



Annual Report and Financial Statements

Year ended 31 July 2025

Gateshead College

Contents

Reference and administrative details	3
Strategic Report	5
Statement of Corporate Governance and Internal Control	24
Statement of Regularity, Propriety and Compliance	36
Statement of Responsibilities of the Members of the Corporation	37
Independent Auditor's Report on the Financial Statements	39
Independent Reporting Accountant's Report on Regularity	44
Consolidated Statement of Comprehensive Income and Expenditure	47
Consolidated and College Statement of Changes in Reserves	48
Consolidated and College Balance Sheets	49
Consolidated Statement of Cash Flows	50
Notes to the Financial Statements	51

Gateshead College

Reference and Administrative Details

Board of Governors

M Williams
D Alexander
M Hedley
A Ali
M Gannon
L Crichton-Jones
D Curry
C Davenport
D Brind
E Toland
M Craig
P Francis
D Wallace
K Malia (appointed 02/04/2025)
D Green (term ended 31/07/2025)
M Wall (term ended 31/07/2025)
R Wensley (term ended 15/03/2025)
CJ Rewcastle (resigned 13/12/2024)

Clerk/Company Secretary

Nicola Taylor – Director of Governance & Compliance

Executive team

David Alexander	Principal and Chief Executive
Chris Toon	Deputy Principal: Curriculum and Quality
Jeremy Cook	Deputy Principal: Finance and Resources
Sarah Judson	Deputy Principal: Finance and Resources
Ivan Jepson	Director of Business Development and Innovation
Nadine Hudspeth	Director of Brand and Learner Experience
Deni Chambers	Director of Curriculum and Skills
Vicki Casey	Director of People and Organisational Development

Principal and Registered Office

Baltic Campus, Quarryfield Road, Gateshead, NE8 3BE

Professional advisors

External auditor	HaysMac LLP, 10 Queen Street, London, EC4R 1AG
Internal auditor	HW Controls & Assurance Ltd (trading as Validera), Unit 3 Crompton Court, Burntwood Business Park Zone 1, Attwood Road, Burntwood, Staffordshire, WS7 3GG
Solicitors	Square One Law, Anson House, Burdon Terrace, Newcastle upon Tyne, NE2 3AE Anderson Strathearn, 1 Rutland Court, Edinburgh, Lothian, EH3 8EY Stone King LLP, One Park Row, Leeds, LS1 5HN Muckle LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF
Bankers	Barclays Bank, Grey Street, Newcastle upon Tyne, NE99 1JP Lloyds Bank, 17 Ellison Walk, Gateshead. NE8 1BF

Gateshead College

Strategic report

OBJECTIVES AND STRATEGY

The governing body presents its annual report together with the financial statements and auditor's report for Gateshead College for the year ended 31 July 2025.

Legal Status

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

The College has two subsidiary companies that traded in the year to 31 July 2025; North East Apprenticeship Company Limited (NEAC) and Gateshead College Foundation.

Mission

The College's charitable objects are to advance education and learning for the benefit of the public.

The College's vision is "to be at the heart of a thriving community, helping people to achieve their full potential and gain the employment edge". The College's purpose is "to develop skilled, confident learners who succeed in work and life".

Public Benefit

Gateshead College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 3. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly its supplementary guidance on the advancement of education.

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

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 8,400 students. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College meets the needs of local employers and provides training to 1,022 apprentices and 131 students undertaking T-levels.

Identifiable public benefits delivered by Gateshead College include:

- High-quality teaching and learning
- Widening participation and tackling social exclusion
- Enabling positive progression and employment for students
- Providing strong student support systems
- Working with employers, industry, local authorities, Local Enterprise Partnerships (LEPs) and communities to meet local needs and regional priorities in relation to education and training

Strategic Plan

Following extensive consultation with learners, employees, partners and communities, a new Strategic Plan was published during the summer of 2022.

The key themes identified in the new Strategic Plan are:

Purpose:	To develop skilled, confident learners who succeed in work and life.
Vision:	To be at the heart of a thriving community, helping people to achieve their full potential and gain the employment edge.
Ethos:	Employment edge. Industry inspired education that combines high quality learning with real world skills helping all learners, whatever their age, background or starting point, develop the confidence, personal and professional skills to be successful. Gateshead College learners will have the best chance of getting a job, starting a business and progressing in their career; an employment edge that will set them apart.

Strategic Priorities:

Learners:	To support and inspire every learner to make the most of their talents, skills and opportunities. We will encourage them to work hard and enjoy their time with us.
People:	To be the place where people <i>want</i> to work, feel valued and share a passion to help our learners succeed.
Partnership:	To work in partnership with organisations, businesses and communities to create the best opportunities for our learners.
Sustainability:	To be a resilient organisation which takes positive action to address climate change, create a better environment for our learners, our people and future generations.

Values:

- Respect others: We are kind and considerate to everyone.
- Take responsibility: We act honestly and do what we say we'll do.
- Have courage: We give things a go and stand up for what is right.
- Be creative: We are open minded and explore new ways of doing things.
- Work together: We value our differences and learn from each other.

Resources

The College currently has various resources that can be deployed in pursuit of strategic objectives, which include four newly built campuses completed in the last twenty years.

The College maintenance programme was supported during the year by a £1,716k Estates Condition Fund capital grant from the Department for Education (DfE), this grant will support improvements to the College's campuses between 2026 and 2028.

The College continued to utilise the £1,073k allocation provided by the FE College Capital Energy Efficiency & Reclassification Fund, and £261k provided by the FE Capital Transformation Fund, both from the Department for Education (DfE). This funding was received in 2022-23, with the largest project being the Solar PV Installation on the Baltic Campus Car Park completed early in 2024-25.

The College also continued to utilise capital grants from the Department for Education (DfE), Higher Technical Qualifications (HTQ's) grant for £519k received 2023-24, Learning Skills Improvement Funding (LSIF) grant for £432k the majority paid during 2024-25. These funds allowed the completion of the refurbishment of the College's Science Labs, and development of a Digital Hub on the ground floor, both at the Baltic Campus completed toward the end of 2024.

Financial

The Group has net assets of £25,436k and no defined benefit pension liabilities (2024: net assets of £25,326k including defined benefit pension liabilities of nil). The Group has bank debt of £3,080k (2024: £3,432k) and net current assets of £2,050k (2024: £2,546k).

People

The College employed an average of 566 people (expressed as full time equivalents), of whom 291 are teaching staff (2024: 521 people of whom 265 were teaching staff).

Reputation

The College continues to enjoy a good reputation both locally and nationally. There has been a clear focus during 2024-25 on continuing the progress made during the previous four financial years building stakeholder trust and confidence in the College, whilst maintaining the quality of teaching and learning and consolidating financial health.

The College last underwent a full Ofsted inspection during March 2023. The Ofsted report published May 2023, identified overall effectiveness as good and a strong contribution to meeting skills needs. Safeguarding arrangements were reported as effective.

STAKEHOLDER RELATIONSHIPS

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

- a. Students;
- b. Staff;
- c. Education Sector Funding Bodies;
- d. Local employers;
- e. Government Offices;
- f. Local Enterprise Partnerships;
- g. North East Chamber of Commerce;
- h. Local communities;
- i. Schools
- j. Other FE institutions;
- k. Universities;
- l. Trade Unions;
- m. Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with these partners.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Accommodation Developments

During the year to 31 July 2025 there were no material changes to the Colleges' estate. On 1 August 2025, the College entered into a 1-year lease with Gateshead Council for office space in Baltimore House, housing a proportion of the College's Professional Service staff.

Student Numbers

The College is funded according to the level of activity it generates each year. Student numbers are summarised in the table below:

Further Education	2024-25	2023-24	%+/-
	Headcount	Headcount	
16-18	3,132	2,742	+14.2%
19+	2,704	3,425	-21.0%
Total FE	5,836	6,167	-5.4%
Apprentices	Headcount	Headcount	
16-18	490	524	-6.5%
19+	532	583	-8.7%
Total Apprentices	1,022	1,107	-7.7%
Higher Education	Headcount	Headcount	
HE	118	114	+3.5%
Bootcamps	Headcount	Headcount	
DfE	688	273	+152.0%
Devolved	721	798	-9.7%
Total Bootcamps	1,409	1,071	+31.6%
Overall Total	8,385	8,459	-0.9%

Student Achievement Rates

Student achievement rates as reported to the Board in the College's Self-Assessment Report for 2024/25 remain strong.

