-£120,000	-	-
£120,001-£125,000	1	1
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	6	8
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

## SOUTHPORT EDUCATION GROUP

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

Key management personnel remuneration is made up as follows:

	2025 £000	2024 £000
Salaries	508	493
Benefits in Kind	3	3
	<hr/>	<hr/>
	511	496
Pension Contributions	99	93
	<hr/>	<hr/>
	610	589
	<hr/>	<hr/>

There were no amounts due to key management personnel that were waived in the year, there is one salary sacrifice arrangement in place for the Principal.

The above remuneration includes amounts payable to the Accounting Officer of Southport Education Group (who is also the highest paid officer) of:

***Mrs M Brabner:***

	2025 £000	2024 £000
Salary	129	126
Benefits in kind	3	3
	<hr/>	<hr/>
	132	129
	<hr/>	<hr/>
Pension Contributions	33	28
	<hr/>	<hr/>

The governing body adopted the AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of the senior postholders is subject to annual review by the Remuneration Committee of the governing body who use the AOC Senior Pay Survey for benchmarking information to provide objective guidance. For both 2022/23 and 2023/24 the pay award for senior postholders was the same as for all other staff.

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

Relationship of Principal's pay and remuneration expressed as a multiple:

	2025	2024
Principal's basic salary as a multiple of the median of all staff	4.47	4.26
Principal's total remuneration as a multiple of the median of all staff	4.36	4.34

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**8. OTHER OPERATING EXPENSES**

	2025 £'000	2024 £'000
Teaching Costs	528	729
Non-teaching Costs	1,814	1,756
Premises Costs	1,788	1,678
	<hr/>	<hr/>
	4,130	4,163
	<hr/>	<hr/>

Other operating expenses include:

Auditors' Remuneration	16	16
Internal Audit	35	24
Financial Statements External Audit	-	1
Other Services from External Audit – Annex G	2,030	1,779
Depreciation	22	22
Hire of Equipment – Operating Leases	138	177

**9. INTEREST AND OTHER FINANCE COSTS**

	2025 £'000	2024 £'000
DfE Loans	138	177
Pension Finance Costs (note 21)	-	-
	<hr/>	<hr/>
	138	177
	<hr/>	<hr/>

**10. TAXATION**

The members do not believe the Group was liable for any Corporation Tax arising out of its activities during either period.

**11. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings	Computers	Fixtures & Fittings	General Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 August 2024	49,415	3,747	1,634	3,031	64	57,891
Additions	1,484	203	-	404	-	2,090
Disposals	-	-	-	-	-	-
At 31 July 2025	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	50,899	3,950	1,634	3,435	64	59,981
<b>Depreciation</b>						
At 1 August 2024	22,490	3,229	1,418	1,475	55	28,667
Charge for the year	1,280	293	26	425	6	2,030
Disposals	-	-	-	-	-	-
At 31 July 2025	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	23,770	3,522	1,444	1,900	61	30,697
<b>Net book value</b>						
At 31 July 2025	<u>27,129</u>	<u>425</u>	<u>190</u>	<u>1,534</u>	<u>3</u>	<u>29,281</u>
<b>Net Book Value</b>						
At 31 July 2024	<u>26,925</u>	<u>518</u>	<u>215</u>	<u>1,556</u>	<u>9</u>	<u>29,224</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**11. TANGIBLE FIXED ASSETS(Continued)**

Inherited land and buildings at Southport Education Group were valued in March 1993 at depreciated replacement cost by Grimley J R Eve, a firm of independent property consultants. Inherited land and buildings belonging to KGV were valued in 1996 at depreciated replacement cost by independent chartered surveyors from the Property Consultancy Division of Lancashire County Council.

If inherited land and buildings had not been valued, they would have been included at the following amounts:	2025 £'000	2024 £'000
At 31 July 2025 and 31 July 2024		
Cost	-	-
Aggregate depreciation based on cost	-	-
Net book value	-	-
	=====	=====
	=====	=====

**12. FIXED ASSET INVESTMENTS**

	Investment Properties £'000
<b>Cost or valuation</b>	
At 1 August 2024	1,000
<b>Revaluation Reserve Adjustment</b>	
At 31 July 2025	(350)
<b>Net book value</b>	
At 31 July 2025	650
	=====

Investment properties have been revalued during the financial year by an independent valuation company. They are included in the balance sheet at valuation as determined by ASL Chartered Surveyors and Valuers. Of the £350k reduction in value, £296k was adjusted through the revaluation reserve and £54k was charged to the Statement of Comprehensive Income account.

