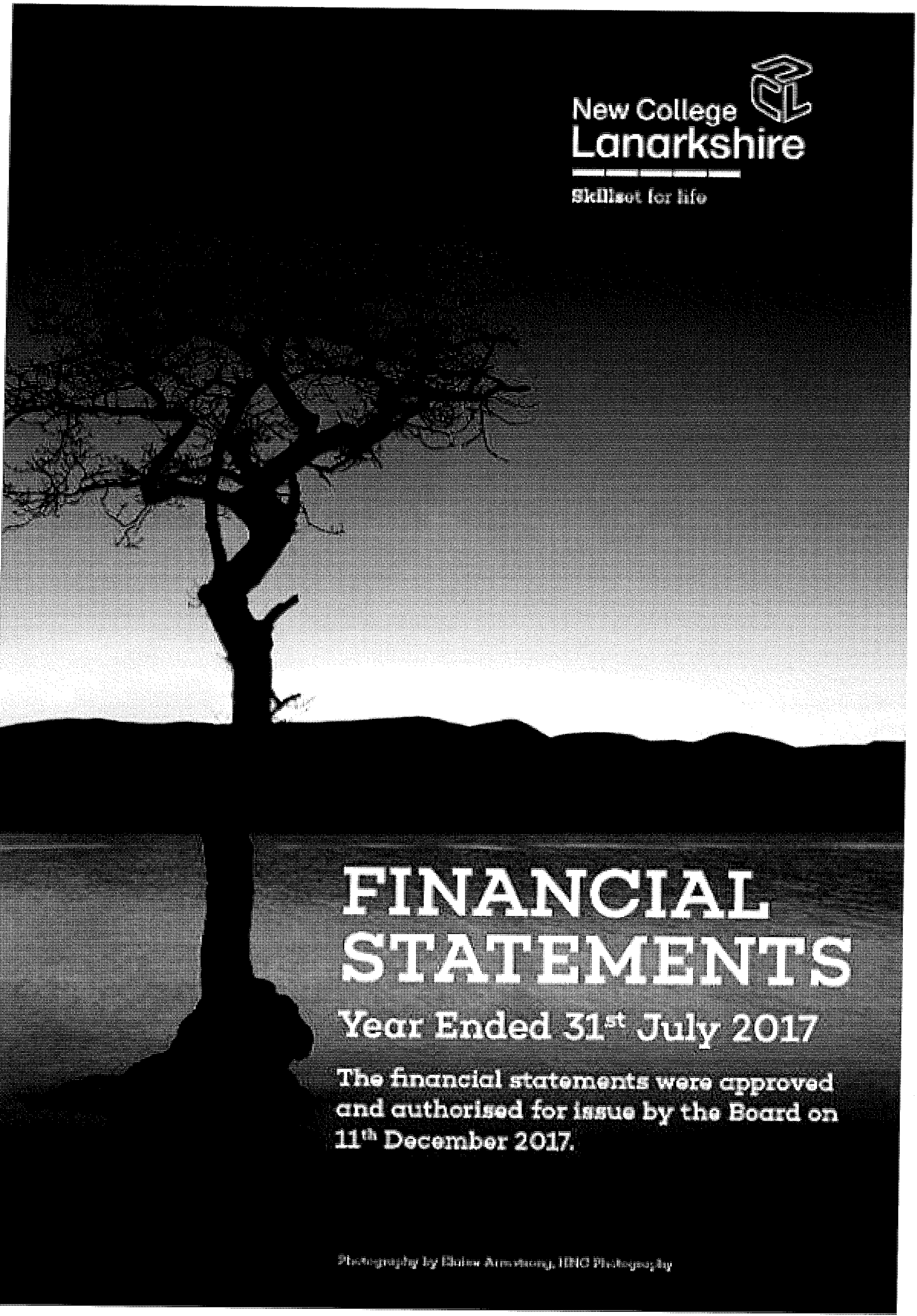


New College Lanarkshire

Skillset for life

FINANCIAL STATEMENTS

Year Ended 31st July 2017

The financial statements were approved and authorised for issue by the Board on 11th December 2017.

Photography by [illegible] Armstrong, HNC Photography

New College Lanarkshire

Financial Statements for the Year Ended 31st July 2017

PERFORMANCE REPORT

Overview

Introduction

The Board of Management presents its audited Financial Statements for the year ended 31st July 2017. The Financial Statements consist of the Annual Report and Accounts. The Annual Report consists of a Performance Report, an Accountability Report and where relevant a Parliamentary Accountability Report. The Statements have been prepared in accordance with the Government Financial Reporting Manual (FReM), the Scottish Public Finance Manual (SPFM) and the Statement of Recommended Practice for Further and Higher Education (SORP). The SORP was issued in March 2014 and is effective for accounting periods beginning on or after 1st January 2015. The SORP reflects the changes to UK Generally Accepted Accounting Practices (GAAP) following the issuing of FRS 100, 101 and 102.

The Overview section sets the context, background and environment in which the College operates. This aids alignment between the Accountability and Performance sections of the Financial Statements.

Legal Status

In 1992, Parliament enacted the Further and Higher Education (Scotland) Act, which resulted in 43 Colleges of Further Education being taken out of Local Authority control and becoming self-governing Further Education Charities. The control of the Colleges passed to the Boards of Management with the Principals as Chief Executives.

On 1st June 1999, the Scottish Parliament established the Scottish Further Education Funding Council (SFEFC), who assumed direct control over the funding and strategic direction of the Further Education College sector. Under the Further and Higher Education (Scotland) Act 2005 the SFEFC was dissolved, becoming the Scottish Further and Higher Education Funding Council by merging with the equivalent Higher Education Funding Body. The Scottish Funding Council (SFC) is the abbreviated body.

On 7th August 2013, the Post-16 Education (Scotland) Act 2013 provided the legislative structure to support the regionalisation of the College sector, including the creation of regional strategic bodies in the three multi-College regions. On 1st October 2014, New College Lanarkshire was designated the Regional Strategic Body (RSB) for Lanarkshire and South Lanarkshire College was assigned to New College Lanarkshire. From that date, the New College Lanarkshire Board (the Lanarkshire Board) assumed all of the responsibilities of the RSB for the region. In a letter dated 7th July 2016, the Scottish Funding Council (SFC) confirmed that New College Lanarkshire, as the RSB, would be the single fundable body for Lanarkshire from 1st August 2016 and consequently receive all the SFC funding directly for the region. The College Board of Management, the Lanarkshire Board, would in turn be responsible for funding South Lanarkshire College as the assigned College.

In October 2010, the UK Office for National Statistics (ONS) reclassified incorporated further education Colleges throughout the UK so that they would be treated as part of central government for financial budgeting and reporting purposes. ONS reclassification of incorporated Scottish Colleges as central government entities became effective from 1st April 2014.

New College Lanarkshire is a registered charity as recognised by the Office of the Scottish Charity Regulator (OSCR) and is bound by the Charities and Trustee Investment (Scotland) Act 2005.

Our Strategies and Purpose

Our Regional Strategy seeks to grow the supply of skills in support of developing our regional economy in higher value added sectors, such as professional, scientific and technical, and information and communications. It also drives skills development to satisfy the continuing needs of the production sector. Central to this is the College's commitment to Science, Technology, Engineering and Mathematics (STEM) development strategies which direct a partnership approach with industry and business that will strive to ensure the supply of a skilled, knowledgeable and work ready workforce ready for success.

Skills provision which meets the occupational mix for our region will be continually evaluated and reviewed as part of our Regional Outcome Agreement (ROA) process which is the culmination of a continuous curriculum and service review ranging from programme, sector, institutional, regional through to national monitoring, evaluation and planning. We aim to address this within our strategy but in particular through our (STEM) development strategies and through specialist provision, a significant proportion of which is delivered in partnership with a range of universities.