	2024/25 Actual %*	2024/25 National %*	2023/24 Actual %	2023/24 National %
16-19	85.6	82.8	88.2	82.8
Apprenticeships	69.5	60.5	64.5	60.5
Adults	88.1	87.4	88.2	87.4

* Figure are subject to final confirmation from the Department of Education (DfE). The national rates for 2024/25 are yet to be released, so are currently the published rates from 2023/24

Curriculum Developments

The curriculum offer is reviewed and updated on a regular basis to ensure that provision meets the needs of learners, employers and the local economy and is aligned to the key sectors identified by the North East Local Enterprise Partnership (NELEP). During the year, Local Skills Improvement Plans (LSIPs) covering the catchment area of the College were published; the North East LSIP and the North of Tyne LSIP. The requirements of these plans are included in the College's curriculum plan for 2024/25.

As part of revised arrangements with the DfE, the College also submitted its Accountability Framework (part of the Accountability Agreement) to the DfE in July 2024, setting out a number of objectives for the 2024/2025 year, aligning with the College Strategy. The Accountability Statement is published on the College's website.

The Board carried out its Duty to Review which was approved in November 2025 in compliance with the College's Funding Agreement with the DfE. The Duty to Review is published on the College's website.

The quality of curriculum provision is evaluated through the annual self-assessment process. Emphasis is given to the continuous professional development of staff to ensure that teaching and learning, and service provision, improves year on year.

Future Prospects

The UK Corporate Governance Code 2014 challenges companies to stringently test its assumptions on 'Going Concern'. Governors have undertaken a robust and thorough process to conclude that they are able to adopt the going concern basis of accounting.

The Board has an agreed set of Board level and Committee level KPIs which it closely monitors, as well as considering the Strategic Risk Register (including horizon scanning) at each Board and Committee meeting.

Financial Objectives 2024/25

- In July 2024 the Board of Governors approved a budget for 2024/25. The budget identified income of £40,089k, costs of £39,832k and an operating surplus of £257k. During 2024/25 the College generated income of £41,060k and delivered an operating surplus (excluding FRS102 pension income of £218k) of £25k. This enabled the College to generate a current ratio of 1.63 at 31 July 2025.
- The approved 2024/25 budget identified that the College would achieve an ESFA financial health rating of 'good' for the year to 31 July 2025. The in-year performance also delivered an actual financial health rating of 'good' for the year as measured by the DfE. The College also self-assesses its financial health as 'good' for 2024/25.

Future Financial Objectives

- To achieve the income target of £40,322k and operating deficit (excluding exceptional items) of £635k in the year to 31 July 2026.
- To maintain a minimum financial health rating of 'Good' during the year to 31 July 2026.
- To continue to implement the finance, risk management and procurement strategies that were approved by the Board, and the subsequent objectives set as part of this for the 2025/26 financial year.

Performance Indicators

The College uses the following Key Performance Indicators (KPI's) to measures its performance. The latest update was provided to the Board in September 2025, as follows:

Strategic Theme	Key Performance Indicator – Headline Measure	Target 2024/2025	Actual 2024/2025	Target 2025/2026	Actual 2025/2026 (to date)	Progress Tracking to Target
Learners	Overall Effectiveness	Good or better	Good (Ofsted March 2023)	No longer applicable under new Ofsted framework	No longer applicable under new Ofsted framework	
	Learner Attendance	88%	86% 2024/25	88%	87% at 18 th November 2025	
	Learner Retention	94%	94% 2024/25	94% <i>As per Board approved Accountability Statement</i>	99.8% at 18 th November 2025	
	Apprentice In-Year Best Case Achievement	73%	69% 2023/24	70% (outturn)	Predicted 69-71% based on latest data	

Strategic Theme	Key Performance Indicator – Headline Measure	Target 2024/2025	Actual 2024/2025	Target 2025/2026	Actual 2025/2026 (to date)	Progress Tracking to Target
People	Staff Satisfaction eNPS Score: <i>The Employee Net Promoter Score (eNPS) is a way of measuring employee engagement and loyalty.</i>	+21	+39	+21	No actual at this time – the 2026 staff survey will be undertaken in March 2026.	
	Staff Turnover	17.8%	14.4%	17.8%	15.7% at 30 September 2025	
	Staff: Income Ratio	73.3% (budget)	74.0%	73.9% (budget)	73.9%	

Strategic Theme	Key Performance Indicator – Headline Measure	Target 2024/2025	Actual 2024/2025	Target 2025/2026	Actual 2025/2026 (to date)	Progress Tracking to Target
Partnership	Ofsted Judgement of 'Contribution to Meeting Need'	Strong Contribution (Ofsted March 2023)	Strong Contribution (Ofsted March 2023)	Strong Contribution (Ofsted March 2023)	Strong Contribution (Ofsted March 2023)	

Strategic Theme	Key Performance Indicator – Headline Measure	Target 2024/2025	Actual 2024/2025	Target 2025/2026	Actual 2025/2026 (to date)	Progress Tracking to Target
Sustainability	DfE Financial Health Rating	Good	Good	Good	Good	
	Minimum Cash Balance in Each Month of the Year	Exceed 31 Days Budget for 24/25 - 40 days cash in hand at 31 July 2025	Cash balance at 31 July 2025 £4,941k 47 days cash in hand, £3,237k 31 Days excluding DfE Condition Capital restricted fund	Exceed 31 Days Budget for 25/26 – 49 Days at 31 July 2026, 33 Days excluding DfE Condition Capital restricted fund	Cash balance at 30 September 2025 is £5,945k, 56 cash days in hand. £4,484k, 42 cash days excluding DfE Condition Capital restricted fund	
	Annual IT Capital Investment (against budget target)	£500k	£454k	£500K	£434k spent to date. Current forecast is for full spend of £491k.	
	Energy Consumption and Net Electricity Consumption	Reduce by 5%	Full year data – electricity consumption increased by 5.75%	No target set, see statement on Gateshead College's Commitment to Sustainability and Decarbonisation below.	N/A see below	
			Gas consumption increased by 3.95%		N/A see below	

Gateshead College's Commitment to Sustainability and Decarbonisation

Gateshead College recognises the importance of embedding sustainability at the heart of its operations and supporting a just transition. In 2023, the college appointed a dedicated Sustainability Officer, and in 2024 launched a comprehensive Sustainability Strategy aligned with local government priorities and the FE Climate Action Roadmap. An Environment and Sustainability Policy was also published to underpin this commitment.

To deliver the strategy, the college established a cross-college Green Steering Group to drive progress across the four key areas: Campus, Curriculum, Culture, and Community. Gateshead College has achieved Accredited Silver status with Investors in the Environment, reflecting its progress and ambition.

Measures Taken to Improve Efficiency

- Installing solar PV on the multi-storey car park (which produced 67994kWh in its first 9 months)
- Continuing LED lighting upgrades across all sites
- Drafting a decarbonisation plan in collaboration with consultants Smart Carbon. The current baseline year is 2022/23, and progress is continually reviewed to improve data accuracy. Emissions are calculated in line with the GHG Protocol.

Current priorities include analysing spend data, engaging suppliers to obtain direct activity-based information, and adapting systems to incorporate updated SIC codes. The college is also advancing initiatives to reduce travel-related emissions. In response to student growth, the team is working to confirm a robust carbon intensity metric to ensure consistent reporting in future statutory accounts.

Strategic Theme	Key Performance Indicator – Headline Measure	Target 2024/2025	Actual 2024/2025	Target 2025/2026	Actual 2025/2026 (to date)	Progress Tracking to Target
Sustainability	Comprehensive Governor Skills Matrix	Average score of 3 at Board Level / Average score of 3.5 at Committee Level	<p>Board Level: 43/44 skills areas rated 3 and above - Careers at 2.9</p> <p>Committee Level: CQS: 11/11 skills areas rated 3.5 and above (excl student governors)</p> <p>Audit: 5/5 skills areas rated 3.5 and above</p> <p>FGP: 14/14 skills areas rated 3.5 and above</p> <p>People: 6/6 skills areas rated 3.5 and above</p> <p>Remuneration: 6/6 skills areas rated 3.5 and above</p> <p>Governance: 4/4 skills areas rated 3.5 and above</p>	Average score of 3 at Board Level / Average score of 3.5 at Committee Level	<p>Board Level: 44/44 skills areas rated 3 and above</p> <p>Committee Level: CQS: 11/11 skills areas rated 3.5 and above</p> <p>Audit: 5/5 skills areas rated 3.5 and above</p> <p>FGP: 14/14 skills areas rated 3.5 and above</p> <p>People: 6/6 skills areas rated 3.5 and above</p> <p>Remuneration: 6/6 skills areas rated 3.5 and above</p> <p>Governance: 4/4 skills areas rated 3.5 and above</p>	

FINANCIAL POSITION

Financial Results

The consolidated operating surplus in the year was £243k (2024 surplus of £484k) after FRS102 income of £218k. Excluding the FRS102 income the College is reporting an operating surplus of £25k. During the year £42k of staff restructuring costs were incurred (2024 £55k) plus interest charges (net of pension finance costs) of £229k (2024 £288k).

