

Board of Management Report and Financial Statements

For the year ended
31 July 2025

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Principal's Statement

The College continues to play a key role in socio economic developments across Ayrshire and Scotland. Collaborating with its employers, key stakeholders and third sector partners, the College is central to the development of a skills pipeline enabling the key sectors of Ayrshire and Scotland to thrive. The College also continues to have a strong community footprint, supporting individuals who live in the most deprived SIMD wards across Ayrshire.

During 2024-25, the College continued to embed our [Strategic Ambition \(2024-2027\)](#) by prioritising actions that deliver our strategic objectives and reflect our values. Our mission is to **'empower people for a changing world'**. This mission is supported by four key strategies focused on people, skills and enterprise, business growth and infrastructure, each with specific priorities to achieve our goals.

The College has continued to invest in the digital infrastructure and technology required by our staff and students, invested in STEM and aerospace facilities, in response to industry requirements, and leadership and curriculum development to ensure our offer is reflective of industry practice and of the highest quality. This includes working in partnership with existing employers and understanding the future skills requirements of new businesses locating in Ayrshire. An example being XLCC where the college co-designed and delivers a specialist Apprenticeship training programmes with apprentice Offshore HDVC Cable Jointers.

For the first time, Ayrshire College accessed funding to participate in International Knowledge Exchange with a group of staff visiting two Canadian Colleges specialising in Aerospace. Memorandums of Understanding have been agreed with collaboration progressing on joint course development and delivery in micro credentials.

The College chairs the Regional Economic Strategy Skills Delivery Group which is informed by the following employer lead working groups: Clean Growth, Aerospace and Space, Food and Drink, Digital, Tourism and Hospitality.

As part of the Ayrshire Growth Deal (AGD) and Regional Economic Strategy (RES), the College has developed several bespoke training opportunities, including fast track programmes, enabling people to access employment in aerospace & engineering and hospitality. The College is also the lead partner, alongside South Ayrshire Council, in developing the Aerospace Skills Technology Application Centre (ASTAC) project. The College is working in partnership with Scotland's Rural University College to host, at our Ayr Campus, the Dairy Chain Innovation Centre which will support dairy businesses with the development of new products and the associated skills training. The College continues to be proactive in working with our Health and Social Care partners to deliver a range of access to employment programmes, apprenticeships and upskilling training.

Unverified data (externally) indicates that our student attainment continues to improve. We also continue to perform strongly in enabling high levels of success for those students residing in SIMD 10 and 20 areas; students who have care experienced; and students that have declared a disability. Student satisfaction is 96%.

The College retained our Gold liP Status with staff satisfaction at 77%. We also achieved the liP We Invest in Wellbeing award and were recognised for our outstanding approach to supporting staff wellbeing at Scotland's College Development Network Awards.

PERFORMANCE REPORT

Purpose and Activities

Ayrshire College's purpose is to enable the Ayrshire region to thrive in a rapidly changing world through valuing the talents and expertise of college staff, empowering students and providing outstanding learning experiences. Through working in partnership with others, the College will continue to play a leading role in realising the potential of Ayrshire. The College provides further and higher education in the Ayrshire region and delivers full-time and part-time education and training programmes.

The Principal and Chief Executive and the Board of Management have a clear ambition that Ayrshire College, which is set within the heart of the community, is a key anchor institution within a diverse and vibrant eco-system in supporting socio and economic development and transforming the lives of people.

The College's [Strategic Ambition](#) is set by the Board of Management, informed by education policy as determined by Scottish Ministers, and shaped by guidance provided by the Scottish Funding Council (SFC). The [Financial Memorandum](#) between the College and the SFC sets out the terms under which the College, as a fundable body, receives and is held accountable for the use of public funds.

In seeking to develop a relevant curriculum and provide educational opportunities that meet the social and economic needs of the region, the College collaborates closely with regional partners including other educational institutions, business and industry leaders, and community planning partnerships to enhance educational opportunities for students.

The College, in terms of the Further and Higher Education (Scotland) Act 1992, was established as a free-standing corporate body on 1 April 1993 and is recognised as a charity for the purposes of Section 505 of the Income and Corporation Taxes Act 1988 with Scottish Charity Number SC021177. The constitution and proceedings of the Board of Management are determined by Schedule 2 to the Further and Higher Education (Scotland) Act 1992, as amended (the 1992 Act). Its powers are determined by Section 12 of the 1992 Act, as amended. The Ayrshire College Board and its committees, and the executive team structure, are included in the Accountability Report.

Strategic Ambition

The College's [Strategic Ambition](#) covers the period 2024-27 and builds on the College's collective achievements over recent years, as the organisation strives for even greater success in pursuit of its three key strategic objectives:

1) Outstanding Experiences

Grounded in high quality learning and teaching, where our students are challenged to reach the highest standards, to thrive and succeed. We deliver outstanding experiences through:

- Personalised and inclusive approaches
- Building ambition
- Inspiring success

The section below entitled '*Learning and Teaching Performance*' provides a positive overview of the commitment to delivering high-quality learning experiences include several relevant key performance indicators. In addition to these KPIs, the College would highlight the following achievements:

- The 'Ayrshire College Building Future Pathways' project, led by the Hairdressing, Beauty, Complementary Therapies, and Makeup Artistry department, **won the College Development Network Award for Health and Wellbeing**. This pilot project used trauma-informed practice (TIP)

principles to create a personalized experience for learners. The approach focused on safety, trust, choice, collaboration and empowerment, resulting in a 60% increase in attendance and significant improvements in student wellbeing, with many participants progressing to further study.

- The College **retained its Investors in People Gold accreditation** for 2025-28 with 78% of staff reporting that they were satisfied in their experience within the College.

2) Partner of Choice

Our sense of place extends to our communities, our business partners, our region and beyond. We are regionally focused and globally engaged as a key partner through:

- Innovation and collaboration
- Impactful contributions
- Immersive relationships

During the year, the College successfully expanded its industry partnerships, including international collaborations. It was awarded **Scottish Education Exchange Programme funding** to support its international ambitions through new partnerships with two Canadian colleges focusing on aerospace and advanced manufacturing. The College also **grew its modern apprenticeship provision**, with over 1,300 apprentices across 20 vocational areas. Additionally, the College raised its profile with key external partners, becoming **members of Scottish Engineering and National Manufacturing Institute for Scotland**, aligning with the key sectors of aerospace and engineering. The College further developed the concept of innovation with industry through ongoing work between the Business Engagement Team and curriculum areas and continued to progress its aerospace ambitions in partnership with the aerospace cluster within Ayrshire and beyond.

The College co-chairs the **Workforce and Skills sub-group of the Prestwick Aerospace Operational Group**, working with external partners to lay the foundation for increased employer-led activity in the new academic year. Further highlights include securing substantial **Energy Skills Partnership funding** for targeted training and staff development in engineering and construction technology through robust partnerships within the renewables and offshore wind sector. The College also developed a comprehensive suite of composite repair programmes for commercial application, with a significant contract with GE Caledonian in Hungary and strong regional demand. Additionally, the College is continuing its international activities, applying for additional funding for projects centred on offshore wind and supply and collaborating with Nordic institutions and industry partners.

3) Enabling the Future

We will shape the future positively, to drive transformation and continuous improvement, respond to challenges and bring new ideas to life through:

- Leading and influencing within our ecosystem
- Data informed and intelligence driven approaches
- Agile and responsive behaviours

During 2024-25 the College made significant investments in Digital Learning, including expanding its virtual reality provision and **tripling its' Teachermatic licenses**. The introduction of the **Learning and Teaching Academy** fostered a culture of continuous improvement, innovation and collaboration. The Academy aimed to enhance and standardise learning and teaching practices, support the sharing of good practices and peer learning, and improve staff access to pedagogical-based development resources. The objectives for the first year included establishing a peer review process, Communities of Practice, focused on enhancing learning and teaching and developing a new lecturer's support programme.

The overall success of the implementation of the College's Strategic Ambition is monitored through a number of key mechanisms including:

- Strategic Objectives are embedded in the College's Operating and Enhancement Plan.
- Progress is reviewed annually by the Board of Management and its committees through the use of a performance dashboard which includes the following agreed indicators:
 - Student Experience
 - Skills Alignment
 - Business Effectiveness
 - Partnerships

Further information on life in the College and how it contributes to the wider Ayrshire regional economic development can be found on the [College website](#).

Student Involvement

The College places significant importance on the student voice and the role of the Student Association. The President and Vice President are members of the Board of Management. In addition, each year students are invited to give feedback to the College through a range of formal and informal routes.

Learning and Teaching Performance

At the heart of the College's ambition is a commitment to delivering high-quality learning experiences that empower students to achieve their full potential. In line with the SFC commitment to building a connected, agile and sustainable tertiary education system, the College uses performance indicators to evaluate and enhance the quality of learning and teaching. Based on the SFC 2024–25 Assurance and Accountability Framework, the key performance indicators (KPIs) used to assess the Colleges performance are derived primarily from FES data and aligned with the new Outcome Framework and Assurance Model. The SFC no longer sets institution-specific targets, and it monitors performance across several core areas.

The following performance indicator table provides a clear and comprehensive overview of how effectively the College is meeting its objectives, highlighting key trends in student retention, attainment, progression and satisfaction. These metrics not only reflect the impact of the College teaching practices and curriculum design but also inform its continuous improvement efforts, ensuring that the organisation remain responsive to the evolving needs of learners, employers and the wider community it serves.

		College 2024-25	College 2023-24	College 2022-23	National ¹ 2023-24
Known results for FE full time further education students enrolled on a recognised qualification that qualified for funding	Successfully completed their course	74%	68%	76%	67%
	Completed their course but did not gain the qualification they were aiming for	7%	11%	7%	12%
	Did not complete their course	19%	21%	17%	21%
Known results for HE full time higher education students enrolled on a recognised qualification that qualified for funding	Successfully completed their course	69%	63%	72%	67%
	Completed their course but did not gain the qualification they were aiming for	12%	15%	11%	16%
	Did not complete their course	19%	22%	17%	17%

The data presented in the table indicates that the College's initiatives to enhance student retention and success are yielding positive outcomes. There has been an improvement in the successful completion rates for both Further Education (FE) and Higher Education (HE) students. Additionally, the reduction in non-completion rates for both FE and HE students suggests that the Colleges enhanced retention and support mechanisms are operating as intended. The percentage of students who completed their courses but did not achieve the intended qualification has remained relatively stable, with slight improvements.

Student Data			College 2024-25	College 2023-24	National ² 2023-24
Activity	Actual credits	↑	112,341	111,600	
	Target credits	↔	111,480	111,480	
Student Numbers	Unique enrolments	↑	16,825	14,787	
Early Withdrawal	FE Full Time	↓	4.0%	5.3%	
	HE Full Time	↓	3.3%	4.4%	
Success	FE Full Time	↑	74.0%	67.9%	
	HE Full Time	↑	69.1%	63.3%	
Gender Balance	Male	↔	54%	54%	
	Female	↔	45%	45%	
	Not Known	↔	0%	0%	
	Prefer not to say	↔	1%	1%	
SIMD10	Unique enrolments		1,698	1,660	
	Success rate	↑	75%	72%	67%
SIMD20	Unique enrolments		3,633	3,535	
	Success rate	↑	77%	72%	68%
Declared Disability	Unique enrolments		3,302	3,568	
	Success rate	↑	77%	73%	67%

¹ [College Student Outcomes 2023-24](#)

² [College Student Outcomes 2023-24](#)

Student Data			College 2024-25	College 2023-24	National ² 2023-24
Care Experienced	Unique enrolments		925	844	
	Success rate	↑	74%	70%	61%
Student Satisfaction	Actual	↓	96%	97%	94%

The above table indicates positive trends in student performance, with improvements in success rates and reductions in early withdrawal rates for both FE and HE students. The College has also made significant strides in supporting students from deprived backgrounds and those with declared disabilities, as evidenced by the increased success rates in these categories. The overall student satisfaction remains high, reflecting the College's commitment to providing a supportive and effective learning environment.

Student Destination

The most recent data highlights the following:

- Survey Scope: Focused on students who completed their courses in June 2024.
- Return Rate: An impressive 90.4% of students responded (2,975 out of 3,292), exceeding the SFC target of 80%.
- Pending Data: Full results from the College Leaver Destination Report are still awaited from the Scottish Funding Council and are expected by the end of 2025.
- Equity Highlights: The College saw increased success rates among students from deprived backgrounds and those with declared disabilities.
- Satisfaction: Overall student satisfaction remains high, reinforcing the College's commitment to inclusive and effective learning.

Key Issues and Risks

This section outlines the key risks currently facing the College and the strategies implemented to mitigate them. Throughout the year, management identified the top five risks: Financial Sustainability, Data Security, Job Evaluation, Climate Change and Curriculum Offer. Each risk is actively managed through robust mitigation actions, ranging from strategic financial planning and enhanced cyber security measures to stakeholder engagement and sustainability initiatives. Of note, the risk of Financial Sustainability has increased, prompting intensified budget reviews and long-term scenario planning. Data Security remains a consistent focus, with ongoing investment in cyber resilience and regular staff training. Job Evaluation risks have declined through effective dialogue with stakeholders and active participation in national groups. Climate Change and Curriculum Offer risks are being addressed through dedicated sustainability groups, updated frameworks, and innovative curriculum planning.