Skills development for employability and customer focussed skills continues to grow within our vocational specific programmes and as part of our "employability" programmes which are intended to meet strong demand from customer service sectors. Health and Care remain the largest sector for employment within the region. An ageing population and a continuing need for health professionals within the region ensures our focus on the continuing innovation and high proportion of delivery in Health and Care.

A renewed focus to continue to address the needs of those disadvantaged in the labour market is central to this strategy. This is further compounded by concentrations of deprivation, in particular within North Lanarkshire but also in parts of South Lanarkshire. The proportion of our population without qualifications is highest in North Lanarkshire. Striving to ensure access for people from the widest range of backgrounds is an underpinning foundation and commitment of this strategy.

Tackling gender imbalance within certain College/Modern Apprenticeship (MA) subjects will become an even more intense regional focus. This is an issue for Colleges, schools, industry and society at large. Many of these imbalances have persisted over time but much is being done and more will be done to break perceived stereotypes by working proactively in partnership with schools, pupils, parents, industry and our local communities.

Vision

New College Lanarkshire aims to be Scotland's leading provider of College education and training, recognised for their achievements in empowering people and enriching lives through learning.

Mission

To ensure learners are well prepared for the future by providing innovative, high quality, relevant learning for careers, life and success. Supporting the people, business, economy and sustainable development of Scotland.

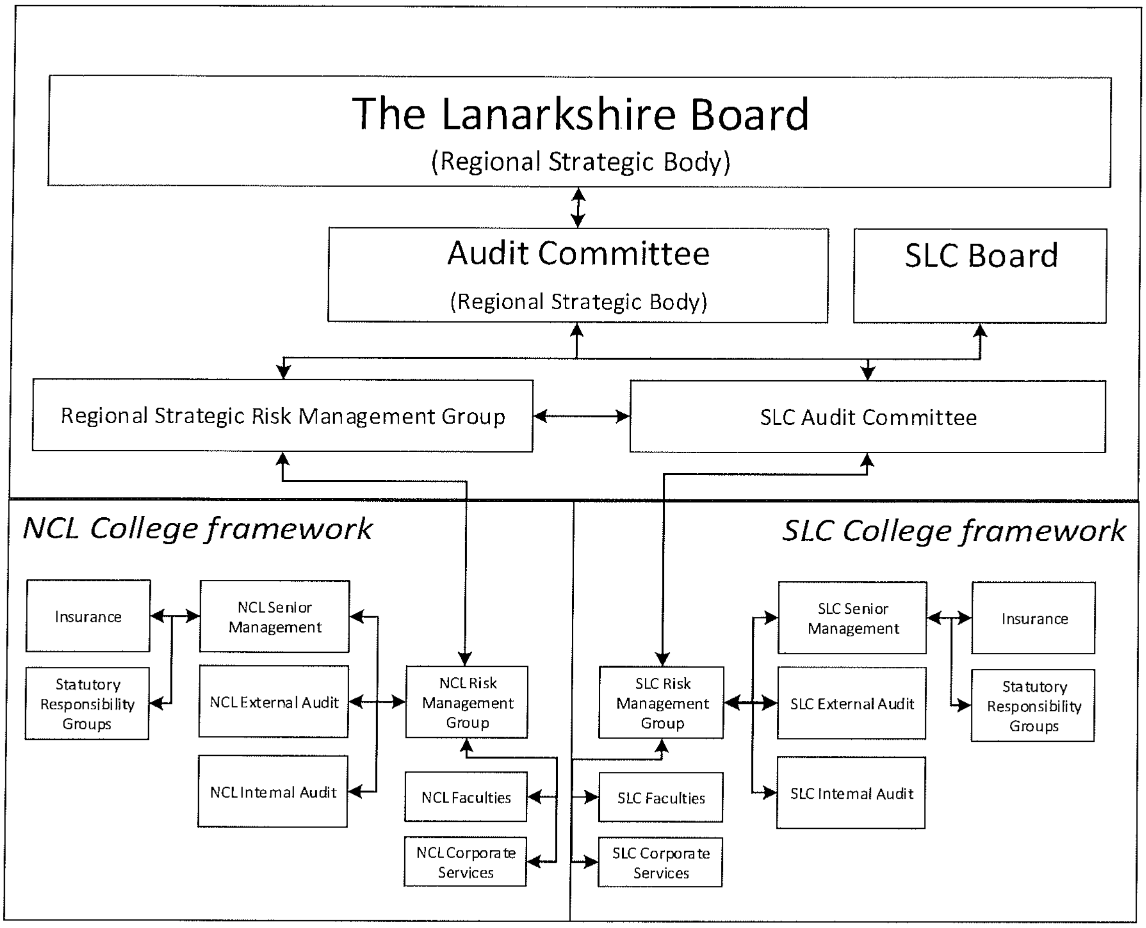
Strategic Priorities

Ensure all learners have access to a successful Learner Journey; provide Relevant and Responsive Skills Training; ensure our College is Efficient, Strong and Sustainable.

Principal Risks Affecting the Region

The Lanarkshire regional risk management strategy is to adopt best practices in identification, evaluation and cost effective control of risks to ensure that they are eliminated or reduced to an acceptable level within the available funding. It is accepted that some risks will always exist and will never be eliminated.

Regional Risk Management Organisational and Reporting Structure:



We continue to embed a strategic risk management process which is relevant, effective, and efficient and reflects organisational need and cultivates an organisational culture which treats risk management as a real time and dynamic process.

Risk is managed at three main levels - regional strategic risk; College institutional risk; and operational /project risk. Escalation of risks between these levels is facilitated through the Lanarkshire Regional Strategic Risk Management Framework as shown. Communication of requirements, development and change is actioned by the Regional Strategic Risk Management Group (RSRMG) under the direction of the Regional Strategic Body (The Lanarkshire Board). Roles, responsibilities, communication and reporting with respect to the RSB, Senior Management Teams, the RSRMG and staff are clearly set out within the Lanarkshire Regional Strategic Risk Management Framework. The RSRMG report to the RSB through its Audit Committee.

Regional Risk Management Organisational and Reporting Structure: (continued)

Residual Risks Graded High or Very High:

Finance:

- *Inability to secure sufficient public funds to maintain operating budget while delivering high quality, relevant and responsive education.*
- *Failure to manage budgets, processes and controls appropriately within an environment of change.*
- *Inability to secure sufficient student support budget funds.*
- *Inability to secure and deploy sufficient capital funds.*

Change:

- *Inability to maintain quality standards.*

Learner Experience:

- *Failure to maintain and improve learner retention and achievement.*

Productivity:

- *Failure to deliver ESF funded student activity targets.*

Principal and Chief Executive's Statement on Performance

As a publicly funded body we are committed to meeting national priorities and responding to the needs of employers, industry and stakeholders. We aspire to support the four priorities for sustainable growth identified within the Scottish Government's Economic Strategy; Investment, Innovation, Internationalisation and Inclusive growth.

Academic year 2016/2017 has continued to see a particular focus on Developing the Young Workforce in response to the Government's Youth Employment Strategy; addressing the needs of protected characteristic groups; addressing gender imbalance where it exists; better meeting the needs of care experienced young people; enhancing employer engagement and participation in teaching and learning; providing high quality work placement and experience; and contributing to the development and delivery of high quality Modern Apprenticeships.

The College's performance can best be summarised primarily in terms of the volume of learner activity provided; the proportion of those learners completing their programme of study; the proportion of those learners achieving a successful outcome; the quality of the learning and teaching provided; the financial performance in support of delivery; and the performance of our Human Resources in delivery.