The College had two subsidiary companies as at 31 July 2025; North East Apprenticeship Company Limited and the Gateshead College Foundation.

The North East Apprenticeship Company Limited (NEAC) was registered on 12 February 2010. Its primary operating activity is to engage with local SME's to create new work placement opportunities for apprentices, and to support their apprentices, enabling them to complete their qualification and find appropriate full-time employment. NEAC continued to trade normally throughout the Financial Year to 31 July 2025 generating turnover of £1,824k and a pre-tax trading profit of £32k.

Gateshead College Foundation was incorporated on 18 April 2011. This charitable organisation was established to provide financial support to students to ensure their studies are not impacted by personal hardship. The Foundation had income of £50k in the year with a reduction in funds of £20k. The remaining funds as at 31 July 2025 were £1,099k.

Tangible fixed asset additions to the group during the year totalled £3,275k which represented ongoing improvements to facilities and equipment at all College campuses.

The Group has significant reliance on the Department for Education (DfE) for its principal funding sources, largely from recurrent grants. In 2024/2025 the DfE provided 67.7% of the College's total income, £27,795k from total income of £41,060k (2024 74.0%, £28,655k from £38,755k).

Treasury Policies and Objectives

The Group has treasury management arrangements in place to manage cashflows, banking arrangements and the risk associated with those activities.

Cash Flow

There was an operating inflow of cash in 2024/25 of £1,510k (2024 inflow of £2,094k). After investing and financing activities cash and cash equivalents decreased by £780k during the year (2024 decrease of £2,174k).

Liquidity

There was no additional funding received from other external sources. The College has borrowings of £3,080k at 31 July 2025 (2024 £3,432k) relating to a fixed-rate loan from Barclays. This was renegotiated and signed in December 2021 with a variation to both the loan servicing costs and covenants. Day to day banking continues to be undertaken via Lloyds Bank and there is no current overdraft facility.

Reserves Policy

The College has a Board approved Finance Strategy which includes a Reserves Policy. The Reserves Policy recommends that the College holds, at every month-end, a minimum unrestricted cash balance equivalent to the costs of 31 days of operations.

As at the balance sheet date the Group Income and Expenditure reserve stands at £25,436k, with no defined benefit pension obligations (2024: £25,326k with no defined benefit pension obligations). The Defined Benefit Scheme following the annual actuarial calculation showed a Pension Asset of £22.7m (2024: £13.0m), this has been capped at £nil for the purpose of reporting in the Financial Statements.

The Finance Strategy underpins the Strategic Plan and contains six objectives. Gateshead College will:

- assess financial needs and resource requirements in order to plan for continued development and improvement while ensuring that all activities remain sustainable and viable.
- maintain a sound financial base by operating within agreed budgets and meeting obligations relating to loans, leases and pension funds.
- improve the College's asset base.
- produce clear, timely and accurate monthly financial management information.
- maintain the confidence of funding bodies, pension funds, customers, suppliers and professional advisers.
- continue to raise awareness of financial issues across the College.

Group Companies

The College has two subsidiary companies that traded in the year:

- North East Apprenticeship Company Ltd - engaging with local SME's to create new work placement opportunities for apprentices.
- Gateshead Foundation - a charitable organisation established to provide support to students impacted by personal hardship.

Any surpluses generated by North East Apprenticeship Company Ltd are transferred to the College under deed of covenant. The amount transferred under deed of covenant in 2024/25 was £2,183 (2023/24: £40,193).

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has well developed strategies for managing risk and embeds risk management in all that it does. Risk management processes are designed to protect learners, staff, College 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.

A strategic risk register is maintained and reviewed on an ongoing basis by the Executive Team and all Board committees with oversight of the College risk management framework being within the remit of the Audit Committee. The College risk register identifies the key risks, the likelihood of those risks occurring, their potential impact, the actions being taken to reduce and mitigate the risks and sources of assurance that demonstrate that the risk is being effectively managed. Risks are measured using a consistent scoring system.

The key risks identified in the College's strategic risk register by strategic theme are:

Learners:

- Inability to deliver planned, high quality, curriculum provision leads to failure to meet student outcome and progression targets.
- Inability to successfully deliver planned curriculum provision leads to failure to meet income and funding targets.
- Failure to meet statutory requirements relating to Safeguarding, Prevent, Special Educational Needs and Disabilities (SEND) and the protection of young people and vulnerable adults.

People:

- Failure to recruit, retain, develop and support high calibre staff impacts adversely on the College's capacity to deliver, leading to reputational damage and financial loss.

Partnerships:

- Failure to deliver the subcontracting plan and comply with ESFA funding requirements, including the subcontracting threshold for non-devolved AEB agreed with the DfE for the year. Non-compliance risks recovery of funding.

Sustainability:

- Failure to achieve an ESFA financial health rating of 'Good' or better as a result of poor financial performance leads to further intervention and reputational damage.
- IT Infrastructure - failure to invest in a way which does not capitalise on new ways of learning/working/collaborating.
- Insufficient resilience to the threat of a cyber-attack leads to one or more of loss of data, fraud, business interruption, legal sanction and reputational damage.
- Inadequate disaster recovery/business continuity planning impacts on the College's capacity to deliver to students and maintain services leading to reputational damage and financial loss.
- Inadequate or inappropriate Board oversight resulting in statutory breaches and/or failure to adequately hold the Executive Team to account.
- Gateshead Council's options appraisal of Gateshead International Stadium (GIS) results in recommendations and decisions which negatively impact recruitment of learners and delivery of provision.
- Failure to mitigate the College's impact on the environment will adversely impact future generations and undermine our reputation.
- Failure to prepare for the full impact and consequences of the reclassification of FE Colleges as public sector organisations undermines planning, reporting, financial management, audit and governance leading to potential intervention and reputational damage.
- Failure to progress and deliver the new College strategic plan results in reputational damage.
- Failure to comply with health and safety legislation and best practice and failure to promote a positive health and safety culture results in serious accident, injury and/or penalties, fines and reputational damage.

EQUALITY AND DIVERSITY

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The College's Equality and Diversity Policy is published on the College's intranet site.

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

The College considers all employment applications from people with disabilities, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of employees without a disability.

The College is committed to supporting the mental health and wellbeing of staff. This is recognised by the College's pledge as a 'Time to Change' employer and maintaining the excellence level of the Better Health award. Training on equality, diversity and inclusion is undertaken by staff on an ongoing basis. Gateshead College believes that all forms of prejudice and discrimination are unacceptable. The College is committed to fulfilling all agreements, regulations, legislation and subsequent amendments required. In particular, the College will ensure that no employee, job applicant or candidate for promotion is disadvantaged or treated less favourably because of conditions or requirements that are not related to the job.

Disability Statement

The Equal Opportunities Policy provides a statement of our endeavours to comply with legislative requirements, in particular the Equality Act 2010. The Equal Opportunities strategy sets out our intention, where it is reasonable to do so, to make adjustments to enable all students, potential students and staff to have equal access to College services, thus ensuring that none are treated less favourably than others. The College Access and Participation Statement is on our website and sets out the services and facilities for people with disabilities.

Trade Union Facility Time

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

Numbers of employees who were relevant period	FTE employee number
5	4.4

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

Total cost of facility time	£7,916
Total pay bill	£24,847,730
Percentage of total bill spent on facility time	0.03%

Time spent on paid trade union activities as a percentage of total paid facility time	4%
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GOING CONCERN

The governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Corporation and Group to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation of the financial statements.

In order to support this assessment, the College has updated its forecasts including cash flow projections for the period up to July 2027. The forecasts are based on actual enrolments in 2025/26 and, where appropriate, quantify their anticipated impact on funding allocations and costs in 2026/27. These projections have been shared with Lloyds and Barclays banks.

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

EVENTS AFTER THE REPORTING PERIOD

On 1 August 2025, the College entered into a 1-year lease with Gateshead Council for office space in Baltimore House to relocate a proportion of the College's Professional Service staff.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 10 December 2025 and signed on its behalf by:



Michael Williams

Chair

Gateshead College

Governance Statement

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

GOVERNANCE CODE

The College endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the FE code of good governance ("the Code")

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2025. This opinion is based on an internal review of compliance with the code as part of the Board Self Assessment for 2024/2025 reported to the Governance Committee in October 2025 and the Board in December 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 (or other) issued by the Association of Colleges in 2023, which it formally adopted in December 2023.