Additionally, two previous top risks—Investing in College Infrastructure and People and Culture—have reduced in priority this year, indicating progress in these areas. The College's comprehensive risk management practices have ensured service delivery remains robust, without significant negative impacts on overall performance.

Key Risks	Residual Risk Score			Mitigating Actions
	2025	2024	Movement	
1) Financial Sustainability	25	20	↑	<ul style="list-style-type: none"> Engagement with SFC / external auditors highlighting risk and action being taken. Board review of budget and detailed action plan to address budgetary gaps. Long term scenario planning continually reviewed and updated. Efficiency plan in place to address factors within the College control. The workforce development plan and further potential for cost saving and income growth are under continuous review. Effective cash control and robust financial management.
2) Data Security	16	16	↔	<ul style="list-style-type: none"> Increased intrusion detection and testing, business continuity readiness and secure configurations of college systems through the Security Operations Centre (SOC). Regular investment in cyber resilience including regular review of the cyber risk control matrix, and staff awareness training and development. Regular cyber testing and penetration exercises and stress-testing business continuity plans.
3) Job Evaluation	15	16	↓	<ul style="list-style-type: none"> Regular updates to key stakeholders and partners Senior staff present on national work and bargaining groups to influence future decisions and direction. There is strong partnership dialogue between management, unions and the Scottish Government.
4) Climate Change	12	12	↔	<ul style="list-style-type: none"> Revised College sustainability group established focussing on FE road map priorities. Updated Sustainability Framework to be completed and ratified by College Board. Submission of annual climate change data and development of action plan. Continued engagement with staff, students and external partners.
5) Curriculum Offer	12	12	↔	<ul style="list-style-type: none"> Curriculum planning and development tool to continue to be developed. Implementation of Business Engagement Strategy to ensure development of alternative course offerings. Review and adoption of alternative technologies to refresh course offering.

Key Risks	Residual Risk Score			Mitigating Actions
	2025	2024	Movement	
The following risks were in the top 5 risk at the end of 2023-24 but have fallen out of the top 5 over the course of 2024-25:				
Investing in College Infrastructure	9	16	↓	
People and Culture	9	12	↓	

Future Performance

The College published its [Strategic Ambition](#) in August 2024 with the key strategic goal of delivering a superb and distinctive student experience, where our staff and stakeholders are proud of what they collectively achieve. The College will deliver outstanding business support in our region and beyond and will lead successful and impactful collaborations. It will strive to enhance its technological readiness and digital performance to maximise the benefits of technology-enabled learning, teaching, student support and operational processes.

Each year the College reviews its portfolio of courses using an evidence-based approach which incorporates Scottish Government policy direction, national and regional labour market information, the Ayrshire Regional Economic Strategy and Ayrshire Growth Deal. Courses that are no longer in demand, not achieving success or not related to national, regional and local priorities are removed from the Curriculum Delivery Plan for the following academic year. This annual process ensures that the College's portfolio of courses is aligned to national, regional and local policy objectives.

The College intends to measure its success in terms of student achievements, staff satisfaction, contribution to local, regional, and national initiatives, and sustainable practices embedded throughout learning, teaching and operations. The College will improve its investment in digital services and develop commercial income streams towards achieving a balanced financial position.

Infrastructure Strategy

During 2024-25 the Board of Management approved the [College Infrastructure Strategy 2024-27](#) College Infrastructure Strategy 2024-27 and is aligned to the Scottish Funding Council College Infrastructure Strategy (CIS) which lays down how the SFC plans to deliver Scotland's College Infrastructure Investment Plan as published in November 2022. The CIS describes the Scottish Funding Council's approach to investment in Scotland's college estate and other infrastructure, setting out a collective approach between the SFC and colleges to develop an Infrastructure Investment Plan for Scotland's colleges covering the 10-year period to 2034. The plan will identify future infrastructure investment, including investment for net zero, training equipment and digital, needed for a sustainable college estate to deliver the desired outcomes for students, staff, and their communities.

The Infrastructure Strategy outlines a comprehensive plan to enhance both physical and digital infrastructure to support learning, sustainability and strategic growth. The key objectives contained within the Strategy are:

- 1) Maximise Asset Use & Minimise Environmental Impact
- 2) Implement a Rolling Investment Plan.
- 3) Enhance Student & Staff Experience
- 4) Promote Sustainability
- 5) Foster Collaboration & Partnerships
- 6) Strengthen Cybersecurity

During 2024-25 the College has made significant investments in its infrastructure including:

- The transfer of the Kilwinning campus to college ownership following the completion of the PFI contract in June 2025. This project included the successful TUPE transfer of staff and contracts and ensuring the building was returned to the College in an acceptable operational condition. The College would like to thank both IML and Bellrock FM for their assistance in achieving the successful completion of the hand back project.
- Completion of the Scottish Funding Council estate data gathering exercise allowing the SFC to gain an updated picture of the state of the College campuses.
- Continued improvements to the estate condition through regular repair and maintenance and spending wisely to improve its sustainability credentials.
- Migration to Microsoft Azure transformed its digital landscape, enhancing flexibility, security, and efficiency.
- Adopted Azure Virtual Desktop improved remote access and security.
- Installed LapSafe Diplomat Pro smart lockers modernized laptop access, saving costs and energy.
- Continued use of a managed Security Operations Centre (SOC) service strengthened cybersecurity with continuous monitoring and expert advice.
- Proof of concept for Microsoft Co-Pilot and Purview products.
- The formation of the Digital Governance and Transformation Group to oversee future digital investment opportunities.

The health, safety and welfare of students and staff continued to be a key priority with the onsite team completing key deliverables in the year which included upgrades to fire doors. Regular health and safety meetings are held across each campus giving staff, unions and students the opportunity to highlight any potential issues or concerns to management. Improved procedures and guidance were made available to all staff and students this year.

For 2025-26, the College has identified several key objectives to further enhance infrastructure and user experience including:

- To roll out Microsoft Purview which will improve data governance and compliance.
- Implementing a Microsoft Teams telephony solution, streamlining communication and collaboration.
- Embedding the Digital Governance and Transformation Group supported by subgroups to continue rationalising, improving and implementing digital technologies.
- To finalise the partnership with Pheonix Software and the University of the West of Scotland. This collaboration will focus on future projects, starting with Artificial Intelligence and aims to foster innovation and enhance the College's capabilities in this area.
- Lead and support the national rollout of a new Student Funding Application within Unit-e, which will replace the legacy CAMS system, ensuring a more robust and future-proof solution.
- Rationalisation of existing systems to streamline operations and enhance user experience including growing the use of Microsoft Power Bi, SharePoint, Connections and Engage which is available as part of our campus agreement.

These initiatives reflect the College's commitment to leveraging advanced technologies to improve operational efficiency, security and user experience, ultimately supporting its strategic goals and enhancing the overall educational environment.

Data Protection

In 2024-25, the College continued to adapt to evolving data protection regulations, including the Data Use and Access Act (DUAA) and the updated Accountability Framework. With the rise in cyber-attacks and the proliferation of AI tools, the College focused on mitigating risks and implementing controls to protect personal data and systems. The College made significant progress in meeting data protection compliance criteria. The Data Protection Governance Group, now replaced by the Digital Governance and Transformation Group, addressed key areas such as policy updates and staff awareness. The College reported 16 data security incidents, primarily involving unauthorized disclosure of personal data, with no breaches meeting the threshold for ICO reporting. Priorities for 2025-26 include ensuring compliance with the DUAA, completing data sharing arrangements, and focusing on ICO's new audit toolkits related to AI, information and cyber security and records management.

Sustainability Report

The College [Sustainability Strategy](#) outlines the commitment to sustainable development and our aim to reduce emissions, minimise the organisational impact on the environment and encourage biodiversity. The Strategy has set a net zero strategy aligned to the 2045 national legally binding target. The College complied with its duties under the Climate Change (Scotland) Act 2009 to report annually on sustainability with copies of the Public Bodies Climate Change Duties Report found on the [College website](#).

Maintaining the level of carbon reduction and achieving future targets will be extremely challenging. Addressing the emissions associated with heating, which is primarily from natural gas will be the hardest to decarbonize. The College continues to explore the options for heat pumps and photovoltaics at its campuses. Discussions remain ongoing with the local councils to explore using low carbon district heating systems at campuses in the future. Whilst the College will make every effort to reduce its carbon emissions, some level of carbon sequestration (offsets and insets) will be required to meet net zero. As part of the Sustainability Strategy refresh due in 2025-26, the College will look to develop a suitable sequestration policy, taking note of advice from the Scottish Government and peers to ensure the policy meets ethical and quality standards.

During 2024-25 the College Sustainability Group was reformatted to become the Social, Economic and Environmental Sustainability Group (SEES) and is a key College strategic initiative. It was established to support the College's sustainability goals and legislative requirements, particularly the refresh of the College Sustainability Framework. The Group plays a central role in aligning campus development and infrastructure planning with the SFC Infrastructure Strategy. The SEES Group is organised into several subgroups, each focusing on a key area of sustainability in line with the Climate Action Roadmap for Colleges - Leadership and Governance; Estates and Operations; Learning, Teaching, and Research and Partnership and Engagement. Each subgroup meets monthly and contributes to a shared roadmap and scorecard system, including tools like the Sustainability Leadership Scorecard (SLS) and the CDN Roadmap Tracker.

For 2024-25 the College's operational carbon footprint is 4,785 tCO₂e which is a 2% reduction in emissions from the 2023-24 position of 4,874 tCO₂e. During the year several initiatives have contributed to the movement including:

- Continued use of the Kilmarnock campus biomass boiler which resulted in less use of the gas boilers over the winter period.
- Continuation of the work with the facility management companies at both its Kilmarnock and Kilwinning campuses to reduce electricity usage through improved use of building management systems and a continuation of a light replacement programme.

- Late in 2024-25 the replacement of all three main gas boilers at the Kilwinning campus with modern more efficient equipment. This will have a limited impact on the 2024-25 data but is expected to materially impact the 2025-26 usage data.
- The installation of a modern building management system at the Kilwinning campus, allowing more targeted interventions to be made in the heating and colling of the campus.
- The replacement and reduction in number of vehicles used by the College. All College cars and vans are now electric with the minibus fleet reduced by 40%
- Improvements to waste management across the campus with the introduction of campus wide recycling stations. It is anticipated that the level of waste which requires to be split will be reduced.

In line with Scottish Government recommendations the College published its supply chain emissions for the first time in 2022-23. The 3,215 tCO₂e (2023-24: 3,073 tCO₂e) (additional to the operational footprint) result from the emissions generated by the College's supply chain. Whilst the methodology is recognised as poor, the Scottish Government considers it important that organisations report their carbon footprint in its entirety and that publishing now will also help to improve the methodology. To address these emissions, the College is developing a supply chain emissions reduction plan working up to 2030 in partnership with Advanced Procurement for Universities and Colleges.

The College continues to work with a range of partners at national and community level including:

- Membership of the Environmental Association of Universities and Colleges.
- Active participants on the College Development Network's Climate Emergency Experts Group.
- Partnering with the three local councils assisting on delivering their individual climate change strategies.

Fair Work Approach

The College is committed to advancing fair work for all employees and is committed to delivering on the criteria outlined by the Scottish Government which defines fair work as work that offers all individuals an effective voice, opportunity, security, fulfilment, and respect.

Our staff play a key role in delivering our vital services to students and communities across the regions we serve. The College aims to provide a positive working environment with high quality and engaging work, where our staff feel they belong and can thrive. We care about their safety, health and wellbeing and seek to maximise their talent and skills. The College:

- Has **appropriate channels for effective voice**, engaging regularly with our recognised Trade Unions on matters for negotiation and consultation, supported through facility time arrangements. The College also consults our staff directly to seek views and makes extensive use of surveys, focus groups and feedback sessions. We enable our leaders to have regular supportive contact with their team members in conversations about wellbeing, performance, development, and learning.
- **Invests in staff development**. We provide training for leaders to improve their support for our diverse and talented workforce to realise their full potential. Our learning approach provides a wide range of formal and informal learning resources, face-to-face and online, to enhance skills, increase knowledge and build capability across the organisation. We require all our staff to complete mandatory training, including on equality and diversity.
- Has **no inappropriate use of zero hours contracts**, with all our staff securely engaged on terms stating regular working hours.

- Reports on **the gender pay gap and seeks to create a more diverse and inclusive workplace**. As part of our Public Sector Equality Duties (PSED) report, we publish our Equality Outcomes in support of a fully diverse and inclusive organisational culture. Our approach is to enhance diversity and inclusion in the workplace to focus improvements within the organisation, and where possible to create opportunities more widely across the regions it serves.
- Is an **accredited real Living Wage employer**, paying at least the real Living Wage to all employees and outsourced service workers.
- **Offers progressive and flexible family friendly working practices for all our staff** to support diversity and inclusion, and to enable the balancing of work life with personal needs.
- **Opposes the use of fire and rehire practices** and works to avoid such an approach in any circumstance. The College also provides redeployment opportunities during programmes of organisational change.