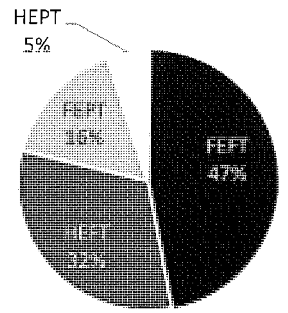
Learning and Teaching Performance

In respect of the volume of learner activity provided, the College achieved its SFC core funded target by delivering 129,989 SFC funding Credits (the SFC's unit of measure for learner activity) against a target of 129,989. It also delivered an additional 8,449 ESF - SFC funding Credits which was marginally 411 Credits under the 8,860 target. NCL provided places for 16,385 learners which represents 9,229 Full-time Equivalent learners.

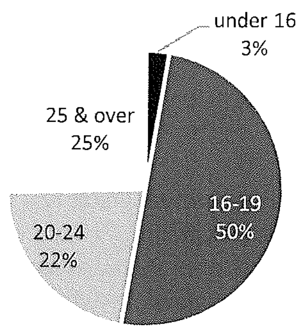
Our commitment to Scottish Government priorities which are focused on improving the outcomes for the individual learner and the Scottish economy as a whole have seen initiatives such as a commitment to reduce youth unemployment; Developing the Young Workforce (DYW); and the 16-19 guarantee to move the College delivery profile towards large proportions of full-time delivery and a youth orientated cohort.

9,229 FTE Learner Places

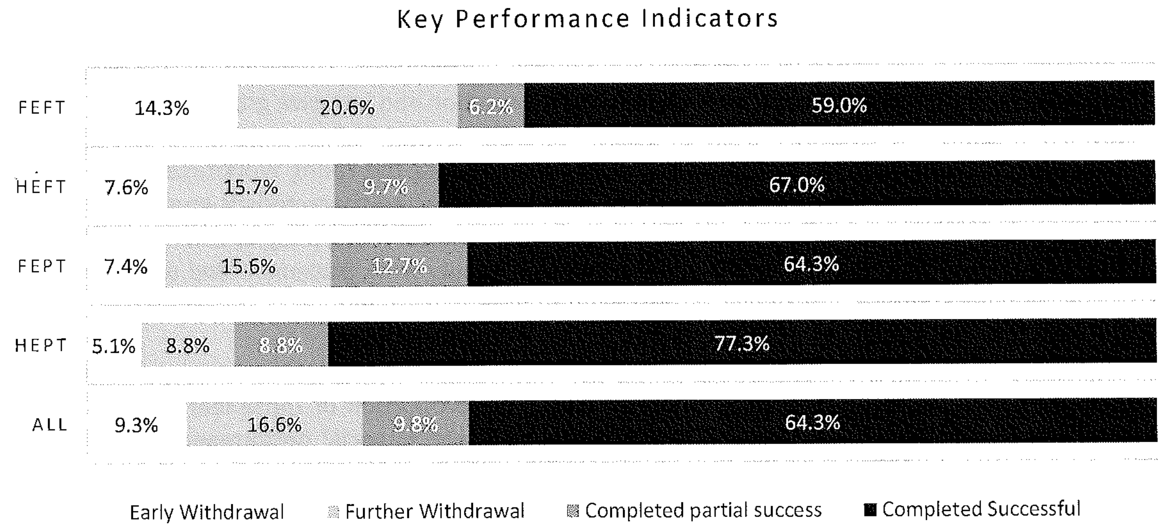
Proportion of Funded Learner Activity by Level & Mode of Attendance



Proportion of Funded Learner Activity by Age



Learning and Teaching Performance (continued)



74.1% of all learners complete their programme of study with 64.3% of all learners achieving their programme aim. FEFT, being the largest proportion of our provision, sees 65.2% of learners complete their programme of study with 59.0% of learners achieving their programme aim. A slow but steady improvement in employment, and in particular, youth employment opportunities has seen more learners leave their programmes of study to take up newly available employment opportunities. This is clearly a positive outcome for the individual, the College and the local and national economy. However, this impacts negatively on College successful completion rates. New frameworks and strategies continue to embed themselves supported by a consistent vision and shared culture and determination to deliver a step change in performance for the future.

The quality of the learning and teaching provided has been independently reviewed most recently by both Education Scotland and the Scottish Funding Council. Education Scotland's most recent external review took place during the week beginning 23rd March 2015. The review examined learning and teaching and other important activities that impact on the quality of the learner experience. Education Scotland gave the College the highest possible judgement of "Effective". This judgement means, in relation to quality assurance and enhancement, the College is well led and has in place effective arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders. In addition the review highlighted areas of positive practice including the leadership of the College, learner and student feedback to evaluate performance at programme level to support self-evaluation and inform quality improvement activities and the work of the Positive Change Team to provide an effective catalyst for staff to identify, assess and respond to the impact of new and emerging College processes on learners and staff.

Areas identified as excellent practice included Enhancing Learning through Motorsport and Partnership Working through Project Search.

The quality of the learning and teaching will be reviewed under a new national quality framework going forward, implemented by Education Scotland. "How Good is Our College?" (HGIOC) is the new quality framework published by Education Scotland in December 2016, which replaced the previous arrangements that reviewed colleges as part of a four-year cycle of external review. In February 2017, Education Scotland and the SFC Outcome Manager agreed the plan of self-evaluation activities that the College would undertake. The new quality framework, comprised of 12 quality indicators, has been used by staff when undertaking the self-evaluation process for corporate and faculty operational planning as well as being embedded within the Annual Curriculum Evaluation (ACE) review, which enables practitioners to evaluate what is working well for learners and what could be better.

Learning and Teaching Performance (continued)

As part of the new arrangements, Education Scotland undertook a dual role of supporting and scrutinising college activity. During the year, Education Scotland monitored progress made, attended meetings and provided guidance.

Education Scotland and the SFC are considering 2016/2017 as a development year with the evaluative report and enhancement plan to be submitted by October 2017. The full evaluative process will be fully in place for 2017/2018.

The Scottish Funding Council's *College Post merger Evaluation Report* of June 2016 stated that *"Two years on from the point of merger New College Lanarkshire has achieved integration of all curriculum, service and support areas of the legacy Colleges without any detriment to the standard of service provided to students."* And that *"During our evaluation visits we heard evidence to confirm the points noted by the College. In particular teaching staff were extremely positive about the investment in equipment and software and the relocation of resources and programmes including Dental Technology and Automotive. Students across different curriculum areas highlighted the opportunity to undertake work experience in Europe and the USA as a valued part of their course and were enthusiastic about how this had enhanced their learning experience in the College. This was corroborated by staff."*

Independent evaluation of our College clearly supports the view of an organisation that has high quality learning and teaching at its heart. This is maintained and enhanced by the large number of partnerships, including with many Universities, the 3 local authorities, small, medium and large organisations, such as NHS and Energy Skills Partnership, through local and national companies, and through charitable bodies, who support the work done in class by providing speakers, supporting student visits and offering placements. A large number of students from various subject areas take part in Erasmus projects, giving work placements in European destinations to enhance their skills and knowledge. More activity has been undertaken with schools, supporting Developing the Young Workforce, including a wider range of vocational subjects and levels available, taught both in schools and in College to mainstream and ASN learners. We support the national STEM agenda, with a variety of positive activities available, including our successful Vex Robotics work and Dental Nursing. Many of our learners enter competitions during their course to demonstrate the high level of skills they have gained. We are very fortunate that we have a good number of winners, in World Skills UK, Association of Hairdressing, Koestler Awards (for those in prison learning), Vex Robotics schools winners and many others. A range of staff were successful in gaining awards from various bodies, such as Bridge2Business, SPS, SQA Awards and hospitality awards. World Skills UK competitions are important in encouraging today's students and apprentices to be ambitious in their pursuit of excellence, while equipping them with lifelong world-class skills. World Skills UK is a partnership between governments, employers and education that organises careers events and skills competitions to help accelerate young people's career development. In November 2016 New College Lanarkshire was named "Best in the UK" for the third time in four years after finishing top of the leader board at World Skills UK national finals which were held at Birmingham's NEC and attracted hundreds of competitors representing colleges and employers from all over the UK.