THE CORPORATION

Members of the Corporation

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

Appointee	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2024/25
M Williams	27/01/2021	8 yrs	N/A	Independent – Chair of Board	• GC, PC, RC, CQSC	94%
D Alexander	Ex-Officio	N/A	N/A	CEO / Principal – Ex-officio	• GC, PC, FGPC, CQSC	100%
M Hedley	26/03/2020	8 yrs	N/A	Independent – Vice Chair of Board	• GC, FGPC, RC	71%
A Ali	14/02/2020	8 yrs	N/A	Independent – Vice Chair of Board	• AC, PC, CQSC	63%
M Gannon	01/05/2018	8 yrs	N/A	Independent	• GC	33%
L Crichton-Jones	01/08/2021	8 yrs	N/A	Independent	• PC, RC	82%
D Curry	08/06/2023	4 yrs	N/A	Independent	• FGPC, RC	87%
C Davenport	23/12/2020	8 yrs	N/A	Independent	• GC, CQSC	77%
D Brind	23/12/2020	8 yrs	N/A	Independent	• FGPC	77%
E Toland	13/12/2023	4 yrs	N/A	Independent	• AC	78%
M Craig	13/12/2023	4 yrs	N/A	Independent	• AC	89%

Appointee	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2024/25
P Francis	26/04/2024	4 yrs	N/A	Independent	• CQSC, PC	100%
D Wallace	21/03/2024	2 yrs	N/A	Staff	• FGPC	83%
K Malia	02/04/2025	2 yrs	N/A	Staff	• CQSC	100%
D Green	06/11/2024	1 yr	31/07/2025	Student	• CQSC	56%
M Wall	06/11/2024	1 yr	31/07/2025	Student	• CQSC	56%
R Wensley	15/03/2022	2 yrs	15/03/2025	Staff	• CQSC, PC	100%
CJ Rewcastle	01/10/2018	8 yrs	13/12/2024	Independent	• CQSC, PC, RC, GC	43%
NEW GOV					•	N/A

*including Board Meetings, Board Strategy Days and Committee Meetings.

Governance Committee – GC

Audit Committee – AC

People Committee – PC

Remuneration Committee – RC

Finance and General Purposes Committee - FGPC

Curriculum and Quality Standards Committee – CQSC

The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets six times per year, with four Board meetings and two Strategy Days.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: Governance, Audit, People, Remuneration, Finance and General Purposes, and Curriculum and Quality Standards. Full committee approved minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Director of Governance and Compliance at the College's registered address.

The Director of Governance and Compliance maintains a register of reported conflicts of financial and personal interests of the governors. 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 College's expense and have access to the Director of Governance and Compliance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, 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 Board meetings. Briefings may be provided on an ad hoc basis.

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

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

Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office not exceeding a total of eight years (terms are offered in periods of four years at any one time).

During the year, the following governors were appointed:

- D Green – Student Governor – 1 year term
- M Wall – Student Governor – 1 year term
- K Malia - Staff Governor – 2 year term

Since 31 July 2025, there have been the following appointments:

- Student Governors
- Independent Governor

Corporation Performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2025.

The governing body is committed to development and are regularly invited to and attend external training and events, such as those offered by the AoC and ETF, such as:

- Modules from the Governor Development Programme (ETF)
- AoC Network Groups
- AoC Events and Conferences

Mandatory Training for governors includes:

- Safeguarding (including Keeping Children Safe in Education and elements of Prevent) – To be completed upon appointment and annually thereafter.
- Prevent – To be completed upon appointment and bi-annually thereafter.
- Health & Safety - To be completed upon appointment and bi-annually thereafter.

- GDPR - To be completed upon appointment and bi-annually thereafter.
- Special Educational Needs - To be completed upon appointment and bi-annually thereafter.

The Board also has a Board Development Plan in place which is developed from the Board Self-Assessment and the compliance check against the FE Governance Guide and AoC Code of Good Governance. The skills audit data is also reviewed by the Governance Committee on a meeting-by-meeting basis to monitor skills gaps.

Remuneration Committee

Throughout the year ending 31 July 2025, the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and Senior Post Holders.

The College adopted the AoC's Senior Staff Remuneration Code in July 2019. The Remuneration Committee Annual Report was presented to the Board in October 2025.

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

Committee member	Meetings attended
L Crichton-Jones (Chair)	2
M Williams	2
D Curry	2
CJ Rewcastle (left during the year)	1
M Hedley (appointed during the year)	1

Audit Committee

As at 31 July 2025, the Audit Committee comprised three members of the Corporation (excluding the Accounting Officer and Chair) and one co-opted governor. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

The audit committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation. During 2024/2025, there was the appointment of new Internal and External Auditors.

The audit committee met four times in the year to 31 July 2025 (including a joint meeting with the Finance and General Purposes Committee). The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
M Craig (Chair)	4
E Toland	4
A Ali	3
J Boyle (Co-opted)	4

Finance and General Purposes Committee

As at 31 July 2025, the Finance and General Purposes Committee comprised four members of the Corporation and three co-opted governors. The Committee operates in accordance with written terms of reference approved by the Corporation.

The purpose of the Finance and General Purposes Committee, as per the Committee's terms of reference is: *To oversee the College's financial governance, its statements of income and expenditure and the effective use of all resources.*

The Finance and General Purposes Committee met seven times in the year to 31 July 2025 (including a joint meeting with the Finance and General Purposes Committee). The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
M Hedley (Chair)	5
D Brind	6
D Alexander	7
D Wallace	6

V Beattie (Co-opted)	6
S McCourt (Co-opted)	5
C Forster (Co-opted)	3

Curriculum and Quality Standards Committee

The Curriculum and Quality Standards Committee comprises eight members of the Corporation. The Committee operates in accordance with written terms of reference approved by the Corporation.

The purpose of the Curriculum and Quality Standards Committee, as per the Committee's terms of reference is: *To oversee, advise and report to the board of governors of the Corporation on all education and quality matters which relate to the operation of Gateshead College and its provision to learners.*

The Curriculum and Quality Standards Committee met four times in the year to 31 July 2025. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
P Francis (Chair)	4
M Williams	3
D Alexander	4
A Ali	3
C Davenport	3
K Malia (appointed during the year)	1
D Green (appointed during the year)	2
M Wall (appointed during the year)	3
R Wensley (left during the year)	3
CJ Rewcastle (left during the year)	0

Governance Committee

As at the 31 July 2025 the Governance Committee comprised of 5 members of the Corporation. The purpose of the Governance Committee, as per the Committee's terms of reference is:

To ensure the College's governance structure is sound and effective.

The Governance Committee met 3 times during the academic year, with attendance as follows:

Committee Member	Attendance in 2023/2024
Michael Williams	3/3 – 100%
David Alexander	3/3 – 100%
Martin Gannon	3/3 – 100%
Claire-Jane Rewcastle	3/3 – 100%
Carol Davenport	1/3 – 33.33%

People Committee

As at 31 July 2025 the People Committee comprised of 5 members of the Corporation.

The purpose of the Governance Committee, as per the Committee's terms of reference is:

To assist the Corporation Board in its oversight role of the People and Organisational Development functions to ensure that the College's strategic objectives are achieved. The Committee must be assured that all relevant legal and compliance requirements are being met.

The People Committee met 3 times during the academic year, with attendance as follows:

Committee Member	Attendance in 2023/2024
Lisa Crichton-Jones (Chair)	3/3 – 100%
Michael Williams	3/3 – 100%
David Alexander	3/3 – 100%
Claire-Jane Rewcastle	3/3 – 100%
Richard Wensley	3/3 – 100%

INTERNAL CONTROL

Scope of Responsibility

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

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

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the DfE's College Financial Handbook. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are approved by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Control Weaknesses Identified

A targeted review of Financial Controls conducted by the College's internal auditor during the year identified several critical weaknesses in the College's systems. These

issues have since been addressed, and progress updates on the resulting actions are regularly reported to both the Finance and General Purposes Committee and the Audit Committee.

Responsibilities under Funding Agreements

The college 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 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 2024/5 and up to the date of the approval of the financial statements are:

- [Include areas of review undertaken, conclusions and recommendations]

[Include any other pertinent conclusions and recommendations from the audit committee's report, such as external audit issues and other matters raised.]