The College's position on Fair Work will continue to be developed in consultation with our staff and their formal representatives.

Financial Objectives and Review

The College's financial objectives are to be financially sustainable while continuing to invest in the development of student-centred services, infrastructure and resources. The public sector financial context and funding settlements over recent years continue to present challenges to attaining these financial objectives. The College continues to develop its financial planning structures, budgeting, monitoring and financial reporting systems to support a complex organisation of the scale of Ayrshire College. Robust financial planning remains a key priority going forward given the challenges for the college sector around the levels of funding made available while continuing to demonstrate financial sustainability. To address this the College is in the process of installing a new finance system during 2025-26 which will allow improved access to current data and more detailed analysis of financial information.

The Executive Leadership Team continues to work with the Board of Management and its committees to review financial information requirements and key performance data to ensure good governance in relation to challenge and scrutiny. The College is focused on expanding commercial and other income streams whilst delivering lower operational costs, where possible. In view of the flat cash funding settlement from the Scottish Government, the College identified a requirement for an additional £4.2m income or cost savings to maintain financial sustainability over the three-year period to 2027-28.

The Statement of Comprehensive Income and Expenditure had a deficit for the year of £(3.4)m (2023-24: £(7.3)m) before accounting for pension and asset revaluations. After making the required pension and asset revaluation adjustments, the total comprehensive deficit for the year was £(0.6)m (2023-24: £(1.5)m)

Despite posting an overall financial deficit for the year and after removing the College planned strategic investment expenditure, accounting adjustments for pensions and asset revaluations and unsupported voluntary severance / transformation expenditure, the College generated sufficient cash to repay the capital element of the Kilmarnock NPD and Kilwinning PFI campus agreements. The College concluded the Kilwinning Campus PFI agreement on 13 June 2025 with a final contractual payment of £1.8m. The College had previously made provision for this payment. The staff previously employed by the facilities management company successfully transferred to the College at the end of the PFI contract.

Income

Income of £51.5m is lower by £0.1m in comparison to 2023-24 after the previous year is adjusted for the one-off write down of SFC job evaluation funding.

The **SFC recurrent grant income has remained static** from the previous year with the major adjustment being the loss of £0.9m SFC job evaluation funding. It should be noted that this funding was not cash backed and receipt was always contingent upon completion of the national job evaluation project.

The College continues to have a **significant reliance on the SFC** for its funding which is in the form of recurrent grants. In 2024-25, the SFC provided 87% (2023-24: 88%) of the College's total operational revenue income. If specific funding to support the Kilmarnock campus NPD contract unitary charge is excluded SFC revenue income totalled 78% of total income (2023-24: 79%).

Overall **tuition income** has also remained static compared to 2023-24. The College has continued to see a reduction in the level of HE fees as the reducing number of FE/HE students in the Ayrshire region continues to impact the number of students attending College based HE courses. Counter to this, the College continues to grow its Modern Apprenticeship programme with a growth of £0.2m compared to 2023-24.

Other income has increased by £0.4m as a result of improved catering income, which has reduced the level of subsidy required to support the catering provision from £173k to £73k, and an increased level of project income. The project income primarily relates to supported educational visits and investment in teaching equipment.

Expenditure

Expenditure of £54.9m is higher by £1.1m in comparison to 2023-24.

Staff costs have seen an increase of £1.6m when compared to 2023-24. Core staff costs have increased by £0.7m with the majority of this increase being attributed to the increase in employers' national insurance costs from April 2025. The remainder of the overall increase is due to the non-cash impact of the pension valuation £0.9m. The College has seen a 1% increase in wages and salaries after accounting for the agreed pay awards to both teaching and professional services staff. The College has managed staff costs through a mix of vacancy management and a voluntary severance programme.

The College had previously made provision for the settlement of the Kilwinning campus PFI based on the expected contract settlement value. The final settlement was subject to negotiation and ultimately led to a lower settlement figure than expected. This has led to a release of £0.5m through **exceptional costs** in the 2024-25 financial statements. The PFI contract is now considered to be finalised with the head lease being terminated and the facilities staff at the campus transferring to the College in June 2025.

Other operating expenditure has increased by £1.3m compared to 2023-24. This increase is wholly attributable to the Board of Management agreed strategic investment in the College digital infrastructure (£0.7m), workforce development (£0.2m) and aerospace ambition (£0.4m).

Balance Sheet

Fixed assets at the year-end total £121.3m, a net decrease of £(1.2)m compared to 2023-24. This is the result of the desk-top valuation exercise resulting in the indexation of land and buildings at 31 July 2025 increasing by £1.5m, a depreciation charges of £(3.9)m and additions of £1.2m, consisting of the SFC funded high priority backlog maintenance projects and IT investments.

Net current assets decreased by £(2.9)m to a **net current liability** of £(1.4)m as the result of the payment of salary accruals, utilisation of student support and capital funds and the settlement of the Kilwinning PFI contract.

At 31 July 2025, the College had an accumulated surplus of £14.1m (2023-24: £14.6m surplus) on its Income and Expenditure Account, and in complying with FRS102 s28 (Retirement Benefits), the pension asset is a net position of £0 (2023-24: £0) (driven by the introduction of an asset ceiling cap as explained in note 20 to the accounts) with corresponding movements in the Income and Expenditure Account reserve.

Cash Flow

There was a **net cash outflow** of £(6.9)m (2023-24: £(0.6)m) during the year. The College was subject to several significant cash outflows during the year including the payment of backdated pay awards, the settlement of the Kilwinning PFI agreement and the purchase of assets. At 31 July 2025, the College held **cash of £4.1m** (2023-24: £11.0m) of which the College considers **£1.0m to be trading cash** (2023-24: £1.0m). The remaining cash balance of £3.1m is composed of £2.1m of College approved strategic funds and £1.0m of estate / project funding, with these funds being committed to be expended in the coming year. These funds are managed in accordance with the College's Financial Regulations and SFC's funding guidance.

Adjusted Operating Position

Under Central Government budgeting rules, the non-cash depreciation and pension adjustments are reported under separate budget lines from the operating position. The accounts direction requires the disclosure of an adjusted financial position. This removes the impact from accounting adjustments for pensions from the College's deficit. It also removes the impact of the College spending net depreciation funding on those items prioritised by the SFC. The adjusted position on this basis is shown in the table below.

	Note	2024-25 £000	2023-24 £000
Deficit after other gains and losses		(3,425)	(7,267)
Add back:			
Depreciation (net of deferred capital grant release) on both government funded and privately funded assets including NPD assets	1	3,206	2,869
Exceptional non-restructuring costs – Kilwinning PFI	2	(522)	911
Pension adjustment – Net service cost	3	1,243	309
Pension adjustment – Net interest cost	4	48	5
Pension adjustment – Early retirement provision	5	61	154
Write down of SFC job evaluation funding debtor	6	-	5,077
Job Evaluation costs	7	858	-
Deduct:			
Revenue funding allocated to loan repayments	8	(967)	(954)
NPD income applied to reduce NPD balance sheet debt	9	(1,502)	(1,440)
Adjusted Operating Deficit		(1,000)	(336)

Note

- 1) Depreciation does not have a cash impact and any capital expenditure will mainly be funded by government grants, therefore the charge is taken out. See note 12 for depreciation and note 2 and 4 for deferred capital grants.
- 2) The adjustments relate to the reversal of exceptional property costs related to the Kilwinning campus PFI final payment provision.
- 3) The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid).
- 4) The net interest income/cost is the interest accumulated on the pension asset/liability, and this is offset against the current year's interest earned on pension assets.
- 5) The early retirement provision adjustment relates to the change in the assumptions and the interest rate during the year.
- 6) The adjustment relates to the write off re the SFC Job Evaluation debtor per the SFC Accounts Direction.
- 7) Job Evaluation costs are not covered by Income
- 8) Revenue funding is included in income, but the loan repayment is not reflected in the costs therefore this amount is adjusted.
- 9) NPD grant income is included in the SOCI, but the payment is applied to reduce the balance sheet liability and as this would overstate the surplus is therefore adjusted.

Creditor Payment Policy

The College's policy is to agree payments with its suppliers in advance and to make payment, where practicable, in accordance with those terms, subject to satisfactory performance by the supplier. Where necessary, suppliers are made aware of the terms of payment. The average number of creditor days for 2024-25 was 25 days (2023-24: 28 days). There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Going Concern

The annual financial statements have been prepared on a 'going concern' basis.

The College meets its day-to-day and medium to long-term funding requirements through a combination of cash draw-down from the SFC and income generated from commercial and other activities. The College had in place a Private Finance Initiative agreement associated with its Kilwinning campus which terminated in June 2025 and a Non-Profit Distributing agreement associated with its Kilmarnock campus due to terminate in October 2046. The College must meet certain financial covenants which were met during 2024-25.

The Board of Management recognises that the most significant risk to the College relates to financial sustainability directly linked to the College's ability to manage its activities and deliver its outcomes within the current funding environment. The College concluded a staff voluntary severance scheme during the year in which it delivered further efficiency savings to enable it to operate within its reduced real term funding level. The College is planning for growth in recurring alternative income (non- SFC) to mitigate future pay and funding pressures. The Key Issues and Risks section of the Performance Report on page 9 outlines the College's top risks and mitigation plans which includes financial sustainability.

Funding allocations are confirmed by the SFC on an annual basis and the 2025-26 allocation has been agreed. The College continues to provide three-year financial forecasts to the SFC annually. The College understands that the SFC will provide the required liquidity funding to continue to allow the College to deliver education, and therefore it is appropriate to prepare the accounts using the going concern basis.

The performance report is approved by the Board of Management on 11 December 2025 and is signed on its behalf by:

A Cox
Principal and Chief Executive

ACCOUNTABILITY REPORT

Corporate Governance Report

Statement of Board of Management's Responsibilities

Remuneration and Staff Report

Corporate Governance Report

Directors' Report

The membership of the Board of Management during the year to 31 July 2025 is outlined on pages 25-26 and includes all members who served for part or the whole of the reporting period. The Register of Interests for the still serving members is available on the [College website](#).

The Board complies with the refreshed [2022 Code of Good Governance for Scotland's Colleges](#) ('the Code') as developed and owned by the College sector. Further to this, the Board has adopted and operates under the model code of conduct developed by the Standards Commission.

The Board's authority, reserved matters and the delegation of authority are set out in the [Scheme of Delegation](#). Delegation of authority in relation to financial decision-making is further detailed in the [College's Financial Regulations](#).

All agendas, minutes and relevant reports from Board and Committee meetings are published on the [College website](#) in the interests of ensuring transparent decision-making, and in accordance with the model Publication Scheme for public authorities provided by the Scottish Information Commissioner.

The Executive Team, who also influence the decisions of the College as a whole, comprised:

- Angela Cox, Principal and Chief Executive
- Anne Campbell, Vice Principal Skills and Innovation (to 4 July 2025)
- Sara Rae, Vice Principal Skills and Innovation (from 11 August 2025)
- David Davidson, Vice Principal People, Performance and Transformation
- Alan Ritchie, Vice Principal Finance and Infrastructure

Statement of the Board of Management's Responsibilities

The Board of Management defines its overall responsibilities in accordance with the Code:

- To lead the College and set its strategic direction and values.
- To ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency.
- To deliver high quality learning and outcomes.

In addition, the Board of Management is required to prepare financial statements for each budget year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year. The Board of Management also confirms that the annual report and accounts as a whole are fair, balanced and understandable. The Board of Management also confirms that as far as it is aware there is no relevant audit information of which the auditors are unaware, and that it has taken all reasonable steps to make it aware of any relevant audit information and to establish that the entity's auditors are aware of this information.

The Board of Management governance framework sets out the roles, accountabilities and expectations for board members, board committees, staff and students. The Board of Management Articles of Governance are publicly available via the [College website](#).