If Investment properties had not been valued, they would have been included at the following amounts:

	2025 £'000	2024 £'000
At 31 July 2025 and 31 July 2024		
Cost	611	611
Aggregate depreciation based on cost	(343)	(330)
Net book value	268	281
	=====	=====

**13. DEBTORS**

	2025 £'000	2024 £'000
Trade Receivables (Net of Bad Debt Provision)	62	51
Prepayments and Accrued Income	560	283
Amounts owed by the Department of Education	99	55
Amounts owed by Other Funding Bodies	-	142
	=====	=====
	721	531
	=====	=====

There was no write offs made during the year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2025 £'000	2024 £'000
Trade Payables	299	653
Other Taxation and Social Security	448	374
Accruals and Deferred Income	735	862
Holiday Pay Accrual	99	95
Loan Repayable	300	300
	<hr/>	<hr/>
Creditors excluding Government Capital Grants	1,881	2,284
Deferred Income - Government Capital Grants	833	630
	<hr/>	<hr/>
	2,714	2,914
	<hr/>	<hr/>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2025 £'000	2024 £'000
Deferred Income – Government Capital Grants	11,424	9,513
Amounts owed to the Department of Education	2,105	2,404
	<hr/>	<hr/>
	13,529	11,913
	<hr/>	<hr/>

**16. MATURITY OF DEBT**

	2025 £'000	2024 £'000
Loans are repayable as follows:		
In one year or less	300	300
Between one and two years	300	300
Between two and five years	900	900
In five or more years	904	1,204
	<hr/>	<hr/>
	2,404	2,704
	<hr/>	<hr/>

The loan will be fully repaid by 31<sup>st</sup> July 2033.

**17. CAPITAL AND OTHER COMMITMENTS**

	2025 £'000	2024 £'000
Commitments contracted for at 31 July	202	1,354
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**18. LEASE OBLIGATIONS**

At 31 July 2025 the Group had minimum lease payments under non-cancellable operating leases as follows:

	2025 £'000	2024 £'000
<b>Future minimum lease payments due - other</b>		
Expiring within one year	22	22
Expiring between two and five years	0	22
	<u>22</u>	<u>44</u>
	<u> </u>	<u> </u>

**19. EVENTS AFTER THE REPORTING PERIOD**

There were no post balance sheet events.

**20. CASH AND CASH EQUIVALENTS**

	As at 1 <sup>st</sup> August 2024 £'000	Cashflows £'000	As at 31 <sup>st</sup> July 2025 £'000
Cash and cash equivalents	<u>4,488</u>	<u>816</u>	<u>5,304</u>

**21. DEFINED BENEFIT OBLIGATIONS**

The Group's employees belong to two principal post-employment benefit plans: the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Merseyside Pension Fund (MPF). Both are defined benefit schemes.

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 the LGPS 31 March 2022.

<b>Total Pension cost for the year</b>	2025 £'000	2024 £'000
Teachers' Pension Scheme: Employer Contributions Paid	1,138	886
Local Government Pension Scheme:		
Employer Contributions Paid	619	597
FRS 102 (28) Charge	<u>(97)</u>	<u>(82)</u>
	<u>522</u>	<u>515</u>
Change in Contributions Payable	-	-
<b>Total Pension Cost for Year within Staff Costs</b>	<b>1,660</b>	<b>1,401</b>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 July 2025

#### Teachers' Pension Scheme

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

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

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

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

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,480,000 (2024: £1,186,000)

#### Merseyside Pension Fund

The Merseyside Pension Fund is a funded multi-employer defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2025 was £576,000 of which employers' contributions totalled £387,000 (which included £231,000 of deficit recovery contributions) and employees' contributions totalled £188,000. The agreed contribution rates for future years are 20.7% for employers and between 5.5% and 12.5% for employees, depending on salary according to a national scale.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2025 by a qualified independent actuary.