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 within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their external auditor's auditor findings report (management letter) and other reports.
- The regularity self-assessment questionnaire.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also

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

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

Based on the advice of the audit committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Approved by order of the members of the Corporation on 10 December 2025 and signed on its behalf by:



Michael Williams
Chair



David Alexander
Accounting Officer

Gateshead College

Statement of Regularity, Propriety and Compliance

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

Statement of the Chair of Governors

On behalf of the Corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.



David Alexander

Accounting Officer

Date: 10 December 2025



Michael Williams

Chair of Governors

Date: 10 December 2025

Gateshead College

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's accountability agreement, funding agreements and contracts with DfE 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:

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

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

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

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities. The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have

occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

Approved by order of the members of the Corporation on 10 December 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Michael Williams', with a stylized flourish at the end.

Michael Williams

Chair of Governors

Gateshead College

Independent Auditors' Report to the Members of Gateshead College

Opinion

We have audited the financial statements of Gateshead College (the 'College') and its subsidiaries (collectively the 'Group') for the year ended 31 July 2025 which comprise the Group and College Statement of Comprehensive Income and Expenditure, the Group and College Statement of Changes in Reserves, the Group and College Balance Sheet, the Group Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2025 and of the Group's and College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the requirements of the Statement of Recommended Practice: Accounting for Further and Higher Education, the DfE's College Accounts Direction and the OfS's Accounts Direction have been met.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report including the strategic report.

We have nothing to report in respect of the following matters where the framework 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 returns adequate for our audit have not been received from branches not visited by us; 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.

Matters on which we are required to report in respect of the Office for Students

In our opinion, in all material respects:

- in all material respects, funds provided by whatever sourced administered by the College for specific purposes during the year ended 31 July 2025 as disclosed in

note 2, have been applied to those purposes and managed in accordance with relevant legislation; and

- in all material respects, funds provided by the Office for Students (OfS) and the Department for Education have been applied in accordance with the terms and conditions attached to them during the year ended 31 July 2025.

We have nothing to report in respect of the following matters in relation to which the Office for Students requires us to report where:

- grant and fee income, as disclosed in the note 2 to the accounts, has been materially misstated

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 37, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the College and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety

regulation, anti-bribery, corruption and fraud, money laundering, HM Treasury's "Managing public money".

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation.

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the assumptions used in determining the valuations of defined benefit obligations, revenue recognition (which we pinpointed to the cut-off assertion in respect of non-recurrent funding body grant income), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates.

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. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 19 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to 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 College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.



HaysMac LLP

Chartered Accountants and Statutory Auditor
10 Queen Street
London
EC4R 1AG

Date: 17 December 2025

Gateshead College

To: The corporation of Gateshead College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 27 August 2025 and further to the requirements of the 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 Gateshead College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the College Auditor Framework issued by DfE and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

The Corporation of Gateshead College is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Finance 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 extant framework and guide for external auditors and reporting accountants of Colleges issued by the 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 College's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewing the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewing the College's completed self-assessment questionnaire on regularity.
- Reading the accountability agreements, grant funding agreements and contracts with the ESFA.
- Testing a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Testing a sample of individual learner records.
- Obtaining the policy for personal gifts and/or hospitality.
- Obtaining the register of personal interests.
- Obtaining the financial regulations/financial procedures.
- Obtaining the College's whistleblowing policy.
- Reviewing the College's compliance with the requirements of HM Treasury's "Managing Public Money" document.

Conclusion

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

Signed:

A handwritten signature in black ink that reads "HaysMac LLP". The script is cursive and fluid, with the letters connected.

HaysMac LLP
Chartered Accountants and Statutory Auditor
10 Queen Street
London
EC4R 1AG

Date: 17 December 2025

Gateshead College

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2025		Year ended 31 July 2024	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	32,396	32,396	29,327	29,327
Tuition fees and education contracts	3	7,314	5,494	7,424	5,884
Other grants and contracts	4	831	831	1,375	1,375
Other income	5	421	421	433	413
Investment Income	6	98	98	196	196
Donations and Endowments	6	-	2	-	40
Total income		41,060	39,242	38,755	37,235
EXPENDITURE					
Staff costs	7	24,848	23,102	22,098	20,613
Restructuring costs	7	42	42	55	55
Other operating expenses	8	13,422	13,325	13,698	13,602
Depreciation	11	2,193	2,179	2,142	2,134
Disposals	11	93	93	-	-
Interest and other finance costs	9	219	268	278	334
Total expenditure		40,817	39,009	38,271	36,738
Surplus before other gains and losses		243	233	484	497
Gain on disposal of assets	11	97	97	-	-
Surplus before tax		340	330	484	497
Taxation	10	-	-	-	-
Surplus for the year		340	330	484	497
Actuarial (loss) in respect of pensions	23	(230)	(230)	(140)	(140)
Total Comprehensive Income for the year		110	100	344	357
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		110	100	344	357
Surplus for the year attributable to:					
Group		340	330	484	497
Total Comprehensive Income for the					
Group		110	100	344	357

All items of income and expenditure relate to continuing activities.

Gateshead College

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account £'000	Total £'000
Group		
Balance at 1 August 2023	24,982	24,982
Surplus from the income and expenditure account	484	484
Other comprehensive income	(140)	(140)
Transfers between revaluation and income and expenditure reserves	-	-
Total comprehensive income	344	344
Balance at 31 July 2024	25,326	25,326
Surplus from the income and expenditure account	340	340
Other comprehensive income	(230)	(230)
Transfers between revaluation and income and expenditure reserves	-	-
Total comprehensive income	110	110
Balance at 31 July 2025	25,436	25,436
College		
Balance at 1 August 2023	23,787	23,787
Surplus from the income and expenditure account	497	497
Other comprehensive income	(140)	(140)
Transfers between revaluation and income and expenditure reserves	-	-
Total comprehensive income	357	357
Balance at 31 July 2024	24,144	24,144
Surplus from the income and expenditure account	330	330
Other comprehensive income	(230)	(230)
Transfers between revaluation and income and expenditure reserves	-	-
Total comprehensive income	100	100
Balance at 31 July 2025	24,244	24,244

Gateshead College

Balance sheets as at 31 July 2025

	Notes	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Non-current assets					
Tangible Fixed assets	11	42,949	42,899	41,975	41,911
		42,949	42,899	41,975	41,911
Current assets					
Stocks		6	6	5	5
Trade and other receivables	13	2,929	2,919	2,799	2,806
Investments	12	-	-	-	-
Cash and cash equivalents	18	5,308	4,880	6,088	5,807
		8,243	7,805	8,892	8,618
Creditors – amounts falling due within one year	14	(6,193)	(6,240)	(6,346)	(6,458)
Net current assets		2,050	1,565	2,546	2,160
Total assets less current		44,999	44,464	44,521	44,071
Creditors – amounts falling due after more than one year	15	(18,963)	(19,620)	(18,805)	(19,537)
Provisions					
Defined benefit obligations	17	-	-	-	-
Other provisions	17	(600)	(600)	(390)	(390)
Total net assets		25,436	24,244	25,326	24,144
Unrestricted Reserves					
Income and expenditure account		25,436	24,244	25,326	24,144
Revaluation reserve		-	-	-	-
Total unrestricted reserves		25,436	24,244	25,326	24,144
Total reserves		25,436	24,244	25,326	24,144

The financial statements on pages 47 to 82 were approved and authorised for issue by the Corporation on 10 December 2025 and were signed on its behalf on that date by:



Michael Williams
Chair of Governors



David Alexander
Accounting Officer

Gateshead College

Consolidated Statement of Cash Flows

	Notes	2025 £'000	2024 £'000
Cash flow from operating activities			
Surplus for the year		340	484
Adjustment for non-cash items			
Depreciation	11	2,193	2,142
Disposals	11	93	-
Disposals (sale of fixed assets)	11	15	-
(Increase)/decrease in stocks		(1)	2
(Increase) in debtors	13	(130)	(725)
(Decrease)/increase in creditors due within one year	14	(994)	369
Increase/(Decrease) in provisions	17	210	(90)
Pensions costs less contributions payable	23	(240)	(170)
Adjustment for investing or financing activities			
Investment income		(98)	(196)
Interest payable	9	219	278
Taxation paid	10	-	-
Gain on sale of fixed assets		(97)	-
Net cash flow from operating activities		<u>1,510</u>	<u>2,094</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		112	-
Investment income		98	196
Capital Grants (Released / Repaid)		1,356	(61)
Payments made to acquire fixed assets	11	(3,275)	(2,777)
		<u>(1,709)</u>	<u>(2,642)</u>
Cash flows from financing activities			
Interest paid	9	(229)	(288)
Repayments of amounts borrowed	16	(352)	(1,338)
		<u>(581)</u>	<u>(1,626)</u>
(Decrease) in cash and cash equivalents in the year		(780)	(2,174)
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the year		6,088	8,262
Cash and cash equivalents at end of the year		5,308	6,088

Gateshead College

Notes to the Accounts

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 2024 to 2025 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

A revised Statement of Recommended Practice (SORP) for Further and Higher Education (FE HE) will become effective for accounting periods beginning on or after 1 January 2026. The first impacted year will be for financial statements for the year ending 31 July 2027

Key areas of change that will impact the college are around Lease Accounting. Most leases will now be recognised on the balance sheet, aligning more closely with IFRS 16 principles. Lessees must recognise a right-of-use asset and a corresponding lease liability, affecting both assets and liabilities significantly.