Corporate Governance Statement

Introduction

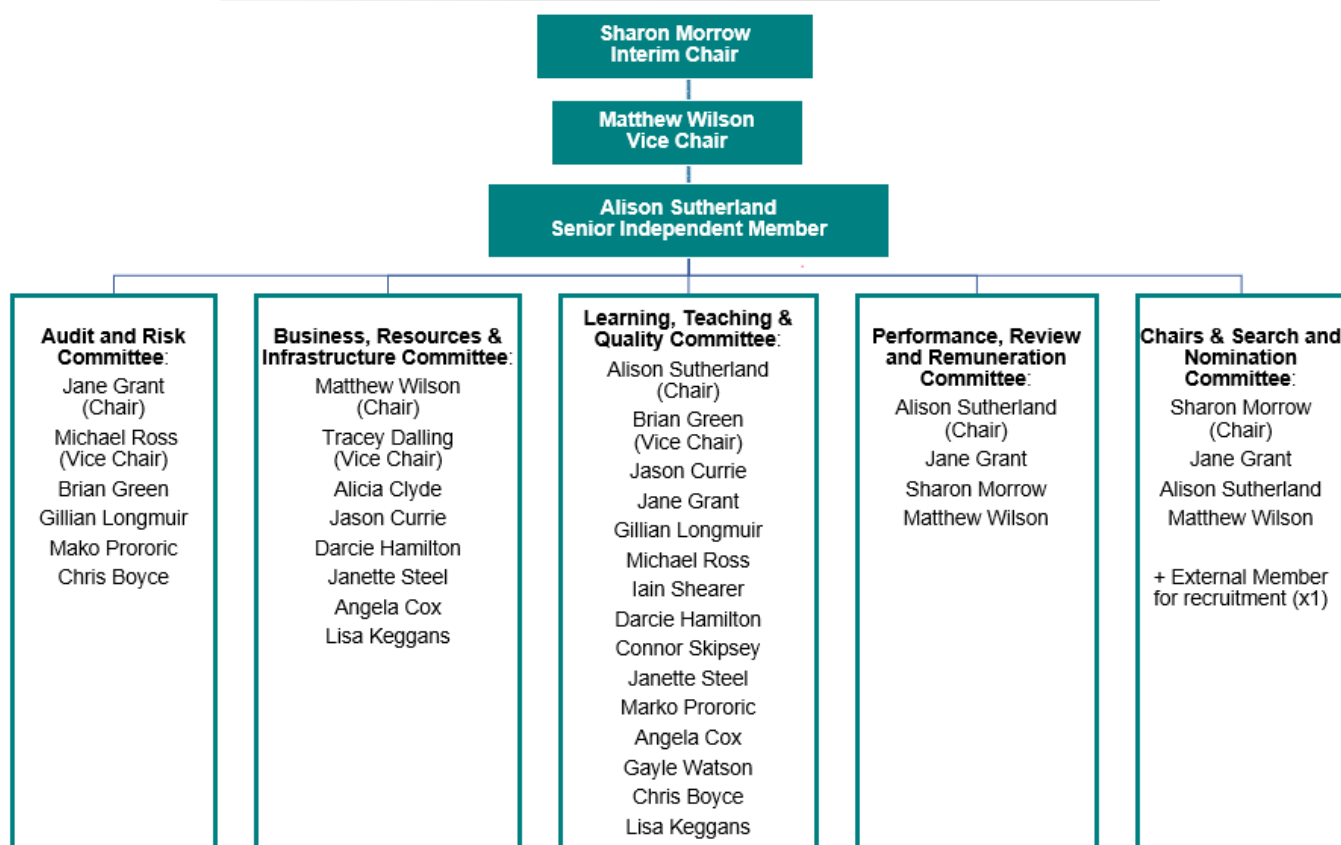
The College is committed to complying with best practice in all aspects of corporate governance. This summary describes the way the College has applied the principles of the Code of Conduct for Members of the Board of Management of Ayrshire College, and the 2022 Code of Good Governance for Scotland's Colleges. It is a condition of the SFC Financial Memorandum that Ayrshire College meets the principles of good governance set out in the Code of Good Governance for Scotland's Colleges.

Governance Framework

The Board and its committees play a vital role in the oversight of College business and hold management accountable for performance against targets and performance indicators, specifically, the Outcomes Framework and Assurance Model with the Scottish Funding Council and the outcomes of engagement with the Quality Assurance Agency, and the delivery of key College strategies, budgets and plans.

All committees operate under the authority of, and with terms of reference approved by, the Board. Meetings of the Board and its committees are conducted in accordance with the Standing Orders and Scheme of Delegation approved by the Board on 27 March 2025, and minutes of these meetings are published on the [College's website](#).

The membership and key responsibilities of each committee of the Board as at the year-end is set out below.



Audit and Risk Committee

The Audit and Risk Committee's remit and terms of reference address those principles listed under Audit and Risk Management in the Code and conform to guidance in the Audit Committee Handbook incorporated in the Scottish Public Finance Manual.

The Audit and Risk Committee met four times in 2024-25. The Committee comprised four non-executive members, and an Elected Union Staff member. There were no co-opted independent members during 2024-25.

The College's internal auditors were represented at all meetings. The College's internal auditors regularly present the findings from internal audits and monitor implementation of agreed management actions in response to these audits. A representative from the College's external auditor also attended three of the four meetings of the Audit and Risk Committee in 2024-25.

The Chair of the Board and the Principal & Chief Executive are not members of the Committee. Committee members meet with auditors without members of the College Executive present for part of a meeting during the year.

Business, Resources and Infrastructure Committee (renamed in September 2025 as People, Infrastructure and Finance Committee)

The remit of this Committee is to oversee the strategic and operational financial planning of the College and provide assurance to the Board on the financial expenditure, financial management and performance. The Committee is responsible for overseeing all matters related to continuing organisational development including oversight of the development, planning and delivery of the overarching People & Culture Strategy. In addition, the Committee oversees the strategic and operational planning of the College infrastructure and provides assurance regarding people, infrastructure and financial matters to the Board.

The Committee met four times in 2024-25 and comprised initially of five non-executive board members (two left the Board in January/February 2025), the Principal & Chief Executive, a support staff member, a student member and a teaching staff member.

Learning, Teaching and Quality Committee

The remit of this Committee is to oversee and provide assurance to the Board on all matters related to the strategic development and delivery of learning, teaching and the student experience, including monitoring and reporting on the associated quality and performance.

The Committee met four times in 2024-25. The Committee included elected lecturing and support staff and elected student board members alongside initially eight, then from February 2025, seven non-executive members.

Performance Review and Remuneration Committee

Membership of this Committee comprises the Chair of the Board of Management, the Vice Chair, the Senior Independent Member and the chairs of each of the Board's committees. The Committee is chaired by a non-executive member of the Board and cannot be chaired by the Chair of the Board of Management. The Principal is not a member of the Remuneration Committee.

This Committee's responsibilities are to oversee all matters related to Performance Review and Remuneration of those members of staff whose remuneration consideration lies out with the scope of the National Recognition and Procedures Agreement (NRPA) and provide assurance to the Board on all such matters. In undertaking its deliberations, the Committee will take account of any advice given by the SFC in terms of remuneration any guidance issued by the Scottish Government or HM Treasury.

Students and staff have a role in contributing views and evidence to the Committee as appropriate.

The Board Chair will report on the performance of the Principal and make recommendations in relation to the Principal's remuneration accordingly.

The Committee shall meet as appropriate, but not less than once per academic year. Meetings should coincide with pay review outcomes and performance review outcomes. During 2024-25 there was one meeting held in June 2025.

Chairs with Search and Nomination Committee

Membership of this Committee comprises the Chair of the Board of Management, the Vice Chair, the Senior Independent Member and the chairs of each of the Board's committees. The membership will also include an independent external co-opted member approved by the Board. This Committee's responsibilities are to oversee the appointment of the College Principal, oversee the recruitment and recommendation of new board members and to consider the reappointment of current members to the Board of Management. The Committee does this by ensuring that the search and nomination process is conducted in a fair and non-discriminatory manner with due regard to issues of equality, diversity and opportunity in any appointments recommended.

During 2024-25 the Committee met in February 2025, in addition to participating in recruitment shortlisting and interview / selection panels.

Board of Management

Membership

The Board comprises a Chair appointed by Scottish Ministers, the Principal and Chief Executive, 12 non-executive members whose appointments are made in accordance with the relevant guidance and approved by both the Chair and Scottish Ministers, two staff members elected respectively by the academic and support staff of the College and two student members nominated by the College Students Association. In addition, one elected support staff union member was included from 1 July 2025.

The College's Board of Management is drawn from industry and the professions. The wide experience of the Board ensures the strategic direction of the College is set in conjunction with industry needs and that due attention is paid to maintaining a financially sustainable College.

Fiona McQueen was appointed as Chair of the Ayrshire College Board of Management by the Scottish Government, through an open public appointments process on 1 November 2022 until her resignation on 21 July 2025.

Matthew Wilson, a non-executive board member, has fulfilled the role of Vice Chair from 1 August 2024.

The Board has in place a Board Governance Advisor whose duties are consistent with those set out in the Code of Good Governance for Scotland's Colleges.

The members who served the College during the year were as follows:

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Resignation
Norman Bone	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Non-Executive Board Member	01/08/2021	06/02/2025
Chris Boyce	<ul style="list-style-type: none"> Audit and Risk Learning, Teaching & Quality 	Elected staff – EIS- FELA teaching union	28/03/2024	
Angela Cox	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Principal Ex- Officio	05/09/2022	
Jason Currie	<ul style="list-style-type: none"> Audit and Risk Learning, Teaching & Quality 	Non-Executive Board Member	15/04/2024	
Tracey Dalling	<ul style="list-style-type: none"> Business, Resources & Infrastructure 	Non-Executive Board Member	01/08/2024	
Jane Grant	<ul style="list-style-type: none"> Audit and Risk Learning, Teaching & Quality 	Non-Executive Board Member	01/08/2024	
Faroque Hussain	<ul style="list-style-type: none"> None 	Non-Executive Board Member	01/08/2023	27/01/2025
Lisa Keggans	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Elected Staff - Support	06/09/2022	20/06/2025
Lisa Keggans	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Elected staff – UNISON – support staff	01/07/2025	
Gillian Longmuir	<ul style="list-style-type: none"> Audit and Risk Learning, Teaching & Quality 	Non-Executive Board Member	01/08/2024	
Fiona McQueen	<ul style="list-style-type: none"> Performance, Review & Remuneration Search & Nomination 	Chair of Ayrshire College BOM Chair of Ayrshire Regional College BOM	01/11/2022	21/07/2025
Janette Steel (nee Moore)	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Elected staff - Curriculum	05/10/2020	
Sharon Morrow	<ul style="list-style-type: none"> Learning, Teaching & Quality Audit & Risk 	Non-Executive Board Member	01/08/2021	21/07/2025
	<ul style="list-style-type: none"> Performance, Review & Remuneration Chairs with Search & Nomination 	Chair of Ayrshire College BOM Chair of Ayrshire Regional College BOM	21/07/2025	
Gordon Neil	<ul style="list-style-type: none"> None 	Non-Executive Board Member	06/12/2022	31/07/2025

Board Member	Committees Served	Status of Appointment	Date of Appointment	Date of Resignation
Michael Ross	<ul style="list-style-type: none"> Business, Resources & Infrastructure Learning, Teaching & Quality 	Non-Executive Board Member	15/04/2024	
Iain Shearer	<ul style="list-style-type: none"> Learning, Teaching & Quality 	Non-Executive Board Member	15/04/2024	
Alison Sutherland	<ul style="list-style-type: none"> Learning, Teaching & Quality Performance, Review & Remuneration Chairs with Search & Nomination 	Non-Executive Board Member Senior Independent Member from 01/08/2024	01/08/2019	
Matthew Wilson	<ul style="list-style-type: none"> Business, Resources & Infrastructure Performance, Review & Remuneration Chairs with Search & Nomination 	Non-Executive Board Member Vice Chair of the Board from 01/08/2024	07/09/2020	

Jane McKie was the requisite external member of the Search and Nomination Committee.

Meetings and Attendance

The Board met formally 4 times between 1 August 2024 and 31 July 2025, with a further 4 meetings of each of the standing committees of the Board also taking place within this period. In 2024-25 the Board and its committees continued to operate within the remit of its Standing Orders and associated terms of reference. All Board and committee meetings held in the period were quorate.

Overall attendance at Board and committee meetings remained very good at 86%, an increase from the previous year. Attendance across the Board and its committees throughout 2024-25 was as follows:

Committee	Attendance 2024-25 %	Attendance 2023-24 %	Attendance 2022-23 %
Board of Management	82	79	80
Learning, Teaching and Quality	80	83	70
Business, Resources and Infrastructure	72	78	80
Audit and Risk	90	92	81
Performance Review and Remuneration	100	100	100
Search and Nomination	100	100	100
Overall Attendance	86	83	71

Induction and Development

All new members receive a formal induction provided by the College, in line with the Board's Induction and Development Procedure. Other development and briefing sessions during the year focused on key strategic matters with implications & priorities for the College, leadership styles, conflict management, the performance dashboard, assurance mapping, funding allocation and budgets.

Evaluation

The Board undergoes a robust evaluation process at the end of each year. This includes individual review meetings with the Chair of the Board, committee operational reviews and a review of the Chair's performance led by the Senior Independent Member whose report on the Chair's performance was presented to the Board on 25 September 2025.

Further to the qualitative data collected, a quantitative online survey comprising a series of questions focusing on current governance arrangements at the College and future enhancements was conducted.

This year the Board questionnaire was combined with additional questions as part of the Externally Facilitated Effectiveness Review conducted by an External Assessor from the College Development Network. The review also included planning meetings, observations of a Board meeting, document reviews, interviews with Board members, and a review workshop with Board members.

The outcome of the External Review and the self-evaluation process was very positive, and several actions were agreed to enhance the operation of the Board, particularly around team building and stakeholder engagement.