There is no doubt that we continue to face considerable challenges ahead. However, assessment of our current performance confirms that new solid foundations are in place underpinned by the legacy of experience and track record of achievement. We have a clear focus, aspiration and determination to build the growing proportions of our learners achieving success.

Financial Performance

As guided by ONS reclassification, the College will look to break even, maintain permitted cash and working capital balances whilst aligning resources to ensure that the College fulfils its Vision and Values. Any surpluses will be transferred to the Arm's-length Foundation (Lanarkshire Further Education Foundation). Financial Sustainability underpins all aspects of the College Strategy. Short-term financial planning remains the priority in the current financial environment, particularly due to the single-year funding model and the lack of clarity surrounding funding for National Bargaining. The College does however recognise the comments made by Audit Scotland on the sector relating to long-term financial planning and is currently working with the Scottish Funding Council on a three-year Business Plan.

Under the relevant accounting standards, and given the wide ranging powers enshrined in the legislation that Regional Strategic Bodies (RSBs) have over assigned Colleges, it is apparent that Regional consolidated Financial Statements will require to be prepared by New College Lanarkshire. It is deemed that the RSB had sufficient control over the assigned College during the period to 31st July 2017 to trigger the requirement to prepare Regional consolidated Financial Statements. Consolidation is therefore necessary in 2016/2017 as the RSB exercised control over the assigned College in accordance with the legislation. The Regional Financial Statements will be a separate document.

In the year ended 31st July 2017, the College generated an underlying operating deficit of £919k, 1.7% of Total Income (2015/2016 – deficit of £2,170k, 4.0% of Total Income). The 2015/2016 comparatives have been restated to take account of the new SORP in relation to the subsidiary organisation. See note 27 to the accounts for further details.

Underlying operating position:

	2016-17 £'000	2015-16 £'000 (restated)
(Deficit) before other gains and losses	**(2,125)**	**(1,962)**
Add back:		
- Depreciation (net of deferred capital grant release)	633	863
- Non-cash pension adjustments	1,520	1,074
Deduct:		
- Non-Government capital grants	893	2,037
- Revenue funding allocated to loan repayments	54	108
Underlying operating (deficit)	**(919)**	**(2,170)**
% of Total Income	(1.7%)	(4.0%)

Human Resource Performance

During the year, the College undertook various initiatives to ensure that staff have the skills and flexibility required to meet changing demands. Additionally, the College continued to promote positive staff/management relations through a partnership approach.

The College continued to ensure that sufficient resource was allocated to staff development for both academic and support areas. Throughout the period of these Financial Statements, College staff undertook a range of internal, external, professional and academic staff development activities to ensure that our staff group continue to have the up-to-date skills, knowledge and experience to deliver a positive learner experience across a broad range of curriculum and support functions. In addition, Workforce Planning remains an integral part of the HR strategic focus with recognition given to Audit Scotland commentary around "Scotland's Public Sector Workforce".

An expanded review of Human Resources Performance sits within the Accountability Report under Remuneration and Staffing.

Performance Analysis

Delivery Performance

New College Lanarkshire and our regional partner South Lanarkshire College outlined our contribution to delivering key Scottish Government priorities and strategies within our Lanarkshire Regional Outcome Agreement with the Scottish Funding Council (SFC).

Within this agreement we are clearly committed to meeting the needs of our learners and communities; delivering opportunities and outcomes for learners; delivering a better service for employers and industry; making our College a stronger strategic player in our region; and operating as an efficient and effective College.

As described earlier within *the Principal and Chief Executive's Statement on Performance*, the College's performance with respect to delivery is primarily analysed through the following indicators. The volume of learner activity provided; the proportion of those learners completing their programme of study; the proportion of those learners achieving a successful outcome; and the quality of the learning and teaching provided. For a fuller analysis we look at these parameters in a wider context. Nationally through five key priority national measures; institutionally through the four priority KPIs within the SFC's 17 current outcome agreement national measures. (*Full definitions are available in the SFC's guidance – Annex E http://www.sfc.ac.uk/publications-statistics/guidance/guidance-2015/SFCGD152015.aspx)* and independently through Education Scotland and the SFC external review.

Five key priority national measures –

- the SFC funded Credits delivered;
- volume and proportion of the SFC funded Credits delivered to learners in the most deprived 10% postcode areas (SIMD 10);
- proportion of enrolled students successfully achieving a recognised qualification;
- the number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing; and
- the number and proportion of full-time College qualifiers in work, training and/or further study 3-6 months after qualifying.

Four priority KPIs published by the SFC –

- outcomes for Further Education student enrolments on full-time recognised qualifications;
- outcomes for Higher Education student enrolments on full-time recognised qualifications;
- outcomes for Further Education student enrolments on part-time recognised qualifications; and
- outcomes for Higher Education student enrolments on part-time recognised qualifications;

Education Scotland's report by HM Inspectors on behalf of the Scottish Funding Council provides independent judgment on –

- overall performance;
- learner progress and outcomes;
- learning and teaching processes;
- learner engagement; and
- leadership, quality and culture.

Delivery Performance (continued)

Key Priority National Measures - Analysis

SFC funded Credits delivered in AY 2016/2017;

The College achieved its SFC core funded target by delivering 129,989 SFC funding Credits (the SFC's unit of measure for learner activity) against a target of 129,989. It also delivered an additional 8,449 ESF - SFC funding Credits which was marginally 411 Credits under the 8,860 target. NCL provided places for 16,385 learners which represents 9,229 Full-time Equivalent learners or 138,438 Credits.

Source: SFC's Further Education Statistics (FES)

Volume and proportion of the SFC funded Credits delivered to learners in the most deprived 10% postcode areas (SIMD 10) in AY 2016/2017;

Figures based on National Records of Scotland (NRS) 2013 mid-year estimates show Lanarkshire's proportion of population from the 10% most deprived postcode areas (SIMD 10) to be 11.6%.

New College Lanarkshire delivered 18.3% in AY2014/2015; 18.6% in AY 2015/2016; and 18.6% in AY 2016/2017 of all the SFC funded learner activity to learners from the 10% most deprived postcode areas in Lanarkshire.

Consistently delivering these high levels of engagement with learners who live in areas of deprivation is testament to the College's investment in supporting and delivering on the Scottish Government's access and inclusion agenda.

Source: SFC's Further Education Statistics (FES) & National Records of Scotland (NRS)

Proportion of enrolled students successfully achieving a recognised qualification in AY 2016/2017;

64.3% of all New College Learners achieved a recognised qualification in AY 2016/2017.

In Scotland as a whole the proportion of Full-time Further Education (FTFE) learners successfully achieving a recognised qualification over the last eight years has seen proportions move from 58.8% to 65.5%. The proportion of Full-time Higher Education (FTHE) learners successfully achieving a recognised qualification over the last seven years has seen proportions move from 63.9% to 72.2%.

For AY 2016/2017 NCLs proportion of FTFE is 59.0% and for FTHE 67.0%. NCL is performing within these broad parameters however we are determined to significantly improve these figures.

Factors including increasing early withdrawals, which result in lower achievement statistics, have been significantly influenced by the introduction of ever more flexible learner pathways; (more flexibility provides more choice, more options and thus more movement of learners); improved employment opportunities, particularly for young learners, which result in more learners leaving to take up employment; and an open and flexible application and enrolment process that can result in movement of learners between Colleges or into employment/training causing a negative statistic or indicator.

This is why the indicators relating to *successfully achieving a recognised qualification* must be considered in parallel with figures representing other successful outcomes such as *the number and proportion of full-time College qualifiers in work, training and/or further study 3-6 months after qualifying.*

Delivery Performance (continued)

New College Lanarkshire is committed to making changes to ensure we optimise positive outcomes and the drive towards improving both retention and achievement are high priority strategic objectives which percolate through all operational, business and action planning for AY 2017/2018 and beyond.