It is not anticipated that changes to revenue recognition will impact the college given it already recognises grant income and contract income in line with when it is earned.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Gateshead College Foundation and North East Apprenticeship Company Limited.

Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings

acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the financial statements and accompanying notes.

At the balance sheet date the College had £3,080k of loans outstanding with Barclays Bank, repayable in instalments by 2034. Prior to authorising the financial statements the College has updated its forecasts including cash flow projections for the period up to July 2026. The forecasts are based on actual enrolments in 2025/26 and, where appropriate, quantify their anticipated impact on funding allocations and costs in 2025/26. These forecasts and projections indicate that the College will be able to operate within the existing facilities and covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants from devolved authorities are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 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 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

Capital grant funding

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

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.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Tyne & Wear Local Government Pension Scheme (LGPS)

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

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

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

The latest full triennial valuation of the Tyne and Wear Pension Scheme has been undertaken by Aon Solutions UK Limited at 31 March 2025, the results of which were communicated to the college in October 2025. Following the reclassification of Colleges by the Office for National Statistics (ONS) in November 2024, the valuation has concluded that contribution rates for employers in the scheme will fall from 19.8% to 9.1%.

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's

income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Tangible fixed assets

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

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

Land and buildings

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

- Original cost 15-50 years
- Refurbishments 2-50 years

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

Freehold buildings are depreciated over their expected useful economic life to the College of between 15 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 2 and 50 years.

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

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use. There were no assets under construction as at 31 July 2025.

Subsequent expenditure on existing fixed assets

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

Equipment

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

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

- | | |
|------------------------------------|-------------|
| • equipment | 2-10 years |
| • motor vehicles | 4 years |
| • computer equipment | 2-5 years |
| • furniture, fixtures and fittings | 10-50 years |

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

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases. The College has no assets held under finance leases.

Investments

Investments in subsidiaries

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 5.28% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company 'North East Apprenticeship Company Limited' is subject to corporation tax and VAT in the same way as any commercial organisation. The remaining subsidiary company 'Gateshead College Foundation' is a charity, so is therefore its operations are not within the scope of corporation tax and VAT.

Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying accounting policies

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether an obligation exists and whether it is possible that a settlement will be required. Estimating the timing and amount of the outflow and assessing whether changes in circumstances warrant reversal or adjustment to existing provisions.

Other key sources of estimation uncertainty

- 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.
- As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the Group will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.
- The recognition and measurement of dilapidations provisions involve significant estimation uncertainty due to the inherent subjectivity in assessing future obligations under lease agreements. Management has applied judgment in estimating the provision based on historical experience, third-party assessments, and current market conditions. However, actual outcomes may differ, and changes in assumptions could result in material adjustments to the provision in future periods.

2 Funding body grants

	Y/end 31 July 2025		Y/end 31 July 2024	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – Adult Education Budget	17	17	5,391	5,391
Education and Skills Funding Agency – Apprenticeships	4,619	4,619	4,129	4,129
Devolved Authorities – Adult Education Budget	6,464	6,464	1,372	1,372
Education and Skills Funding Agency – 16 - 16-19 classroom based	18,343	18,343	16,060	16,060
Office for students – recurrent grant	197	197	207	207
Specific grants				
Education and Skills Funding Agency – European Funds	-	-	198	198
Teacher Pension Scheme contribution	1,087	1,087	739	739
Education and Skills Funding Agency – Other Grants	1,019	1,019	669	669
Releases of government capital grants	650	650	562	562
Office for students – research and other grants	-	-	-	-
Total	32,396	32,396	29,327	29,327

2a Office for Students – Related Income

	Y/end 31 July 2025		Y/end 31 July 2024	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from the Office for Students	197	197	207	207
Grant income from other bodies	-	-	-	-
Fee income for taught awards	553	553	584	584
Fee income for research awards	-	-	-	-
Fee income for non-qualifying courses	-	-	-	-
Total	750	750	791	791

3 Tuition fees and education

	Y/end 31 July 2025		Y/end 31 July 2024	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	204	204	317	317
Apprenticeship contracts	182	185	263	264
Fees for FE loan supported courses	256	256	357	357
Fees for HE loan supported courses	553	553	584	584
Total tuition fees	1,195	1,198	1,521	1,522
Education contracts	2,021	198	1,894	353
Skills Bootcamps	4,098	4,098	4,009	4,009
Total	7,314	5,494	7,424	5,884

4 Other grants and contracts

	Y/end 31 July 2025		Y/end 31 July 2024	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grant income	631	631	1,117	1,117
Non-government capital grants	200	200	258	258
Total	831	831	1,375	1,375

5 Other income

	Y/end 31 July 2025		Y/end 31 July 2024	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	33	33	37	37
Other income generating activities	21	21	18	18
Miscellaneous income	367	367	378	358
Total	421	421	433	413

6 Donations – College only

	Y/end 31 July 2025 £'000	Y/end 31 July 2024 £'000
Unrestricted donations	2	40
Total	2	40

The unrestricted donations relate to Gift Aid donations to the College from the wholly owned Subsidiary Companies.

7 Staff costs – Group and College

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents and headcount, was:

	2025	2024
FTE	No.	No.
Teaching staff	291	265
Non-teaching staff	275	256
	566	521
	2025	2024
Headcount	No.	No.
Teaching staff	328	302
Non-teaching staff	317	294
	645	596

Staff costs - Group

	2025	2024
	£'000	£'000
Wages and salaries	19,153	17,451
Social security costs	1,873	1,539
Other pension costs	3,822	3,108
Payroll sub total	24,848	22,098
Contracted out staffing services	-	-
	24,848	22,098
Restructuring costs – Contractual	42	55
- Non contractual	-	-
Total Staff costs - Group	24,890	22,153

7 Staff costs – Group and College (continued)

Staff costs - College

	2025	2024
	£'000	£'000
Wages and salaries	17,445	15,989
Social security costs	1,853	1,529
Other pension costs	3,804	3,095
	<hr/>	<hr/>
Payroll sub total	23,102	20,613
Contracted out staffing services	-	-
	<hr/>	<hr/>
	23,102	20,613
Restructuring costs – Contractual	42	55
- Non contractual	-	-
	<hr/>	<hr/>
Total Staff costs - College	23,144	20,668
	<hr/>	<hr/>

The Corporation has salary sacrifice arrangements in place, which include Childcare Vouchers and Cycle-to-Work schemes.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal, the Deputy Principals responsible for Finance and Curriculum, and Directors of Service for Business Development, Curriculum and Marketing.

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

	2025	2024
	No.	No.
The number of key management personnel including the Accounting Officer was:	8	7
	<hr/>	<hr/>

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

7 Staff costs – Group and College (continued)

	Key management personnel		Other staff	
Salary Band	2025	2024	2025	2024
£60,001 to £65,000 p.a.	-	-	1	2
£65,001 to £70,000 p.a.	-	-	6	2
£90,001 to £95,000 p.a.	4	4	-	-
£100,001 to £105,000 p.a.	2	1	-	-
£105,001 to £110,000 p.a.	-	1	-	-
£110,001 to £115,000 p.a.	1	-	-	-
£165,001 to £170,000 p.a.	-	1	-	-
£175,001 to £180,000 p.a.	1	-	-	-
	8	7	7	4

Key management personnel compensation is made up as follows:

	2025 £'000	2024 £'000
Basic salary	792	741
Performance related pay and bonus	-	-
Benefits in kind	-	-
Pension contributions	163	148
Total key management personnel compensation	955	889

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2025 £'000	2024 £'000
Principal		
Basic salary	176	170
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contributions	34	33
Overall Total	210	203

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

7 Staff costs – Group and College (continued)

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body. The Remuneration Committee provide justification for the total emoluments linked to value and performance delivered, alongside an explanation of the processes adopted for judging performance and total emoluments, including benchmarking or other means of comparison to the broader market.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2025 £'000	2024 £'000
Principal's basic salary as a multiple of the median of all staff	5.1	5.1
Principal and CEO's total remuneration as a multiple of the median of all staff	4.8	4.8

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

Staff Severance Payments

The College Group/College paid 9 severance payments in the year, disclosed in the bands below:

Severance Payment Band	No. of Staff
£0 - £25,000	9
£25,001 - £50,000	0
£50,001 - £100,000	0
£100,001 - £150,000	0
£150,000+	0

Included in staff restructuring costs are special severance payments totalling £6,642 (2024: £1,059).