The Board, at each of its 2024-25 meetings, continued to monitor progress against recommendations arising from reviews through its action logs and development plan. In addition to the normal Board and committee cycle, there were additional online Board briefings, tours and site visits.

Risk Management

The Risk Management Policy and Procedure reflect the College's approach to risk management with the evaluation of internal controls forming a critical part of the College's internal control and corporate governance arrangements. The Board of Management approved the College Risk Management Policy and Procedure in December 2023 and approved an updated Policy at its September 2025 meeting.

The College Senior Leadership Team regularly reviews internal controls and assurances through the 'three lines of defence' framework, reviews the College's operational risks and proposes updates to the Strategic Risk Register. Any proposed changes to the Strategic Risk Register are highlighted and discussed by the College Executive Team before being presented to all Board committees. The committees are requested to review the strategic risks faced by the College and whether there are any further risks, controls or mitigating actions that should be taken. The Board of Management at each meeting is responsible for the overall approval of the Strategic Risk Register based on the reports provided from its committee meetings.

The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that have been in place for the period up to the date of approval of these financial statements which accords with good practice. This process is regularly reviewed by the Board of Management.

Statement of Internal Control

Scope of Responsibility

The Board of Management is responsible for ensuring the effectiveness of the College's systems of internal control.

The Board of Management has delegated the day-to-day responsibility to the Principal and Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding public funds and assets for which the Principal and Chief Executive is responsible, in accordance with the Financial Memorandum between the College and the SFC. The Principal and Chief Executive is also responsible for reporting to the Board of Management any material weaknesses or break-down in internal control.

Purpose of the System of Internal Control

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

The table below shows the audit reports that have been reviewed by the Audit and Risk Committee in the period up to the date of approval of the annual report and financial statements:

Area of Audit	Overall Conclusion	Grading of Recommendations		
		High	Medium	Low
Payroll Controls	Strong	-	-	1
GDPR / FOI	Strong	-	-	-
Student Recruitment and Retention	Strong	-	-	-
Staff Recruitment	Strong	-	-	1
Overall Financial Controls	Strong	-	-	-
IT Systems Administration	Strong	-	-	-
Educational Maintenance Allowance	Unqualified	-	-	-
Student Support Funds	Unqualified	-	-	-
Student Activity (Credits)	Unqualified	-	-	-
Financial Statements	Unqualified	-	-	-

All recommendations and management actions continue to be monitored by the Audit and Risk Committee at each of its meetings through regular progress updates against a summary report of audit recommendations and through the Strategic Risk Register.

The Risk and Control Framework

The system of internal control is based on a framework of regular management reporting, administration procedures including the segregation of duties, and a system of delegation and accountability. It includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management.
- regular reviews by the Board of Management of monthly, 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.
- appropriate assurances through a 'three lines of defence' framework aligned to top risks.
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, and the Board ensures that there are objectivity and independence in the selection of auditors for non-audit work through a competitive tendering process. The work of the internal audit service is informed by an analysis of the top risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit and Risk Committee.

The Chair of the Audit and Risk Committee provide the Board of Management with an annual report on its activities and internal audits conducted during the year. The report includes the Chair of the Audit and Risk Committee's independent opinion on the adequacy and effectiveness of the College's system of risk management, internal controls and governance procedures.

Review of Effectiveness

The Principal and Chief Executive has responsibility for reviewing the effectiveness of the systems of internal control. The review of effectiveness of the system of internal control is informed by:

- the work of the internal auditor. The conclusion in their 2024-25 annual report was:

"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes.

In our opinion, Ayrshire College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. Our fieldwork was carried out between November 2024 and September 2025, and we have not undertaken any further internal audit assignments at the time of this report."

- the work of the Executive Team and senior managers within the College who have responsibility for the development and maintenance of the internal control framework and annual assurance statements.
- comments and recommendations made by the College's external auditor.
- the work undertaken to sign the SFC annual assurance letter.
- the College's risk management processes and reporting procedures.

The Principal and Chief Executive has been advised on the implications of the result of the review of the effectiveness of the systems of internal control by the Audit and Risk Committee which oversees the work of the internal auditor, and associated plans to address weaknesses to ensure continuous improvement of the control systems in place. Based on these assurances, the Principal and Chief Executive can confirm that sound systems of governance, risk management and assurance, and internal controls are consistent with the requirements of the Scottish Public Finance Manual and the SFC's accounts direction which have operated for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

The Executive Team receives reports setting out key performance and risk indicators and considers control issues brought to their attention by early warning mechanisms, which are embedded within the College's faculties and departments. The Executive Team and Audit and Risk Committee also receive regular reports from internal audit, which include management recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the internal control arrangements.

The Board of Management's agenda includes a standing item for consideration of the College's strategic risks and controls, and it receives reports thereon from the Executive Team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board met on 11 December 2025 and approved the year-end financial statements, taking account of joint Audit and Risk / Business, Resources and Infrastructure Committees' recommendation and the external auditor's annual report.

Internal Control Statement

In all areas assessed associated with 2024-25, the internal auditor has expressed the opinion that the risk management activities and controls were found to be suitably designed to achieve the specific risk management, control, governance and value for money arrangements. Additionally, based on their verification reviews and sample testing, the risk management, control, and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control, governance and value for money objectives were achieved for the period under review.

Compliance with the 2022 Code of Good Governance for Scotland's Colleges

The College Board of Management complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges and has complied throughout the year ended 31 July 2025 and up to the date of the signing of the financial statements.

Conclusion

The Board of Management is content that the arrangements in place relating to corporate governance are effective.

The College Board determined that given the guidance there is no need to prepare a Parliamentary Accountability Report. There are no significant losses or special payments that need to be reported in accordance with managing public money.

Based on the information above, it is the opinion of the Principal and Chief Executive and the Board of Management that there was an ongoing process for identifying, evaluating and managing the College's significant risks, and that it had been in place for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Approved by order of the members of the Board of Management on 11 December 2025.

S Morrow

Interim Chair of the Board of Management

A Cox

Principal and Chief Executive

REMUNERATION AND STAFF REPORT

Remuneration Policy

The post of Principal & Chief Executive and the additional posts which make up the Senior Leadership Team (Vice Principals, Assistant Principals, Director of Digital Infrastructure, Chief Financial Controller, Strategic People Partner) are not covered by national negotiating arrangements, within the terms of the National Recognition and Procedures Agreement (NRPA). All other service staff posts are covered by the NRPA regarding the negotiation of contractual issues in respect of terms and conditions of service and salaries.

The Principal's, Vice Principals' and Assistant Principals' salaries are on incremental salary scales, with annual contractual increments on the anniversary of their appointment. There are no contractual arrangements for either performance-related pay or for the payment of bonuses. The remuneration of the Chair is set by Scottish Ministers as detailed in note 7a to these financial statements.

Remuneration of Regional Chair and Senior Management including salary and pension entitlements

Remuneration (salary, benefits in kind and pensions) – audited.

The following table provides details of the remuneration and pension interests of executive management and the Chair of the Board of Management:

Name	12 months ended 31 July 2025				12 months ended 31 July 2024			
	Salary	Pension Benefit	Total	Annual Salary	Salary	Pension benefit	Total	Annual Salary
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A Cox, Principal	145-150	47	190-195	145-150	145-150	49	195-200	140-145
A Campbell, Vice Principal ³	100-105	14	115-120	105-110	105-110	14	120-125	105-110
D Davidson, Vice Principal	95-100	41	135-140	95-100	90-95	62	155-160	90-95
A Ritchie, Vice Principal	95-100	43	140-145	95-100	75-80	(7)	70-75	95-100
F McQueen, Chair ⁴	15-20	-	15-20	25-30	25-30	-	25-30	25-30
S Morrow ⁵	0-5	-	0-5	25-30	-	-	-	-

There were no performance-related payments or bonuses paid in the year (2024-25: £0). There were no benefits in kind or non-cash benefits paid in the year (2024-25: £0).

Board members not listed above received no remuneration. The Regional Chair is entitled to receive remuneration in accordance with instruction from Scottish Government. There is no remuneration for non-executive director posts on the Board of Management. Expenses incurred are paid because of carrying out the duties of the appointment including reasonable travel and subsistence.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

³ Employment ended 4 July 2025

⁴ Employment ended 21 July 2025

⁵ Employment commenced 21 July 2025

Further details on senior post-holders' emoluments can be found in note 7a.

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme and the Strathclyde Pension Fund (SPF), a Local Government Pension Scheme.

Both STSS and the SPF were final salary pension schemes up to 31 March 2015. This means that pension benefits for service prior to that date are based on the final year's pay and the number of years that the person has been a member of the scheme. Since 1 April 2015 both schemes have moved to being career average schemes in respect of service since that date.

Contribution rates for these two schemes are set annually for all employees, with the employer contribution rate being the same percentage of gross salary for all members of the respective schemes. Employee contribution rates increase in line with gross salary as set out in the rules for each scheme.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

Senior Officials' Pension – audited

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below, together with the pension contributions made by the College:

Name	Senior Official's Pension Scheme	Accrued pension at pension age at 31 July 2025 £000	Accrued lump sum at pension age at 31 July 2025 £000	Real increase in pension 1 August 2024 to 31 July 2025 £000	Real increase in lump sum 1 August 2024 to 31 July 2025 £000	CETV at 31 July 2025 £000	CETV at 31 July 2024 £000	Real increase in CETV £000
A Cox	SPF	47	0	3	0	137	87	48
A Campbell	STSS	36	87	1	-2	714	679	23
D Davidson	SPF	64	1	2	0	451	408	43
A Ritchie	SPF	56	18	3	0	622	572 ¹	50

¹ This figure has been revised based on valuation received 31/7/25

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated based on the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the

person has accrued because of their total Local Government service or transferred service from previous employment and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be considered:

- The figures for pension and lump sum are illustrative only considering the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- The accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Note 7a to the accounts provides information on senior post holders' remuneration.

Compensation for Loss of Office - Audited

In 2024-25 the College, in accordance with its SFC authorised voluntary severance scheme, approved 9 staff voluntary severance packages (2023-24: 20).

The table below provides a summary of the exit packages by cost band:

Exit Package Cost Band	2024-25			2023-24
	Number of compulsory redundancies	Number of other departures agreed (including any voluntary redundancies)	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	0	0	2
£10,000 - £25,000	-	4	4	9
£25,000 - £50,000	-	2	2	5
£50,000 - £100,000	-	3	3	4
Total number of exit packages	-	9	9	20
Total cost	-	£384,000	£384,000	£638,000

Fair Pay – Pay Multiples

Colleges are required to disclose the relationship between the remuneration of the highest paid official and the median (middle of the range) remuneration of their workforce.

The highest paid member of the management team was the Principal. The Principal’s remuneration before pension benefits was in the range £145,000 - £150,000 (2023-24: £145,000-£150,000). This was 3.4 times (2023-24: 3.4 times) the median remuneration of the workforce which was £44,264 (2023-24: £43,357).

Range of Workforce Remuneration	2024-25	2023-24	% Change
Highest paid official remuneration	£147,500	£147,500	0
Median (total pay and benefits)	£44,000	£43,000	2.3
Median (salary only)	£44,000	£43,000	2.3
Ratio	3.4	3.4	(2.3)
25th percentile (total pay and benefits)	£31,000	£30,000	3.3
25th percentile (salary only)	£31,000	£30,000	3.3
Ratio	4.8	4.9	(3.2)
75th percentile (total pay and benefits)	£48,000	£47,000	2.1
75th percentile (salary only)	£48,000	£47,000	2.1
Ratio	3.1	3.1	(2.1)

Staff Profile

At 31 July 2025, the College employed by headcount 468 (2023-24: 500) females and 281 (2023-24: 304) males. No members of staff currently identify as non-binary or gender neutral. The College continues to promote trans and gender diverse inclusion to ensure all staff are supported.

The proportion of staff sickness absence during 2024-25 was 4.6% (2023-24: 4.6%).

Staff turnover (inclusive of all leavers regardless of circumstances) for 2024-25 was 10.1% (2023-24: 9.5%)

Salaries and Related Costs – Audited

	2024-25			2023-24
	Directly employed staff £000	Seconded and agency staff £000	Total £000	Total £000
Wages and salaries	26,730	139	26,869	26,592
Social security costs	2,976	-	2,976	2,472
Other pension costs	4,374	-	4,374	4,452
Total	34,080	139	34,219	33,516
Average number of FTEs			637	650

The College is a signatory to the National Recognition and Procedures Agreement (NRPA) and a member of the College Employers Association. The College received a national pay award circular in June 2024, for support staff, covering the period 1 September 2022 – 31 August 2025. The pay award consisted of a pay uplift of £1,500 for year one, backdated to 1 September 2022, and £2,000 for year two, backdated to 1 September 2023. The pay award for year one and two was paid to staff in their July salaries, which included payment for any backdated monies owed. The final part of the pay deal, year 3, is effective from 1 September 2024, when support staff salaries will be uplifted by £1,500.