Source: SFC's Further Education Statistics (FES)

The number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing in AY 2015/2016 (Most current data available as of October 2017);

Lanarkshire Colleges have supported an increasing number of learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing over the past four years from 237 learners in AY 2011/12 to 338 learners In AY 2015/2016 this equates to a 42.6% increase over the past five years. Proportionately this is clearly a very positive and a significant contribution to this Scottish Government aspiration. Again, this is a very positive reflection of the College's investment in supporting and delivering on the Scottish Government's advanced standing articulation ambitions.

Source: SFC's National Articulation Database

The number and proportion of full-time College qualifiers in work, training and/or further study 3-6 months after qualifying: Source: *Scottish Funding council's College Leaver Destinations 2015/2016*

College positive/negative Split for Confirmed Destinations				
	Counts		Percentage	
	Positive v. Negative: confirmed destinations by College		Positive v. Negative: confirmed destinations	
	Positive	Negative	Positive	Negative
Lanarkshire Region	4,802	187	**96.3%**	3.7%
National	41,938	1,702	96.1%	3.9%

As discussed earlier under *Proportion of enrolled students successfully achieving a recognised qualification in AY 2016/2017,* this destination data must be considered in parallel to gain appropriate understanding of performance against Scottish Government outcomes and ambition.

96.3% of learners who leave Lanarkshire's Colleges with their chosen qualification move on to further study or employment. This is above the national average. This confirms that the teaching and learning at NCL contributes significantly to the success of individuals and the economy.

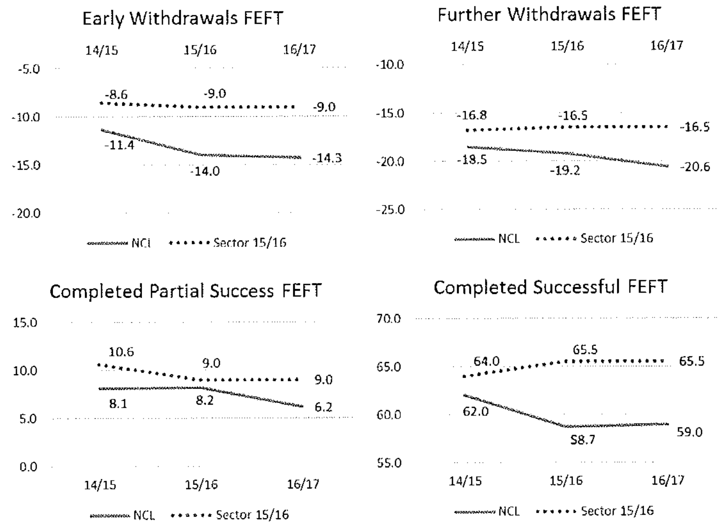
SFC's Four Priority College Key Performance Indicators - Analysis

Session 2016/2017 was the third full operational year for NCL, with robust systems, processes and procedures now firmly embedded to ensure high quality and robust data. Statistical dashboards were introduced to support a quality culture through analysis of data and real-time monitoring of performance. As described in the Principal and Chief Executive's performance summary, the proportion of our learner activity from most to least follows Further Education Full-Time (FEFT); Higher Education Full-Time (HEFT); Further Education Part-Time (FEPT); and Higher Education Part-Time (HEPT).

Delivery Performance (continued)

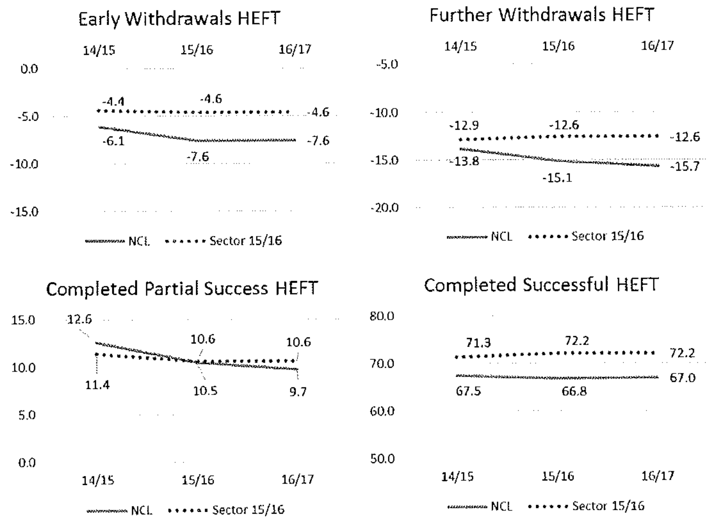
Outcomes for Further Education student enrolments on full-time recognised qualifications

FEFT provision has seen a recent improvement to success rates, however the provision has also shown a downward trend for early and further withdrawal over the three year period. In 2016/2017, early and further withdrawal rates have continued to increase and remain higher than the national average. Completed partial success showed a 2% decrease on 2015/2016, clearly showing a downward trend. Completed successful has shown a modest increase of 0.3% on 2015/2016, which although lower than 2014/2015, shows an upward trend. Improvements to FEFT success rates are positive, however they remain below the national average. Our institutional strategy sets improvement in retention and success as a high priority objective. New frameworks and strategies are in place to target learner retention and achievement, which aim to deliver a step change in performance.



Outcomes for Higher Education student enrolments on full-time recognised qualifications

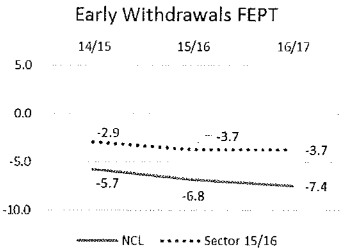
HEFT provision on the whole showed an upward trend across the previous three years with the only exception being early withdrawals. Early withdrawal has settled at 7.6%, although this has increased from 6.1% in 2014/2015. Further withdrawal continues on a downward trend. Completed partial success is broadly in keeping with the national average. Completed successful rates have shown a modest increase in 2016/2017 of 0.2%. New frameworks and strategies are in place to target learner retention and achievement, which aim to deliver a step change in performance.

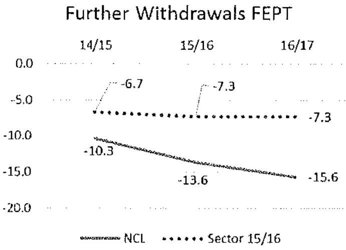


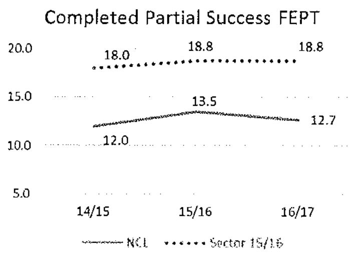
Delivery Performance (continued)

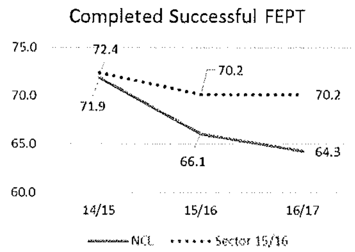
Outcomes for Further Education student enrolments on part-time recognised qualifications

FEPT provision showed a downward trend across the previous three years. Early and further withdrawal continue to increase. Completed partial success has decreased by 0.8% to 12.7%. Completed successful has seen a drop on the previous year, increasing the gap on the national average. Again, our institutional strategy sets improvement in retention and success as a high priority objective which has been further cascaded through all operational and business planning. New frameworks and strategies are in place to target learner retention and achievement, which aim to deliver a step change in performance.