	At 31 July 2025	At 31 July 2024
	%	%
Rate of increase in salaries	4.0	4.1
Future pensions increases	2.6	2.7
Discount rate for scheme liabilities	5.9	4.9
Inflation assumption (CPI)	2.5	2.6

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

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

	At 31 July 2025	At 31 July 2024
Retired members		
Males	20.6	20.8
Females	23.3	23.4
Non-retired members		
Males	21.7	22.0
Females	24.7	25.1

The Group's share of the assets and liabilities in the scheme were:

	Value at 31 July 2025 £'000	Value at 31 July 2024 £'000
Equities	12,854	11,732
Government bonds	4,835	4,995
Other bonds	1,472	1,713
Property	2,583	2,483
Cash	2,162	1,570
Other	6,127	6,052
 Total fair value of plan Assets	 30,033	 28,545
 <b>Actual return on plan assets</b>	 1,969	 1,796

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

	2025 £'000	2024 £'000
Fair Value of plan assets	30,033	28,545
Present value of plan liabilities	(22,507)	(25,701)
Restriction of asset	(7,526)	(2,844)
 Net pensions liability	 -	 -

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

**Amounts included in staff costs**

	2025 £'000	2024 £'000
Current service cost	511	380
 <b>Total</b>	 511	 380

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**Amount recognised in Other Comprehensive Income**

	2025 £'000	2024 £'000
Return on pension plan assets	583	421
Experience gain/(losses) arising on defined benefit obligations	(224)	
	4,084	
	<u>4,667</u>	<u>197</u>
Restriction of gain	(4,667)	(197)

**Amount recognised in Other Comprehensive Income**

**Movement in net defined benefit asset during year**

	2025 £'000	2024 £'000
<b>Net defined benefit asset in scheme at 1 August</b>	2,844	2,647
Movement in year:		
Current service cost (net of employee contributions)	(511)	(380)
Employer Contributions	392	250
Past service cost	-	-
Net interest on assets	149	141
Administration expenses	(15)	(11)
Actuarial gain	4,667	197
	<u>4,667</u>	<u>197</u>
<b>Net defined benefit asset in scheme at 31 July</b>	<u>7,526</u>	<u>2,844</u>

**Changes in the present value of defined benefit obligations**

	2025 £'000	2024 £'000
<b>Defined benefit obligations at start of period</b>	25,701	24,466
Current Service cost	511	380
Interest cost	1,238	1,233
Contributions by scheme participants	188	159
Actuarial gain	(4,084)	224
Past service cost	(1,047)	(761)
	<u>22,507</u>	<u>25,701</u>

**Changes in fair value of plan assets**

	2025 £'000	2024 £'000
<b>Fair value of plan assets at start of period</b>	28,545	27,113
Expected return on assets	1,387	1,374
Actuarial gain	583	421
Administration expenses	(15)	(11)
Employer contributions	392	250
Contributions by scheme participants	188	159
Benefits paid	(1,047)	(761)
	<u>30,033</u>	<u>28,545</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 July 2025**

**22. RELATED PARTY TRANSACTIONS**

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

The total expenses paid to or on behalf of Governors during the year was £170 (2024: £406). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and Group events in their official capacity.

No Governor has received any remuneration or waived payments from the Group during the year (2024: Nil).

**23. DISCRETIONARY SUPPORT FUNDS**

	2025 £'000	2024 £'000
16 - 18 Discretionary Bursary Fund	216	192
DfE unspent balance brought forward	39	168
	<hr/>	<hr/>
	255	360
Disbursed to and on behalf of students	(344)	(311)
Administration Costs	(11)	(10)
	<hr/>	<hr/>
Balance unspent at 31 July included in creditors	(100)	39
	<hr/>	<hr/>

The Group distributes 16-19 discretionary and vulnerable bursaries and free meals in further education FMFE funds to students as an agent for the DfE.

In the accounting period to 31 July 2025, the Group received a total of £216k and dispersed £344k from the DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £11k for administration costs. Of the £344k that was dispersed £39k was carried in from the previous year.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £15k, none of which is in scope to be returned to the DfE in March 2026. Comparatives for the accounting period ended 31 July 2024 are £192k received from the DfE, £311k disbursed to learners after charging £10k for administration costs and total cumulative unspent funds of £39k , of which all was carried forward and used in 2024/2025.