Trade Union Relationships

The College strives to work in partnership with the recognised trade unions (EIS-FELA and Unison) on issues affecting our employees and work together within the framework of the Recognition and Procedure Agreements. Local Joint Negotiation Committees (LJNC) were held during 2024-25 with both the EIS-FELA and Unison as the disagreement between Unison and the College was resolved.

Trade Union Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided support through paid facility time for union officials working at the College.

The information for the year ended 31 July 2025 is set out below:

Relevant Union Officials	
Number of employees who were union officials during 2024-25	Employee number by FTE:
5	0.8

Percentage of Time Spent on Facility Time	
Percentage (%)	Number of Employees
0	0
1 - 50	5
51 - 99	0
100	0

Percentage of Pay Bill Spent on Facility Time	
Total cost of facility time	£48,439
Total pay bill*	£ 35,918,814
Percentage of total pay bill spent on facility time	0.13 %

Total time spent on trade union activities as a percentage of total paid facility time hours during 2024-25 was 100%. The College also releases union officials to support staff with other meetings as required.

*The total pay bill relates to the Fiscal Year 2024-25 (April 2024 – March 2025)

Off-Payroll working through an intermediary (IR35) – workers engaged through a company

The HM Treasury off payroll working arrangements are in place to ensure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax and NICs as an employee. The College has a procedure to ensure that if it plans to offer temporary employment to someone who works through their own intermediary, the off payroll working rules are applied accordingly.

Health, Safety and Wellbeing

It is the policy of the College to pursue progressive improvement in the health, safety and wellbeing of staff, students and visitors and take all reasonable steps to provide safe and healthy conditions in which to study, learn and work. Building upon the strong foundations from the prior years, a range of developments were undertaken during 2024-25 to promote the College’s culture of health, safety and wellbeing including a range of initiatives to support staff and student mental health including College wide challenges and campaigns. The College was also successful in achieving the Investors in People wellbeing at work award. The College has continued to raise awareness of a range of health, safety and wellbeing issues through regular communication, training and update sessions. Wherever possible, the College has collaborated with other agencies working in health and safety and engaged in joint projects that would benefit the College. The College continues to align its health and safety activities to changes taking place within the sector and nationally including promoting wellbeing themes in partnership with NHS Ayrshire & Arran and other agencies.

Disability Policy

The College is an accredited Level 2, Disability Confident employer committed to: inclusive and accessible recruitment, communicating vacancies, offering an interview to disabled people, providing reasonable adjustments, and supporting existing employees. The College also regularly supports staff through schemes such as Access to Work, to ensure that people with a disability can secure work and also to support our existing staff to continue in their employment. Reasonable adjustments are made by the College on an ongoing basis to enable staff with a disability to continue in their role, or a similar role, or to support new members of staff to take up employment.

Through its published Equality Outcomes (2025-2029) the College has made the following commitment in respect of our staff: Our staff and Board of Management represent the diversity of the community that Ayrshire College serves, with a particular focus on disability and race, to support a more inclusive and innovative College community (Equality Outcome 4). Work to date has involved reviewing recruitment and selection processes and employee journey, improving data analytics and providing CPD for managers and staff.

Monitoring

Performance reports relating to health and safety, staff turnover, sickness absence, recruitment and equality diversity and inclusion monitoring, are regularly reviewed and monitored by both the Senior Management Team and the Board of Management. Reports on staffing establishment and post occupancy are shared with managers monthly.

Equality and Diversity

In accordance with our Public Sector Equality Duty (PSED), the College published its latest Mainstreaming Equality and Equality Outcome Report in April 25 a copy of which can be found on the College website or [here](#).

The College has positioned equality and diversity as a key ambition in its Statement of Ambition 2030 and has implemented its College Operating and Enhancement Plan (COEP) and Team Operating and Enhancement Plan (TOEP) process to enable continued success, through which teams are asked to align and map their objectives to the new College Equality Outcomes 2025-2029:

- **EO1**- Students and staff with Protected Characteristics at Ayrshire College have confidence that reports of harassment and bullying are dealt with appropriately.
- **EO2** - All curriculum areas will use their gender equality data to develop actions which will achieve greater gender balance with regard to student recruitment, retention, and attainment.
- **EO3** - Recruitment, retention, and attainment of all students with a declared mental health condition have improved.
- **EO4** - Our staff and Board of Management represent the diversity of the community that Ayrshire College serves, with a particular focus on disability and race, to support a more inclusive and innovative College community.

Looking ahead, we will build on the progress and insights gained with a renewed focus on achieving our new College Equality Outcomes. Our success will be driven by a series of strategic, targeted actions aimed at deepening diversity across the college and removing barriers that hinder individuals from reaching their full potential—whether in their work or learning journeys.

Staff Development

A range of professional development activities took place during 2024-25, with a continued significant focus on artificial intelligence and digital skills, while also supporting the development of a curriculum focused Learning and Teaching Academy, to develop pedagogical skills, peer learning and communities of practice. This was all designed to enhance the student journey through innovative learning and teaching practices. In addition, the College also continued to support staff to achieve formal qualifications with a specific focus on learning and teaching, including:

- Teaching Qualification in Further Education
- PDA Teaching Practice
- L&D Assessor Award
- L&D Verifier Award

- Specialist industry qualifications

In 2024-25, the College further embedded the Evolve Leadership and Development programme with a number of workshops facilitated by external consultants in areas of behavioural leadership and development, such as organisational change, strategic thinking, emotional intelligence, DISC behavioural styles and 360 feedback. Further developments in this area have continued through embedding the learning with internal action learning sets and feedback and learning opportunities through the College Leadership Team 3C sessions.

We also implemented and launched a new learning management system in April, titled Elevate, which will be a one-stop shop for staff for all their learning requirements, from accessing their mandatory training, online e-learning courses and their personal development review process. This system will continue to develop in 2025/26 as additional resources are developed and made available to staff.

The Remuneration Report has been approved by the Board of Management on 11 December 2025 and is signed on its behalf by:

S Morrow
Interim Chair of the Board of Management

A Cox
Principal and Chief Executive

**Independent auditor's report to the
Board of Management of Ayrshire
College, the Auditor General for
Scotland and the Scottish Parliament**

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Ayrshire College for the year ended 31 July 2025 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, and Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2025 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. 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 were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. 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 basis of accounting

We have concluded that the 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 college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our separate Annual Audit Report, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the college's operations.

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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;
- inquiring of the College Vice Principal Finance and Infrastructure as to other laws or regulations that may be expected to have a fundamental effect on the operations of the college;
- inquiring of the College Vice Principal Finance and Infrastructure concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussion among our team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Other information

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Andrew Reid (for and on behalf of Azets Audit Services)

Quay 2

139 Fountainbridge

Edinburgh

EH3 9QG

Andrew Reid is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 JULY 2025

		Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
INCOME			
SFC grants	2	44,959	45,575
SFC job evaluation grant write off	2	-	(5,077)
Tuition fees and education contracts	3	4,059	3,982
Other grants and contracts	4	96	93
Other income	5	2,352	1,968
Investment income	6	-	-
Total Income		51,466	46,541
EXPENDITURE			
Staff costs	7	36,267	34,681
Restructuring costs	7	384	638
Exceptional costs	8	(522)	911
Other operating expenses	9	12,538	11,237
Depreciation	12	3,917	3,942
Interest and other financial costs	10	2,307	2,399
Total Expenditure		54,891	53,808
Deficit before tax		(3,425)	(7,267)
Taxation	11	-	-
Deficit for the year		(3,425)	(7,267)
Unrealised surplus on revaluation of assets		1,545	5,802
Actuarial gain in respect of pension schemes		1,291	314
Unfunded pension liability		32	(348)
Total comprehensive expenditure for the year		(557)	(1,499)

All items of income and expenditure relate to continuing activities and are unrestricted.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules, but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 30 provides details of the adjusted operating position on a Central Government accounting basis.

STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Account £000	Restricted Reserves £000	Revaluation Reserve £000	Total £000
Balance at 31 July 2023	(7,267)	-	-	(7,267)
Deficit from the income and expenditure statement	-	-	5,802	5,802
Revaluation	314	-	-	314
Transfers from pension reserve to income and expenditure reserve	(348)	-	-	(348)
Transfers between revaluation and income and expenditure reserve – Historical Cost Depreciation	1,303	-	(1,303)	-
Total comprehensive expenditure for the year	(5,998)	-	4,499	(1,499)
Balance at 31 July 2024	14,607	466	54,374	69,447
Deficit from the income and expenditure statement	(3,425)	-	-	(3,425)
Revaluation	-	-	1,545	1,545
Transfers from pension reserve to income and expenditure reserve	1,291	-	-	1,291
Unfunded Pensions	32	-	-	32
Transfers between revaluation and income and expenditure reserve – Historical Cost Depreciation	1,548	-	(1,548)	-
Total comprehensive expenditure for the year	(554)	-	(3)	(557)
Balance at 31 July 2025	14,053	466	54,371	68,890

BALANCE SHEET AS AT 31 JULY 2025

		Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Fixed Assets			
Tangible fixed assets	12	121,309	122,491
Total fixed assets		121,309	122,491
Net pension asset		-	-
Current Assets			
Stocks		34	26
Debtors	13	613	1,065
Cash and cash equivalents	19	4,120	11,048
Total current assets		4,767	12,139
Less: Creditors – amounts falling due within one year	14	6,221	10,706
Net current (liabilities)/assets		(1,454)	1,433
Total assets less current liabilities		119,855	123,924
Less: Creditors – amounts falling due after more than one year	15	34,715	35,998
Less: Deferred capital grants due to be released after one year	16	8,933	9,562
Provisions			
Early Retirement Provision	17	1,008	1,050
Other Provisions	17	5,993	7,519
Net Assets excluding pension liability		69,206	69,795
Net pension liability	20	(316)	(348)
NET ASSETS INCLUDING PENSION LIABILITY		68,890	69,447
Income and expenditure account excluding pension reserve	18	14,053	14,607
Pension reserve	18	-	-
		14,053	14,607
Restricted Reserves		466	466
Revaluation Reserve	18	54,371	54,374
TOTAL RESERVES		68,890	69,447

The financial statements on pages 48 to 79 were approved by the Board of Management and are signed on its behalf by:

S Morrow
Chair of the Board of Management

A Cox
Principal and Chief Executive

CASH FLOW STATEMENT FOR THE YEAR TO 31 JULY 2025

		Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Cash outflow from operating activities			
Deficit for the year		(3,425)	(7,267)
Adjustment for non-cash items			
Depreciation	12	3,917	3,942
Net loss on disposal of fixed assets		-	286
Deferred capital grants released to income (Increase) / decrease in stock	16	(711)	(1,073)
Decrease in debtors	13	452	4,014
Decrease in creditors	15	(3,856)	(3,008)
(Decrease)/increase in provisions	17	(1,568)	5,617
Net return on pension liability	20	1,291	314
Returns on investments and servicing of finance		(48)	(5)
Cash flows from investing and financing activities			
Interest receivable	6	-	-
Interest payable	10	48	5
PFI/NPD capital payments	15	(2,366)	(2,690)
Purchase of tangible fixed assets	12	(1,189)	(1,027)
Hire Purchase creditor	15	302	
Deferred capital grants receipts	16	233	245
Decrease in cash and cash equivalents in the year		(6,928)	(637)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash and cash equivalents in the year	19	(6,928)	(637)
Net funds at 1 August 2024		11,048	11,685
Net funds at 31 July 2025		4,120	11,048

NOTES TO THE FINANCIAL STATEMENTS

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.

a) 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 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with applicable Accounting Standards. They have been prepared in a form prescribed by Scottish Ministers and in accordance with paragraph 28 of Schedule 2 of the Further and Higher Education (Scotland) Act 1992, the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act), the Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) and in accordance with the Accounts Direction and other guidance published by the Scottish Funding Council.

b) Basis of Accounting

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed assets.

c) Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Performance Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. The College understands that the SFC will provide the required liquidity funding to continue to allow the College to deliver education, and therefore it is appropriate to prepare the accounts using the going concern basis.

d) Recognition of income

Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the income stream involved.

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

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

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

Capital grant funding

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

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.

e) 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.

f) Maintenance of Premises

The cost of maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

g) Accounting for Post-Employment Benefits

Post-employment benefits to employees of the College are principally provided by the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF).

Scottish Teachers' Superannuation Scheme (STSS)

The STSS is an unfunded scheme. Contributions to the STSS 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 based on valuations using a projected unit method.

The STSS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The STSS 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.

Strathclyde Pension Fund (SPF)

The SPF is a funded scheme. The assets of the SPF are measured using closing fair values. SPF 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.

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

h) 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 because of the unused entitlement.

i) 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.

j) Tangible Fixed Assets

Private Finance Initiative (PFI) Assets

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the service passes to a PFI contractor.

Where the College is subject to the majority of the potential variations in property related profits or losses and has access to the risks and rewards of ownership (which is assessed having regard, in particular, to the quantum of finance provided by the private sector that is, in fact, at risk to the performance of the project) it recognises an asset and a corresponding liability for amounts due to the scheme operator to pay for the asset.

Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the College.

The amounts payable to the PFI operators each year are analysed into three elements:

- Fair value of the services received during the year.
- Finance cost and interest charge on the outstanding Balance sheet liability.
- Payment towards liability – applied to write down the Balance sheet liability towards the PFI operator.

The annual cost of the service charge and finance cost are disclosed within Other Operating Expenses and Interest Payable notes 9 and 10 to these financial statements.

Non-Profit Distributing (NPD) Assets

The NPD model was developed and introduced as an alternative to, and has since superseded, the traditional PFI model in Scotland.

The Scottish Futures Trust states that the:

“NPD model is defined by the broad core principles of:

- *Enhanced stakeholder involvement in the management of projects*
- *No dividend bearing equity*
- *Capped private sector returns.”*

Guidance on the accounting and resource treatment of NPD payments was issued to colleges with NPD projects in August 2015.

The annual cost of the service charge and finance cost are disclosed within Other Operating Expenses and Interest Payable notes to these financial statements (notes 9 and 10).

Land and Buildings

Land and buildings inherited from the former Strathclyde Regional Council in 1993 are stated in the Balance Sheet at a valuation based on depreciated replacement cost for specialised properties and open market value for non-specialised properties, as at 31 July 2025, less amounts written off by way of depreciation.

Land and buildings acquired since incorporation are included in the balance sheet at revaluation plus cost where this is over £10,000. Project expenditure is counted as a single asset. Freehold land associated with the buildings and undeveloped freehold land is not depreciated. Freehold building costs are depreciated on a straight-line basis over their useful economic life, as assessed by external valuers, as follows:

Main buildings and infrastructure	up to 70 years
Temporary buildings	up to 10 years

Land and Buildings are formally revalued on a quinquennial basis, with an annual desktop review, to ensure the carrying value is not significantly different from fair value.

Leased assets are depreciated over the life of the lease.

Equipment

Equipment is capitalised as follows:

IT assets	-	Over £10,000 for single items or over £10,000 for groups of related assets
Other assets	-	Over £10,000 for single items or over £10,000 for groups of related assets

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

Computer and media equipment	4 years
Other motor vehicles and equipment	4 to 5 years

Furniture and fittings

8 to 10 years

k) 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.

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

l) Investments

Investments in subsidiaries

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

m) Stocks

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

n) Taxation

As a Scottish charity, the College benefits by being exempt from corporation tax on income and surpluses which have been derived in pursuing activities designed to conduct the main objects of its charitable status. The College is exempted from levying VAT on most of the services it provides to students. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased for Curriculum Areas. The College can recover VAT on certain trading activities and can partially recover some input tax on other non-Curriculum Area expenditure.

o) 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.

p) Financial Instruments

The College only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other loans to related parties. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

q) Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

In preparing these financial statements, management has 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 College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty:

- **Tangible Fixed Assets**
Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered.
- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability.

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 recorded a notional surplus. The College consider that they will not be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has not been recognised in these financial statements in line with the requirements of FRS102.

Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
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2) SFC Grants

FE recurrent grant (including fee waiver)		37,551	37,551
HE & FE childcare funds		306	263
Release of deferred capital grants	16	615	980
Maintenance grant		928	619
NPD unitary charge grant (include capital)		4,947	4,926
SFC Job evaluation grant		-	858
Other SFC grants		612	378
Sub-Total		44,959	45,575
SFC job evaluation grant write off		-	(5,077)
Total		44,959	40,498

3) Tuition Fees and Education Contracts

FE fees – UK		611	610
FE fees – EU		2	-
FE fees – Non-EU		45	-
HE fees		1,586	1,761
Education contracts		1,565	1,365
Other contracts		250	246
Total		4,059	3,982

4) Other Grant Income

Release of deferred capital grants	16	96	93
Total		96	93

5) Other Operating Income

Catering		951	809
Other income generating activities		398	417
Income from Foundation		-	-
Other income		1,003	742
Total		2,352	1,968

Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
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6) Investment income

Net return on pension asset/liability	-	-
Total	-	-

7) Staff Costs

Wages and salaries	26,869	26,592
Social security costs	2,976	2,472
Other pension costs	4,374	4,452
Core Staff Costs	34,219	33,516

Pension adjustments (FRS 102)	1,243	309
Pension provision movement - early retirees	61	154
Holiday pay accrual	(114)	(156)
Support staff job evaluation costs	858	858
Total	36,267	34,681

Curriculum departments	18,433	17,865
Curriculum services	5,098	5,376
Administration and central services	8,556	8,243
Premises	1,608	1,508
Catering	524	524
Sub-total	34,219	33,516

Pension adjustments (FRS 102)	1,243	309
Pension provision movement - early retirees	61	154
Holiday pay accrual	(114)	(156)
Support staff job evaluation costs	858	858
	36,267	34,681

Restructuring costs	384	638
Total	36,651	35,319

The average number of full-time equivalent employees, including higher paid employees, during the period was:

	2025 Number	2024 Number
Academic/teaching departments	275	281
Academic/teaching services	109	126
Administration and central services	186	179
Premises staff	48	44
Catering staff	19	20
Total	637	650

The number of staff, including senior post holders and the Principal, who received emoluments in the following ranges were:

	2025 Number	2024 Number
£60,001 to £70,000 per annum	18	20
£70,001 to £80,000 per annum	5	4
£80,001 to £90,000 per annum	1	1
£90,001 to £100,000 per annum	2	2
£100,001 to £110,000 per annum	1	1
£130,001 to £140,000 per annum	-	-
£140,001 to £150,000 per annum	1	1

	Year ended 31 July 2025	Year ended 31 July 2024
Note	Number	Number
7(a) Senior Post-holders' Emoluments		
The number of senior post-holders, including the Principal was:	4	4

	£000	£000
Senior post-holders' emoluments are made up as follows:		
Salaries	444	427
Employers pension contributions	52	73
Total Emoluments	496	500

The above emoluments include amounts payable to the Principal, who was also the highest paid senior post-holder, of:

	£000	£000
Salary Principal - A Cox	145	145
Total salary paid to the highest paid senior post-holder	145	145
Employers pension contributions	11	22

In 2024-25 the Principal and two other senior post-holders were members of the Strathclyde Pension Fund and one senior post holder was a member of the Scottish Teachers Superannuation Scheme. All pension contributions were paid at the same rate as for other members.

The members of the Board of Management, other than the Chair, the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Chair's Remuneration

During 2024-25 the College has paid the Chair's remuneration £27,560 as set by Scottish Ministers (2023-24: £27,560) This remuneration is not pensionable.

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
8) Exceptional Costs			
PFI final payment provision		(522)	850
Nethermains / Irvine dilapidation provision movement		-	61
Total		(522)	911

9) Other Operating Expenses

Teaching departments		1,623	1,624
Administration and central services		4,193	2,973
Kilwinning campus PFI service charge		1,011	965
Kilmarnock campus NPD unitary charge		1,887	1,814
Other premises costs		3,018	3,141
Childcare costs		306	263
Catering costs		500	457
Total		12,538	11,237

Other operating expenses include:

Auditors' remuneration			
- external audit of these financial statements		59	54
- internal audit services		26	30
- non audit services		12	5
Operating lease payments		255	32

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
10) Interest Payable			
Finance Leases		19	-
Kilwinning campus PFI interest charge		49	119
Kilmarnock campus NPD interest charge		2,191	2,275
Pension finance costs	20	48	5
Total		2,307	2,399

11) Taxation

The Board does not consider that the College is liable for any corporation tax arising out of its activities during the year.

12) Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	PFI Building £000	NPD Building £000	Equip £000	Total £000
Cost or Valuation						
At 1 August 2024	43,722	310	19,069	58,472	5,681	127,254
Adjustment	-	-	-	-	(321)	(321)
Additions	38	60	26	-	1,065	1,189
Revaluation	(784)	-	(433)	(581)	-	(1,798)
Disposals	-	-	-	-	(1,858)	(1,858)
At 31 July 2025	42,976	370	18,662	57,891	4,567	124,466
Depreciation						
At 1 August 2024	-	310	-	-	4,453	4,763
Adjustment	-	-	-	-	(321)	(321)
Provided during year	1,574	3	631	1,139	570	3,917
Write back re:						
revaluation	(1,574)	-	(631)	(1,139)	-	(3,344)
Disposals	-	-	-	-	(1,858)	(1,858)
At 31 July 2025	-	313	-	-	2,844	3,157
Net Book Value at						
31 July 2025	42,976	57	18,662	57,891	1,723	121,309
Net Book Value at 31						
July 2024	43,722	-	19,069	58,472	1,228	122,491
Inherited	27,425	-	9,596	17,350	-	54,371
Financed by capital grant	9,194	10	46	28	546	9,824
Other	6,357	47	9,020	40,513	1,177	57,114
At 31 July 2025	42,976	57	18,662	57,891	1,723	121,309

The College's Ayr, Kilwinning and Kilmarnock Campus properties were valued at 31 July 2025 by Newmark in the capacity of external valuer. The basis of valuation adopted was that set out in FRS102 being fair value: market value for existing use or depreciated replacement costs (as defined by the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors), depending on the type of asset being valued.

Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
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13) Debtors: Amounts falling due within one year

Trade debtors – net of provision for doubtful debts		152	148
Other debtors		23	49
Prepayments and accrued income		438	868
		<u>613</u>	<u>1,065</u>

14) Creditors: Amounts falling due within one year

Trade creditors		402	364
Other taxation and social security		732	1,266
Other creditors		884	862
Accruals and deferred income		881	3,996
PFI Capital payment < 1 year	15	-	864
NDP Capital payment < 1 year	15	1,585	1,502
Deferred capital grants to be released in <1 year	16	891	739
HP Creditor < 1 year	15	102	-
Amounts owed to Scottish Funding Council		725	792
Bursaries and Student Support Funds for future disbursements		19	321
		<u>6,221</u>	<u>10,706</u>

15) Creditors: Amounts falling due after one year

Capital element of Kilwinning PFI expenditure:			
At 1 August 2024		864	2,114
Capital payments in year		(864)	(1,250)
		-	864
Less amount due within one year	14	-	(864)
At 31 July 2025		<u>-</u>	<u>-</u>
Capital element of Kilmarnock NPD expenditure:			
At 1 August 2024		37,500	38,940
Capital payments in year		(1,502)	(1,440)
		35,998	37,500
Less amount due within one year	14	(1,585)	(1,502)
At 31 July 2025		<u>34,413</u>	<u>35,998</u>

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Capital element of Lease Creditor		508	-
At 1 August 2024		(104)	-
Capital payments in year		404	-
Less amount due within one year	14	(102)	-
At 31 July 2025		302	-
Total Creditors: Amounts falling due after one year		34,715	35,998

16) Deferred Capital Grants

At 1 August 2024

	SFC £000	Non SFC £000	Total £000
Land and Buildings	7,069	2,553	9,622
Equipment	679	-	679
	7,748	2,553	10,301

Grants Received in the Year

Land and Buildings	54	-	54
Equipment	179	-	179
	233	-	233

Released to Income and Expenditure Account

Land and Buildings	(302)	(96)	(398)
Equipment	(312)	-	(312)
	(614)	(96)	(710)

At 31 July 2025

Land and Buildings	6,821	2,457	9,278
Equipment	546	-	546
	7,367	2,457	9,824

Split as follows

Due to be released in <1 year	795	96	891
Due to be released in >1 year	6,572	2,361	8,933
	7,367	2,457	9,824

Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
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17) Provisions for Liabilities and Charges

Early Retirement Provision

At 1 August 2024	1,050	994
Expenditure in the period	(103)	(98)
Release of provision	61	154
At 31 July 2025	1,008	1,050

The above liability is in respect of future pension liabilities arising from early retirements prior to 2006 and now relating to 20 individuals receiving benefits (2023-24: 21). An external valuer has revalued the pension liability.