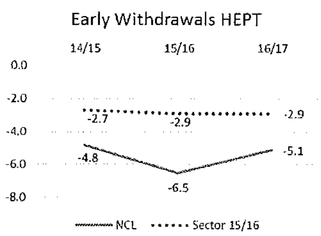


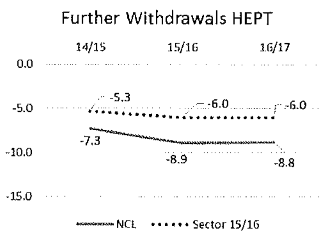


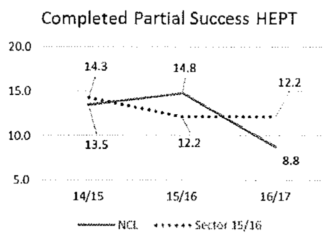


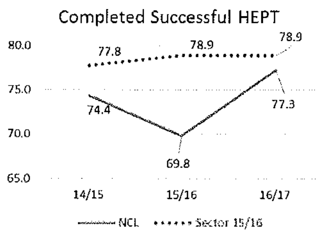
Outcomes for Higher Education student enrolments on part-time recognised qualifications

HEPT provision showed a mixed trend across the previous three years. In 2016/2017 KPI parameters for withdrawals and completed successful were below the national average, with completed partial success showing a 6% decrease from the previous year. The decrease in partial success is reflected in the 7.5% positive improvement for completed successful, which has significantly reduced the gap towards the national average. Withdrawal rates have decreased in 2016/2017 after previously increasing in 2015/2016. It should be recognised that HEPT represents only 4% of all learner activity and as such is vulnerable to larger proportionate swings in performance. However, this does not detract from our focus and drive for improvement. New frameworks and strategies are in place to target learner retention and achievement, which aim to deliver a change in performance.









Delivery Performance (continued)

Education Scotland's report by HM Inspectors on behalf of the Scottish Funding Council - Analysis

The following extracts from Education Scotland's report *New College Lanarkshire, 29th May 2015, A report by HM Inspectors on behalf of the Scottish Funding Council, Full Report,* provides a concise summary of Education Scotland's independent analysis of New College Lanarkshire's performance.

The external review process

Until 2016 HM Inspectors undertook an independent review of the quality of provision in Scotland's Colleges on behalf of the Scottish Further and Higher Education Funding Council (SFC) under a service level agreement between the council and Education Scotland. External review teams included HM Inspectors, Associate Assessors and a student team member. This has now been replaced with a new evaluation framework known as "How Good is Our College" (HGIOC).

During external reviews, members of the review teams observe learning and teaching and hold discussions with learners, staff and stakeholders. They consider information on learner attainment and evaluate learner progress and outcomes. They meet with members of the Board of Management and obtain feedback from community groups, partners and employers who work with the College..........
...............This external review results in judgements of ***effective*** *or* ***limited effectiveness*** *or* ***not effective*** *that express the external review team's overall evaluation of high quality learning, learner engagement and quality culture..........*

Overarching judgement:

New College Lanarkshire has in place ***effective*** *arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders.*

This judgement means that, in relation to quality assurance and enhancement, the College is led well, has sufficiently robust arrangements to address any identified minor weaknesses, and is likely to continue to improve the quality of its services for learners and other stakeholders.

Learner progress and outcomes

College programmes are well aligned to meet the diverse needs of the College's learners and its communities. Most learners progress well to further study, employment or apprenticeships. The design and delivery of programmes includes activities which enhance programmes and learners' employability skills. Almost all learners develop a good understanding of the broader skills required by industry through a wide range of activities within their programmes. They are well prepared for transitions to further learning or employment. Many learners make effective use of progression pathways available within the College to articulate to Higher National and degree-level programmes. However, early and further withdrawal rates for all modes of study are higher than national sector performance levels. In full-time programmes, successful completion rates for learners are not sufficiently high.

Learning and teaching processes

Curriculum teams across different campuses review curriculum content effectively in a range of programmes. This has focused on the standardisation of programmes which are designed appropriately to meet the needs of learners from a wide range of backgrounds and circumstances. Relationships between staff and learners are particularly effective. Learners use a range of resources effectively and safely showing a high level of competence, supported by well-qualified and knowledgeable teaching staff. Curriculum teams make good use of dedicated time to provide learners with valuable support and guidance.

Delivery Performance (continued)

Learning and teaching processes (continued)

Where under-performing programmes are identified, teaching staff have been successful in making changes to delivery that are beginning to have a positive impact. However, actions identified for improvement are not always sufficiently detailed to allow progress to be monitored effectively.

Learner engagement

Learners have considerable scope to personalise and exercise choice in their own learning. Learners take part in charity events and competitions, many achieving international success that considerably enhances the reputation of the College. Where learners express concerns about issues, staff respond quickly and appropriately. Class representatives are in place for almost all full-time programmes and they work well to convey learners' views to staff. Class representatives are supported well by the learner engagement team. However, the class representative system has still to establish procedures for appointing new representatives in-year, and for frequent meetings that permit meaningful discussion. Learners are represented appropriately on key College committees and the College is supportive of the Students' Association (SA). However, the SA has a low profile with learners and is not yet fully effective.

Leadership and Quality Culture

Senior managers provide open, supportive and inclusive leadership and are highly visible to staff. They have taken effective and prompt action to establish College-wide systems to achieve strategic aims. Staff share a commitment and responsibility to ensure learners have a positive and successful learning experience. Leadership roles for learning and teaching are identified clearly across teaching and support functions and distributed across the College. Support functions work well with teaching departments to analyse jointly causes of low performance and to arrange targeted actions to improve outcomes for learners. There is a strong quality culture within the College and the annual curriculum evaluation (ACE) tool is providing a helpful system for staff to evaluate and plan for improvements. However, some evaluations and actions are not sufficiently specific or measurable. The College's clear strategic commitment to partnership working has resulted in highly valued and effective collaborations with key local partners. Senior managers have led effectively the arrangements to manage change during the merger transition period.

Source: New College Lanarkshire, 29th May 2015, A Report by HM Inspectors on behalf of the Scottish Funding Council, Full Report

The New "How Good is Our College" (HGIOC) review Process

How Good is Our College? is based on four high level principles, which are:

- leadership and quality culture;
- delivery of learning and services to support learning;
- outcomes and impact; and
- capacity for improvement.

Using the 12 quality indicators college staff will be able to evaluate the quality of provision and services and from their evaluations, the College will be able to produce an annual Evaluative Report and Enhancement Plan for Education Scotland and Scottish Funding Council, for independent endorsement.

Delivery Performance – Analysis

Our analysis of delivery performance utilises strong and robust internal and external, independent sources. The key indicators and measures used recognise national, regional, institutional and individual needs and standards. The clear message is that the College is working well, has established solid foundations and continues to improve. It does however recognise there is improvement needed in some areas in particular relating to full-time programme successful completion rates.

Regarding the five key priority national measures the SFC funded Credits were fully delivered for our core recurrent target. Additionally the SFC / ESF match funded credit delivery fell short by 4.7% (less that 0.3% of the combined total). The volume and proportion of the SFC funded Credits delivered to learners in the most deprived 10% postcode areas (SIMD 10) has been maintained at a very high level following a very significant increase over the past five years. The proportion of enrolled students successfully achieving a recognised qualification provides a reasonable contribution towards national targets but is not sufficient for a College of our capability and ambition and actions are in place to take this forward. The number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing has seen impressive rates of improvement over the past five years. The number and proportion of full-time College qualifiers in work, training and/or further study 3-6 months after qualifying compares well against national performance.

The four priority KPIs published by the SFC involving outcomes for FE and HE, part-time and full-time learners identifies both strengths and areas for improvement. It emphasises our need to improve some areas of delivery, in particular relating to full-time programme successful completion rates.

Education Scotland's report by HM Inspectors on behalf of the Scottish Funding Council provides independent analysis and judgment which confirms our understanding that we need to improve some areas of delivery, in particular relating to fulltime programme successful completion rates.