8 Other operating expenses

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Teaching costs	7,469	7,380	8,471	8,379
Non-teaching costs	3,802	3,800	3,322	3,322
Premises costs	2,151	2,145	1,905	1,901
Total	13,422	13,325	13,698	13,602

	2025 College £'000	2024 College £'000
Other operating expenses include:		
Auditors' remuneration:		
Financial statements audit*	54	63
Other services provided by the financial statements auditor (grant audits and taxation services)**	8	10
Internal audit fees***	30	24
Other services provided by the internal auditors	4	10
Depreciation	2,193	2,134
Impairment	93	-
Gain / (Loss) on Disposal of Fixed	97	-
Hire of assets under operating leases	63	50
Payments to Subcontractors	2,728	2,926

* includes £53,760 in respect of the College Financial Statements Audit performed by HaysMac (2024: £63,120 in respect of the College Financial Statements Audit performed by Forvis Mazars)

** includes £8,040 in respect of Other services performed by HaysMac, (2024: £9,954 in respect of Other services performed by Forvis Mazars)

*** includes £29,511 in respect of the College (2024: £24,192)

9 Interest and other finance costs – Group

	2025	2024
	£'000	£'000
On bank loans, overdrafts and other loans:	229	288
	<hr/> 229	<hr/> 288
Net interest on defined pension liability (note 23)	(10)	(10)
	<hr/> (10)	<hr/> (10)
Total	219	278
	<hr/> 219	<hr/> 278

9 Interest and other finance costs – College

	2025	2024
	£'000	£'000
On bank loans, overdrafts and other loans:	229	288
On intercompany loans:	49	56
	<hr/> 278	<hr/> 344
Net interest on defined pension liability (note 23)	(10)	(10)
	<hr/> (10)	<hr/> (10)
Total	268	334
	<hr/> 268	<hr/> 334

10 Taxation – Group only

	2025	2024
	£'000	£'000
United Kingdom corporation tax	-	-
Provision for deferred corporation tax	-	-
	<hr/> -	<hr/> -
Total	-	-
	<hr/> -	<hr/> -

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

11 Tangible Fixed Assets (Group)

	Freehold	Long Leasehold	Equipment	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2024	49,339	8,585	13,896	172	71,992
Additions	-	-	3,447	(172)	3,275
Disposals (Sale)	-	-	(107)	-	(107)
Disposals	(35)	-	(1,753)	-	(1,788)
At 31 July 2025	49,304	8,585	15,483	-	73,372
Depreciation					
At 1 August 2024	16,775	5,823	7,419	-	30,017
Charge for the year	977	198	1,018	-	2,193
Disposals (Sale)	-	-	(92)	-	(92)
Disposals	(19)	-	(1,676)	-	(1,695)
At 31 July 2025	17,733	6,021	6,669	-	30,423
Net book value at 31 July 2025	31,571	2,564	8,814	-	42,949
Net book value at 31 July 2024	32,564	2,762	6,477	172	41,975

11 Tangible Fixed Assets (College)

	Freehold	Long Leasehold	Equipment	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2024	49,339	8,585	13,824	172	71,920
Additions	-	-	3,447	(172)	3,275
Disposals (Sale)	-	-	(107)	-	(107)
Disposals	(35)	-	(1,753)	-	(1,788)
At 31 July 2025	49,304	8,585	15,411	-	73,300
Depreciation					
At 1 August 2024	16,775	5,823	7,411	-	30,009
Charge for the year	977	198	1,004	-	2,179
Disposals (Sale)	-	-	(92)	-	(92)
Disposals	(19)	-	(1,676)	-	(1,695)
At 31 July 2025	17,733	6,021	6,647	-	30,401
Net book value at 31 July 2025	31,571	2,564	8,764	-	42,899
Net book value at 31 July 2024	32,564	2,762	6,413	172	41,911

12 Non-current investments

The North East Apprenticeship Company Limited was incorporated on 12th February 2010. The company's primary operating activity is to engage with local SME's to create new work placement opportunities for apprentices, and to support the apprentices enabling them to complete their qualification and find appropriate permanent employment. Gateshead College assumed full control of the North East Apprenticeship Company Limited from Gateshead Council on 1st February 2012.

The Gateshead College Foundation was incorporated on the 18 April 2011, and is a 100% subsidiary of Gateshead College. The Gateshead College Foundation's primary purpose is to act as the charitable arm of the College, providing support both financial and non-financial to Gateshead College learners.

13 Trade and other receivables

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Amounts falling due within one year:				
Trade receivables	520	272	868	565
Amounts owed by group undertakings:				
Subsidiary undertakings	-	238	-	310
Prepayments and accrued income	944	944	826	826
Amounts owed by the ESFA	1,022	1,022	843	843
Other Debtors	443	443	262	262
Total	2,929	2,919	2,799	2,806

14 Creditors: amounts falling due within one year

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Bank loans and overdrafts (Note 16)	352	352	352	352
Trade payables	478	478	1,613	1,613
Amounts owed to group undertakings:				
Subsidiary undertakings *	-	75	-	130
Other taxation and social security	550	527	452	437
Accruals and deferred income	1,580	1,580	929	929
Employee Leave Accrual	87	87	68	68
Deferred income - government capital grants	2,554	2,554	1,709	1,709
Amounts owed to the ESFA	95	95	789	789
Other Creditors	497	492	434	431
Total	6,193	6,240	6,346	6,458

* The College has an agreement with the Gateshead College Foundation, to repay an outstanding loan over a period of 15 years. Interest on the outstanding loan will be charged at 1.50% above the Barclays Bank base rate. The loan is unsecured.

15 Creditors: amounts falling due after one year

	Group	College	Group	College
	2025	2025	2024	2024
	£'000	£'000	£'000	£'000
Bank Loans (Note 16)	2,728	2,728	3,080	3,080
Amounts owed to group undertakings **	-	657	-	732
Deferred income - government capital grants	16,235	16,235	15,725	15,725
Total	18,963	19,620	18,805	19,537

The bank loan is repayable in instalments by 2034 under an agreement originally signed in 2006. On 15 December 2021 the Board approved an Amendment and Restatement Agreement with the Bank that increased the margin on the fixed rate of borrowing so that the overall rate of interest on outstanding debt increases from 5.49% to 7.06%. The loan is secured by first and second legal charges over various property assets.

Following discussions with the Bank and approval by the Board, the College made an early loan repayment of £1m on 3 May 2024.

** The College has an agreement with the Gateshead College Foundation, to repay an outstanding loan over a period of 15 years. Interest on the outstanding loan will be charged at 1.50% above the Barclays Bank base rate. The loan is unsecured.

16 Maturity of debt

Bank Loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2025	2025	2024	2024
	£'000	£'000	£'000	£'000
In one year or less	352	352	352	352
Between one and two years	352	352	352	352
Between two and five years	1,056	1,056	1,056	1,056
In five years or more	1,320	1,320	1,672	1,672
Total	3,080	3,080	3,432	3,432

Interest payable on the loan was initially charged at 5.49%. A new agreement was signed on 22 December 2022 at which point interest became payable at 7.06% over the remaining term of the loan, fully payable by 2034. The loan is secured by a first legal charge over the Baltic Campus, The Skills Academy for Construction and the Skills Academy – Automotive.

17 Provisions

	Group and College				
	Defined benefit obligation	Dilapidations and Decommission	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2024	-	-	390	-	390
Expenditure in the period	(1,410)	-	(30)	-	(1,440)
Additions in period	1,410	240	-	-	1,650
At 31 July 2025	-	240	360	-	600

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 23.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

Dilapidations provisions relate to obligations created at the time of entering the original lease at the Academy for Sport relating to returning the property in its original condition and making good any alterations.

Decommissioning provisions relate to the removal and decommissioning of a hydrolyser at the Nissan test Track.