Other Provisions

At 1 August 2024	7,519	1,958
Expenditure in the year	(2,384)	(500)
Additional provision required in the year	858	6,061
At 31 July 2025	5,993	7,519

The above balance consists of the following:

Kilwinning PFI contracted residual payment	-	2,250
Support staff job evaluation	5,936	5,077
NPD lifecycle	57	57
European Social Fund	-	135
At 31 July 2025	5,993	7,519

The full harmonisation costs of national bargaining support staff and middle management will not be confirmed until the national job evaluation exercise is concluded, the outcome of which will be implemented from 1 September 2018. Up until 2024-25, the College has accrued support staff and middle management costs and the associated grant funding based on Colleges Scotland's February 2019 costings. Given the ongoing uncertainty about the timing of the conclusion of the job evaluation project, the previous accounting treatment is no longer appropriate. In line with the SFC Accounts Direction for year ending 31 July 2025, the College has recognised a provision in the accounts given the ongoing uncertainty about the timing of the conclusion of the job evaluation project and the uncertainty of the settlement value. As at 31 July 2025, based on the SFC guidance it is estimated that the College will require to expend £5.9m to conclude the national job evaluation project. The College expects the Scottish Government to meet this cost in full.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
18) Reserves		
Income & Expenditure Account		
At 1 August 2024	14,607	20,605
Deficit for the year	(3,425)	(7,267)
Transfer from revaluation reserve	1,548	1,303
Unfunded pensions	32	(348)
Transfer to pension scheme	1,291	314
At 31 July 2025	14,053	14,607
Pension Reserve		
At 1 August 2024	-	-
Current service cost	(2,166)	(1,969)
Past service costs	(236)	
Employer contributions	1,130	1,633
Contributions re unfunded benefits	29	27
Net return on pension scheme	(48)	(5)
Actuarial gain in pension scheme	37,412	24,983
Asset ceiling adjustment	(36,121)	24,669
At 31 July 2025	-	-
Summary		
Income and expenditure account	14,053	14,607
Pensions reserve	-	-
At 31 July 2025	14,053	14,607
Revaluation Reserve		
At 1 August 2024	54,374	49,875
Revaluation	1,545	5,802
Transfer to income & expenditure account in respect of: Depreciation on revalued assets (include element re PFI capital reserve)	(1,548)	(1,303)
At 31 July 2025	54,371	54,374

19) Analysis of Changes in Cash and Cash Equivalents

	At 1 August 202 £000	Cash Flows £000	Other Changes £000	At 31 July 2025 £000
Cash	11,048	(6,824)	-	4,224
Lease costs	-	(104)	-	(104)
Total	11,048	(6,928)	-	4,120

20) Pensions and Similar Obligations

The College's employees belong to two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund Scheme (SPF).

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
The total pension costs for the period were:		
STSS: Contributions paid	3,244	2,819
SPF: Contributions paid	1,130	1,633
FRS 102 charge to the Income & Expenditure Account	1,243	309
Total Pension Cost (Note 7)	5,617	4,761

Scottish Teachers' Superannuation Scheme (STSS)

The last audited full actuarial and funding valuation was conducted at 31 March 2020. The results of this valuation were rolled forward to give an overall scheme liability of £31.5 billion at 31 March 2023.

Ayrshire College is unable to identify separately its share of the scheme's underlying assets and liabilities. However, as the scheme is unfunded, there can be no surplus or shortfall. Pension contribution rates will be set by the scheme's actuary at a level to meet the cost of pensions as they accrue.

Ayrshire College has no liability for other employers' obligations to the multi-employer scheme.

Financial Assumptions at 31 March 2023

Rate of return (discount rate)	4.15%
Rate of Return in Excess of:	
Earnings increases	0.50%
Price increases	1.70%

Employer contributions were payable to the STSS at a rate of 26% from August 2024 until July 2025. Employer rates are reviewed every five years following a scheme valuation from the Government Actuary. The rate of employee's contributions vary dependant on the employee's salary.

Strathclyde Pension Fund (SPF)

The SPF is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution by the employer made for the year ended 31 July 2025 was £1,130,000.

Under the requirements of Financial Reporting Standard 102 (FRS102), the College is required to disclose information on its share of assets and liabilities of the Strathclyde Pension Fund on a market value basis at the end of the accounting period. The figures quoted form the basis of the balance sheet and funding status of Ayrshire College as at 31 July 2025, in respect of its pension obligations under this Local Government Pension Scheme (LGPS). This information is set out below:

Principal Actuarial Assumptions

	At 31 July 2025 %	At 31 July 2024 %
Rate of increase in salaries	3.45	3.45
Rate of increase for pensions in payment/inflation	2.75	2.75
Discount rate for liabilities	5.80	5.00
Expected return on assets	0.00	0.00

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

Current pensioners	Males	20.4	20.2
	Females	23.0	22.9
Future pensioners	Males	20.9	20.7
	Females	24.5	24.5

The approximate allocation of scheme assets is as follows:

	%	%
Equities	61	62
Bonds	22	25
Property	9	9
Cash	8	4
	100	100

The assets and the liabilities of the scheme were:

Note	At 31 July 2025 £000	At 31 July 2024 £000
Total Market Value of Assets	91,751	85,264
Present value of scheme liabilities:		
Funded	(55,630)	(60,247)
Unfunded	(316)	(348)
Asset ceiling adjustment	(36,121)	(25,017)
Deficit in the scheme	(316)	(348)
Employer service cost (net of employee contributions)	2,166	1,969
Past service cost	236	-
Total operating charge	2,402	1,969
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	4,259	3,976
Interest on pension liabilities	(3,057)	(2,757)
Interest on the asset ceiling	(1,250)	(1,224)
Pension finance costs	(48)	(5)
Movements on Pension Scheme Deficit		
Surplus in scheme at 1 August 2024	(348)	-
Movement in year:		
Current service charge	(2,166)	(1,969)
Past service costs	(236)	-
Contributions by members	1,130	1,633
Contributions in respect of unfunded benefits	29	27
Unfunded pensions movement	32	-
Net return on pension assets	(48)	(5)
Actuarial gains	37,412	24,983
Asset ceiling adjustment	(36,121)	(25,017)
Deficit in scheme at 31 July 2025	(316)	(348)

Asset and Liability Reconciliation

	At 31 July 2025 £000	At 31 July 2024 £000
Reconciliation of Liabilities		
Liabilities at 1 August 2024	60,595	54,231
Service cost	2,166	1,969
Past service cost	236	-
Interest cost	3,057	2,757
Contributions by members	676	666
Actuarial gain/(loss)	(8,887)	3,108
Estimated unfunded benefits paid	(29)	(27)
Estimated benefits paid	(1,868)	(2,109)
Liabilities at 31 July 2025	55,946	60,595
Reconciliation of Assets		
Assets at 1 August 2024	85,264	78,475
Expected return on assets	4,259	3,976
Contribution by members	676	666
Contribution by employer	1,130	1,633
Contribution in respect of unfunded benefits	29	27
Actuarial loss	2,290	2,623
Estimated unfunded benefits paid	(29)	(27)
Estimated benefits paid	(1,868)	(2,109)
Assets at 31 July 2025	91,751	85,264
Amounts for the current and previous accounting periods		
Fair value of employer assets	91,751	85,264
Present value of defined benefit obligation	(55,946)	(60,595)
Asset Ceiling Adjustment	(36,121)	(25,017)
Deficit	(316)	(348)

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 recorded a notional surplus. The College consider that they will not be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has not been recognised in these financial statements in line with the requirements of FRS102.

21) Related Party Transactions

The Board of Management of Ayrshire College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 and is funded by the Scottish Funding Council (SFC), which is sponsored by the Scottish Government's Enterprise and Lifelong Learning department.

The SFC is regarded as a related party. During the year to 31 July 2025 Ayrshire College had various material transactions with the SFC and various Scottish Government Departments, as well as with other entities for which the Scottish Government is regarded as the sponsor via the Student Awards Agency for Scotland and several other colleges and higher education institutions. In addition, Ayrshire College has had transactions with Skills Development Scotland, Colleges Scotland and a small number of material transactions with other Scottish Government Departments and other central government bodies.

Due to the nature of the College's operations and the composition of its Board of Management (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 College's Board of Management may have an interest.

All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures.

In addition to the above-mentioned bodies, the College had transactions during the year or worked in partnership with publicly funded or representative bodies in which members of the Board of Management hold or held official positions as noted below:

Board Member	Position	Organisation	Sales/ Purchases by the College in the year
Angela Cox	Board Member	College Development Network	Sales - Nil Purchases - £7,800
Angela Cox	Board Member	Ayrshire Chamber of Commerce	Sales - £1,125 Purchases - £5,555
Sharon Morrow	Non-Executive Board Member	NHS Ayrshire & Arran	Sales - £23,455 Purchases - £57,375
Chris Boyce	Employee	North Ayrshire Council	Sales - £458,419 Purchases - £51,180
Gillian Longmuir	Employee	Ayrshire Chamber of Commerce	Sales - £1,125 Purchases - £5,555

There were no transactions exceeding £5,000 with any other organisations associated with Board Members in 2024-25.

During 2024-25 the following members of the Board of Management were employed by the College:

BoM Member	Job Title
Mrs A Cox	Principal and Chief Executive
Janette Steel (nee Moore)	Staff Member Curriculum

Lisa Keggans	Staff Member Support & Elected UNISON support staff member
Chris Boyce	Elected EIS-FELA Staff Member
Darcie Hamilton	Elected Student President
Connor Skipsey	Elected Student Vice President

22) FE Bursary and Other Student Support Funds

	FE Bursary £000	FE Hardship £000	EMA's £000	Other £000	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Balance brought forward	797	(836)	-	-	(39)	373
Allocation received in year	8,290	1,670	458	-	10,418	10,319
	9,087	834	458	-	10,379	10,692
Expenditure	(8,357)	(1,681)	(458)	-	(10,496)	(10,358)
Repaid to SFC/SAAS	(797)	836	-	-	39	(373)
Balance carried forward	(67)	(11)	-	-	(78)	(39)
Represented by:						
(Retained by College) / Owed to SFC	(67)	(11)	-	-	(78)	(39)

The above grants are available solely for students, the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

23) FE and HE Childcare Funds

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Balance brought forward	360	228
Allocation received in period	403	623
Total Funding Available	763	851
Expenditure	(306)	(263)
Repayable to SFC as clawback	(360)	(228)
Balance carried forward	97	360
Represented by:		
(Retained by College) / Owed to SFC	97	360

Childcare Fund transactions are included within the College Statement of Comprehensive Income in accordance with the Accounts Direction issued by the Scottish Funding Council.

24) Commitments under Operating Leases

As at 31 July 2025, the College had commitments under non-cancellable operating leases as set out below:

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Expiry within 1 year	15	36
Expiry within 2 to 5 years	1,121	711
Total	1,136	747

25) Capital Commitments

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Contracted for at 31 July 2025	12	-

26) Ayrshire College Foundation

The Foundation, an independent Scottish Charity, has as its charitable objectives, the furtherance of the charitable objectives of the College which, broadly, are the advancement of education in Ayrshire. The College did not transfer any funds into the Foundation (2023-24: £nil) nor did it receive any income from the Foundation during 2024-25 (2023-24: £nil).

The Foundation Trustees have resolved to dissolve the Foundation as of 30 September 2025. This decision has been taken based upon the challenging financial circumstances facing the College and the wider college sector.

27) PFI Contract and Kilwinning Campus

The Kilwinning PFI contract was terminated on 13 June 2025 in accordance with the overarching agreement. The final contractual payments were made as noted below:

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Balance at start of year	864	2,114
Payments made in the year	(864)	(1,250)
Balance outstanding at end of the year	-	864

28) NPD Contract and Kilmarnock Campus

Payments remaining to be made under the NPD contract at 31 July 2025 are as follows:

	Payment for services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2025-25	1,901	1,585	2,103	5,589
Payable within 2 to 5 years	8,050	6,830	7,481	22,361
Payable within 6 to 10 years	10,559	10,496	6,896	27,951
Payable > 10 years	11,952	17,087	3,571	32,610
Total	32,462	35,998	20,051	88,511

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Balance at start of year	37,500	38,940
Payments made in the year	(1,502)	(1,440)
Balance outstanding at end of the year	35,998	37,500

29) Post Balance Sheet Events

There are no post balance sheet events.

30) Contingent Liability

The College has entered into a Private Finance Initiative (PFI) contract with KE Projects Limited for the provision and maintenance of the Kilwinning Campus facilities. Under the terms of the agreement, there is a potential obligation to make an additional payment to KE Projects Limited in respect of certain contractual provisions.

At the reporting date, the likelihood and amount of any such payment cannot be determined with certainty. The obligation is contingent upon the occurrence of specific future events, including the resolution of contractual interpretations and performance assessments. Management considers that while the possibility of a payment exists, it is not probable at this stage and therefore no provision has been recognised in the financial statements. The College will continue to monitor developments and reassess the position as further information becomes available.

31) Non-Cash Allocation

Following reclassification, colleges received additional non-cash budget to cover depreciation, but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges show a deficit equivalent to net depreciation (where funds are spent on revenue items) to meet Government accounting rules and the requirement to spend the entire cash allocation.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Deficit before other gains and losses (FE/HE SORP basis)	(3,425)	(7,267)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	3,206	2,869
Operating deficit on Central Government accounting basis	(219)	(4,398)

Under the FE/HE SORP, the College recorded an operating deficit of (£3,425,000) for the year ended 31 July 2025. After taking account of the Government non-cash budget, the College shows an “adjusted” deficit of (£219,000) on a Central Government accounting basis.

Appendix 1: Accounts Direction for Scotland's Colleges 2024-25

1. It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2024-25 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2025.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
14 August 2025

Appendix 2: Professional Advisers

Financial Statement Auditors

Azets
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Internal Auditors

WBG (formerly known as Wylie and Bisset)
168 Bath Street
Glasgow
G2 4TP

Bankers

Royal Bank of Scotland
30 Sandgate
Ayr
KA7 1BY

Solicitors

Anderson Strathern
50 George Square
Glasgow
G2 1EH

Registered Address

Ayrshire College
Dam Park
Ayr
KA8 0EU