It also confirms that we are effective in maintaining and enhancing the quality of our provision and outcomes for learners and other stakeholders, that we are led well, have sufficiently robust arrangements to address any identified minor weaknesses, and are likely to continue to improve the quality of our services for learners and other stakeholders.

Financial Performance

In the year ended 31st July 2017, the College generated an underlying operating deficit of £919k, 1.7% of Total Income (2015/2016 – deficit of £2,170k, 4.0% of Total Income). The 2015/2016 comparatives have been restated to take account of the new SORP in relation to the subsidiary organisation.

Underlying operating position:

	2016-17 £'000	2015-16 £'000 (restated)
(Deficit) before other gains and losses	**(2,125)**	**(1,962)**
Add back:		
- Depreciation (net of deferred capital grant release)	633	863
- Non-cash pension adjustments	1,520	1,074
Deduct:		
- Non-Government capital grants	893	2,037
- Revenue funding allocated to loan repayments	54	108
Underlying operating (deficit)	**(919)**	**(2,170)**
% of Total Income	(1.7%)	(4.0%)

One consequence of College reclassification as central government bodies is that, from 1st April 2014, while Colleges continued to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash net depreciation charges are treated for budgeting purposes and how the Colleges spend the Cash Budget for Priorities funds previously earmarked for depreciation. There is a potential for this spend to move the College's Statement of Comprehensive Income into a deficit position (or increase an existing deficit).

For the Financial Year 2016/2017, this meant that the College received cash of £633k (2015/2016 £863k) which had been earmarked against net depreciation. £54k of this (2015/2016 £108k) was used to repay HMRC under the Lennartz VAT scheme with the balance of £579k impacting on the Consolidated Income and Expenditure deficit. Without approval to spend this cash it would have been effectively frozen. The Scottish Funding Council issued guidance to the College on this matter on 30th January 2015 (SFC/AN/03/2015), and subsequently, which provides approval for that cash to be applied to student support, loan repayments and to deliver improved services to learners.

The impact of the above has contributed £579k to the reported deficit for the 2016-2017 accounting year (last year £755k). However the Scottish Funding Council has confirmed (in its letter to the Colleges on 30th March 2015) that a deficit resulting from the College following its 30th January 2015 guidance should be treated as a "technical" deficit and should not be interpreted, on its own, as a challenge to the College's ongoing financial sustainability. Audit Scotland accepts that a deficit arising from the use of cash funding originally provided for Cash Budget for Priorities depreciation does not include an underlying financial sustainability concern.

Financial Performance (continued)

Amcol Scotland Ltd, a company limited by shares and a Scottish Registered Charity, N° SC039758, was transferred to Motherwell College on 31st December 2008. The shares were subsequently transferred to New College Lanarkshire upon legal formation. The results of the company for the 12 months to 31st July 2017 have been incorporated in the College's Financial Statements.

Following a re-tender exercise, the Scottish Prisons Service did not renew their education contract with the College, which ended on 31st July 2017. While this has no material impact on our operating position, it will result in an equal reduction in revenues and costs in the year ending 31st July 2018.

Consolidated Income for the year was £55,097k, 31.4% of which was non SFC Income (2015/2016 £54,508k, 32.8%). The College has accumulated reserves of £11,823k (2016: £12,950k) and net cash balances/bank deposits/loans of (£736k) (2016: (£1,178k)). Excluding the loan, which is guaranteed by the Scottish Funding Council, the net cash balance is £1,847k (2016 £2,373k).

	2017	2016
Current Assets : Current Liabilities	0.5:1	0.5:1
Gearing	0.06	0.09
Days Cash	13	16

Review of Resource outturn for year ended 31st March 2017

Following the reclassification of Colleges as public bodies on 1st April 2014, the College has been required to comply with government accounting and budgeting rules on a financial year basis (i.e. to the end of March). The College is given a revenue resource budget (RDEL) and a capital resource budget (CDEL) and must account for this budget on a financial year basis. The resource budgets and final outturn for 2016/2017 are outlined below:

	RDEL £'000	CDEL £'000
Resource budget for year ended 31st March 2017	45,204	1,013
Expenditure against resource budget	45,292	1,489
Net underspend/(overspend) against budget	(88)	(476)

The above figures have been audited separately by our internal auditors.

The RDEL outturn is reflective of the cash impact of trading losses. The CDEL outturn is reflective of capital projects being deferred in the previous year.

In addition, the College received a non-cash budget from the government, now known as the "Cash Budget for Priorities", (previously Net Depreciation Cash"), to cover the net depreciation costs.

Review of Cash Budget for Priorities Spend for year ended 31st March 2017

The impact of the operating position is detailed below.

Table of Cash Budget for Priorities spend	2017	2016
	£'000	£'000
Student support	-	-
Pay award	401	401
Other elements of pay award and increase in pension contributions	178	148
ERDF Repayment following previous Coatbridge College audit	-	206
Total impact on RDEL operating position	**579**	**755**
Total impact on CDEL – Lennartz Repayment	**54**	**108**
Total Cash Budget for Priorities spend	**633**	**863**

Going Concern Statement

The Board of Management is satisfied that it has adequate resources and funding support to continue in operation for the foreseeable future, for this reason the going concern basis continues to be adopted in the preparation of Financial Statements. The College continues to report a net asset position.

Payment Practice Code

The College complies with the CBI Prompt Payment Code and has a policy of paying suppliers by the end of the month following the date of invoice or supply, unless the invoice is disputed. It is also College policy to resolve disputes and complaints as quickly as possible. The level of creditors in terms of the proportion of the period end creditors to the aggregated invoiced amounts during the period was 9 days (2015/2016: 17 days). No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Environmental Sustainability

As signatories to the Universities and Colleges Climate Change Commitment for Scotland, New College Lanarkshire, together with all Universities and Colleges in Scotland, is named as a "major player within Scottish legislation" and as such we have a "pivotal role in improving the natural and built environment through our primary role as education and skills trainers" and "as owners and operators of a large and complex estate", therefore, New College Lanarkshire recognises the importance of environmental issues and sustainability, and endeavours to consider these matters as part of decision making. We are committed to meeting our environmental responsibilities as a public body, and of supporting the national outcome, consistent with the 'Keep Scotland Beautiful' organisation, to "value and enjoy our built and natural environment, and protect it and enhance it for future generations."

Environmental Sustainability (continued)

In accordance with the Climate Change (Scotland) Act 2009 we report annually to the Sustainable Scotland Network (SSN) of which we are a member, on our compliance with Climate Change duties. We also adhere to environmental requirements in areas such as procurement, business travel and building management, and recognise the importance of consistent environmental reporting across public sector bodies.

As part of the College's commitment to Carbon Management and Awareness, a Carbon Management Team has been formed representing a broad cross section of internal and external stakeholders and is chaired by an Assistant Principal. This Carbon Management Team is tasked with forming a new Carbon Management Plan (CMP) and raising awareness of this plan with all stakeholders. This awareness raising is to facilitate an understanding with staff and students of the need to conserve valuable resources and reduce carbon usage while highlighting the work being undertaken by NCL to help achieve this. A new NCL Carbon Management Plan (CMP) is a work in progress; much of the information being gathered for the above data return will influence this plan. However three legacy CMPs exist which over their life have helped to reduce Carbon emissions across all legacy Campuses. A new CMP should be in place early in 2018. The College is therefore fully committed to reducing CO2 emissions annually and this will be an integral part of the Estates Strategy.

Linda J McTavish

Linda McTavish,
Chair of the Lanarkshire Board
New College Lanarkshire
11th December 2017

Martin McGuire,
Principal & Chief Executive
New College Lanarkshire
11th December 2017

ACCOUNTABILITY REPORT

Corporate Governance Report

Board of Management Report – The Lanarkshire Board

This report covers the period from the 1st August 2016 – 31st July 2017 but also includes the period to the signing of the accounts on the 11th December 2017.