The principal assumptions for this calculation are:

	2025	2024
Price inflation	2.5%	2.6%
Discount rate	5.8%	5.0%

18 Cash and cash equivalents (Group)

	At 1 August 2024	Cash flows	Other changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents	6,088	(780)	-	5,308
Overdrafts	-	-	-	-
Total	6,088	(780)	-	5,308

	£'000	£'000	£'000	£'000
Borrowings				
Debt due within one year	352	(352)	352	352
Debt due after one year	3,080	-	(352)	2,728
Total Borrowings	3,432	(352)	-	3,080
Grand Total	9,520	(1,132)	-	8,388

19 Capital and other commitments

	Group and College	
	2025	2024
	£'000	£'000
Commitments contracted for at 31 July	91	172

20 Lease obligations

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

	Group and College	
	2025	2024
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	20	55
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>20</u>	<u>55</u>

21 Contingencies

The College takes all reasonable steps to ensure it complies with the terms attaching to the receipt of all DfE Funding. However, the College recognises that this is a complex area and that there is a risk that some funding could become repayable as a result of a possible inspection by the funding provider or the DfE Verification Audit Section. It is not possible to estimate the value or timing of any such repayments.

22 Events after the reporting period

On 1 August 2025, the College entered into a 1 year lease with Gateshead Council for office space in Baltimore House, housing a proportion of the College's Professional Service staff.

On the 20 October 2025 the college were informed of a reduction in the employer contribution rate of the LGPS pension scheme, effective from 1 April 2026.

23 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Tyne and Wear Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

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

Total pension cost for the year	2025 £'000	2024 £'000
Stakeholder Pension Scheme: contributions	18	13
Teachers' Pension Scheme: contributions	2,577	2,013
Local Government Pension Scheme:		
Contributions paid – College	1,435	1,253
FRS 102 (28) (credit)	(210)	(170)
Charge to the Statement of Comprehensive Income	1,225	1,083
Enhanced pension charge to Statement of Comprehensive Income	2	(1)
Total Pension Cost for Year within staff costs	3,822	3,108

23 Defined benefit obligations (continued)

Teachers' Pension Scheme

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

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

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

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

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

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

As a result of the valuation, new employer contribution rates rose to 28.68% from April 2024 (compared to 23.68% during 2018/9).

23 Defined benefit obligations (continued)

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid to TPS in the year amounted to £2,577,000 (2024: £2,013,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Tyne and Wear Pension Fund. The total contributions made for the year ended 31 July 2025 were £1,918,000, of which employer's contributions totalled £1,435,000 and employees' contributions totalled £483,000. The agreed contribution rates for future years are 19.5% for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The Corporation will continue to monitor the developments and consider the impact on the LGPS liabilities recognised by the College.

The latest full triennial valuation of the Tyne and Wear Pension Scheme has been undertaken by Aon Solutions UK Limited at 31 March 2025, the results of which were communicated to the college in October 2025. Following the reclassification of Colleges by the Office for National Statistics (ONS) in November 2024, the valuation has concluded that contribution rates for employers in the scheme will fall from 19.8% to 9.1%.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022, updated to 31 July 2025 by Aon Solutions UK Limited.

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	4.0%	4.1%
Future pensions increases	2.5%	2.6%
Discount rate for scheme liabilities	5.8%	5.0%
Inflation assumption (CPI)	2.5%	2.6%
Pension accounts revaluation rate	2.5%	2.6%

23 Defined benefit obligations (continued)

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 Years	At 31 July 2024 Years
<i>Retiring today</i>		
Males	20.9	20.8
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	21.8	21.7
Females	25.2	25.1

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

	% Share of Assets at 31 July 2025	Fair Value at 31 July 2025 £'000	% Share of Assets at 31 July 2024	Fair Value at 31 July 2024 £'000
Equity instruments	48.3%	33,420	50.2%	32,730
Debt instruments	23.6%	16,320	31.2%	20,342
Property	11.1%	7,680	10.4%	6,781
Cash / Other	17.0%	11,760	8.2%	5,347
Total fair value of plan assets		69,180		65,200
Weighted average expected long term rate of return	5.8%		5.0%	
Actual return on plan assets		4,260		4,690

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	69,180	65,200
Present value of plan liabilities	(46,460)	(52,180)
Notional surplus not recognised	(22,720)	(13,020)
Net pensions asset/(liability) (note 17)	-	-

23 Defined benefit obligations (continued)

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the Group will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

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

	2025 £'000	2024 £'000
Amounts included in staff costs		
Current service cost	1,200	1,090
Less: Employer contributions	(1,410)	(1,260)
Total	(210)	(170)
Amounts included in finance costs		
Net interest expense	(30)	(30)
Net interest expense unfunded enhanced pension scheme	20	20
	(220)	(180)
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	1,010	1,670
Experience gains arising on defined benefit obligations	7,800	610
Less: Notional surplus not recognised	(9,050)	(2,480)
Actuarial gain on unfunded enhanced pension scheme	10	60
Amount recognised in Other Comprehensive Income *	(230)	(140)

23 Defined benefit obligations (continued)

Movement in net defined benefit asset / (liability) during year

	2025 £'000	2024 £'000
Net defined benefit (liability) in scheme at 1 August	-	-
Movement in year:		
Current service cost	(1,200)	(1,090)
Employer contributions	1,410	1,260
Net interest on the defined	30	30
Actuarial (loss) / gain	(240)	(200)
Net defined benefit asset / (liability) at 31 July	-	-

Asset and Liability Reconciliation

	2025 £'000	2024 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	52,180	50,220
Current service cost	1,200	1,090
Interest cost	2,570	2,490
Contributions by Scheme participants	470	430
Experience gains and losses on defined benefit obligations	(7,800)	(610)
Estimated benefits paid	(2,160)	(1,440)
Defined benefit obligations at end of period	46,460	52,180
Changes in fair value of plan assets		
Fair value of plan assets at start of period	65,200	60,260
Interest on plan assets	3,250	3,020
Return on plan assets	1,010	1,670
Employer contributions	1,410	1,260
Contributions by Scheme participants	470	430
Estimated benefits paid	(2,160)	(1,440)
Fair value of plan assets at end of period	69,180	65,200

The figures included in note 23 include the impact of the McCloud remedy relating to the legal judgement that proposed changes to public sector pension schemes were discriminatory on the grounds of age.

24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was nil; (2024: £220.80; 1 governor –Mike Welsh). This represents travel and subsistence expenses incurred in attending Governor meetings.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2024: None).

The below table summarises the Board of Governor's related party transactions for the year to 31 July 2025. All agreements are negotiated at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Board Member	Related Party	Purchases to 31 July 2025	Balance at 31 July 2025	Purchases to 31 July 2024	Balance at 31 July 2024
M Gannon (Governor)	Gateshead Council – Leader	£227,571	£144	£112,830	£8,875
D Alexander (Principal)	Beamish Museum – Board Member	£3,420	£0	£857	£0
A Ali (Governor)	NE Chamber of Commerce Employee	£34,590	£7,200	£10,200	£0
A Ali (Governor)	Newcastle Gateshead Initiative (NGI) Governor	£15,118	£0	£14,976	£0
A Ali (Governor)	Glasshouse International Centre Trustee	£4,860	£0	£106,796	£0
C Davenport (Governor)	Northumbria University	£0	£0	£795	£0
S McCourt (Governor)	Nexus	£2,750	£710	£2,005	£0

24 Related party transactions (continued)

North East Apprenticeship Company is a wholly owned subsidiary of Gateshead College. During the year, there were no related party transactions between the companies. At the year end, North East Apprenticeship Company owed the College £238,936 (2024: £309,519).

Gateshead College Foundation is a wholly owned subsidiary of Gateshead College. During the year, the College incurred Interest costs of £49,458 on the loan from Gateshead College Foundation to Gateshead College, and made repayments of £73,667. The Loan is repayable over a period of 15 years, with interest be charged at 1.50% above the Barclays Bank Base rate. At the year end, the College owed

Gateshead College Foundation £731,965 (2024: £805,632).

25 Amounts disbursed as agent - Learner support funds

	2025	2024
	£'000	£'000
16-18 bursary grants	981	832
Other bursary grants	41	61
Other Funding body grants	-	56
	<hr/> 1,022	<hr/> 949
Disbursed to students	(936)	(843)
Administration costs	(49)	(40)
	<hr/>	<hr/>
Balance unspent as at 31 July, included in creditors	<hr/> 37	<hr/> 66

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

In the accounting period ended 31 July 2025, the college received a total of £981k and disbursed £907k from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £48k for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £26k, of which £nil relates to funds that are in scope to be returned to DfE in March 2026.

Comparatives for the accounting period ended 31 July 2024 are £832k received from DfE, £767k disbursed to learners after charging £37k for administration costs, and total cumulative unspent funds of £28k, of which £nil was repaid to DfE.