Introduction

The Lanarkshire Board

The Lanarkshire Board was established by the Lanarkshire Colleges' Order 2014 and this order defines the membership of the Lanarkshire Board. Linda McTavish, appointed by Scottish Ministers as the Regional Lead, became the Chair of the Lanarkshire Board when it came into being on the 1st October 2014. The Principal of South Lanarkshire College (SLC), the Chair of SLC, two SLC staff members and the SLC Student President are members of the Lanarkshire Board through the Lanarkshire Order 2014.

There was a transition Board for a year with the last meeting taking place on the 22nd June 2015. As reported in the 2014/2015 Financial Statements, a number of members left the Board on this date.

The first meeting of the post transition Board was the 14th September 2015 following recruitment by open appointment for all non-executive members of the post transition Lanarkshire Board (except the Chair which is a ministerial appointment) and the election of New College Lanarkshire (NCL) staff members (24th August 2015) and the Student President (from 1st July 2015). Appointments were reported in the 2015/2016 Financial Statements.

The SLC members on the Lanarkshire Board were to be reviewed within a year following the open recruitment to the post transition Lanarkshire Board and recruitment took place to the SLC Board from June to September 2016. Staff elections were held by SLC in August/September 2016 and the ballot closed and the declaration was made on the 12th September 2016. These appointments were also reported in the 2015/2016 Financial Statements.

Student elections were held in May 2016 and 2017 and two new Student Presidents were appointed from the 1st July 2016 and from 1st July 2017.

Open recruitment for two members of the Lanarkshire Board to take the membership up to its full number of 22 started in September 2016. Following a further resignation from the Board in December 2016, three appointments were made, following ministerial approval, on the 31st January 2017.

Membership of the Lanarkshire Board

The members of the New College Lanarkshire Board of Management, pursuant to the Further and Higher Education (Scotland) Acts 1992 and 2005, the Post-16 Education (Scotland) Bill 2013 and the Lanarkshire Order 2014, who served during the period from the 1st August 2016 to 31st July 2017 are set out below. This table also covers changes to the signing of the accounts on the 11th December 2017.

Corporate Governance Report (continued)

The Board Members of the Lanarkshire Board:

Changes During Reporting Period

Board Member	Designation	Date became Member	Resigned	Retired
Linda McTavish	Became the Chair of the Lanarkshire Board on the 1st October 2014 when it came into being	Continued from the Transition Board – September 2015		
Kenny Anderson	Chair of the Finance Committee	27th August 2015		
Douglas Anderson	Board Member	27th August 2015	28th June 2017	
Michelle Bingham	Board Member	27th August 2015	8th December 2016	
Jean Carratt	South Lanarkshire College Teaching Staff Member	12th September 2016		
John Elliot	Board Member	27th August 2015		
Keith Fulton	Senior Independent Member of the Board	27th August 2015		
Jean Harkness	South Lanarkshire College Support Staff Member	12th September 2016		
Moira Jarvie	New College Lanarkshire Support Staff Member	24th August 2015		
Jane McCartney	Chair of the South Lanarkshire College Board	Re-Appointed September 2016		
Jacqueline McGarvey	New College Lanarkshire Teaching Staff Member	24th August 2015		
Martin McGuire	Principal and Chief Executive	Continued from the Transition Board – September 2016		
Rosemary McKenna	Chair of the CSAO Committee – stepped down from the Chair on 13th November 2017	6th August 2015		
Julie MacKenzie	South Lanarkshire College Student President	1st July 2017		
Stewart McKillop	South Lanarkshire College Principal	Continued from the Transition Board – September 2016		
Melissa Mitchell	South Lanarkshire College Student Vice President	8th February 2017 – attending Board on resignation of Jack Smith	30th June 2017	
Daniel Moore	New College Lanarkshire Student President	1st July 2017		

Corporate Governance Report (continued)

The Board Members of the Lanarkshire Board:

Changes During Reporting Period

Board Member	Designation	Date became Member	Resigned	Retired
Paul O'Donnell	Board Member	27th August 2015		
Matthew O'Hare	Board Member	31st January 2017		
Professor Robert Pyper	Board Member	31st January 2017		
Stuart Reid	Board Member	6th August 2015		
Zorena Shanks	New College Lanarkshire Student President	1st July 2016	30th June 2017	
Ann Stark	Board Member – Chair of the Audit Committee from 13th November 2017 meeting	6th August 2015		
Jack Smith	South Lanarkshire College Student President	1st July 2016	8th February 2017	
Ronnie Smith	Chair of the Audit Committee – stepped down as Chair on 13th November 2017	6th August 2015		
David Winning	Board Member – Chair of the CSAO Committee from 13th November 2017	31st January 2017		

The Lanarkshire Board has formally constituted committees which have specific terms of reference and act with delegated authority from the Board. The Board's key committees and members from 1st August 2016 to 11th December 2017 are:

Audit Committee: Chair Ronnie Smith, John Elliot, Ann Stark, Keith Fulton, Jacqueline McGarvey and Professor Robert Pyper from 27th February 2017. Keith Fulton stepped down as a member of this committee to take the Chair of the RGP Committee on the 5th June 2017. He continues to attend this committee on an interim basis to ensure continuity. Ronnie Smith announced his intention to step down as the Chair of the Committee at the 11th September 2017 meeting and Ann Stark took the Chair at the 13th November 2017 meeting.

Finance Committee: Chair Kenny Anderson, Stuart Reid, Paul O'Donnell, Moira Jarvie, Martin McGuire.

Curriculum, Student Affairs and Outcomes (CSAO) Committee: Chair Rosemary McKenna until stepping down as Chair from 13th November 2017, Chair is David Winning at the 13th November 2017 meeting of the Committee, Jean Carratt, Linda McTavish, Martin McGuire, Jacqueline McGarvey, Stewart McKillop, Matthew O'Hare (from 27th February 2017), New College Lanarkshire Student President Zorena Shanks and then Daniel Moore, South Lanarkshire College Student President Jack Smith then Melissa Mitchell followed by Julie MacKenzie. Jean Harkness is in attendance at this committee.

Resources and General Purposes Committee (RGP): Linda McTavish as interim Chair pending further recruitment to the Lanarkshire Board. Keith Fulton takes the Chair at the 5th June 2017 meeting. Douglas Anderson until his resignation in July 2017, Martin McGuire and Michelle Bingham until her resignation on 8th December 2016. David Winning from 6th March to 13th November 2017 when he left this committee to Chair the Curriculum and Student Affairs Committee.

Corporate Governance Report (continued)

Remuneration Committee: Chair Rosemary McKenna, Keith Fulton, Ronnie Smith, Kenny Anderson.

Nomination and Search Committee: Chair Linda McTavish, Keith Fulton from 5th June 2017, Jane McCartney, Independent member from another region.

A full Register of Interest can be found through http://www.nclanarkshire.ac.uk/us/board-of-management/register-of-interest.

All non-executive positions within the Board are voluntary and unpaid with the exception of the Chair.

Related Party Transactions

New College Lanarkshire (NCL) is a body incorporated under the Further and Higher Education (Scotland) Acts 1992 and 2005 and is sponsored by the Scottish Executive via the Scottish Funding Council (SFC). The SFC is regarded as a related party. During the period, New College Lanarkshire has had various material transactions with the SFC.

In addition New College Lanarkshire has had various material transactions with other Government Departments. Most of these have been with North Lanarkshire Council, South Lanarkshire Council, East Dunbartonshire Council, the Student Awards Agency Scotland, Scottish Enterprise, Skills Development Scotland, Job Centre Plus and HMP's and YOI's Barlinnie, Cornton Vale, Dumfries, Glenochil, Greenock, Low Moss and Shotts.

Due to the nature of NCL'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 with which the College's Board of Management has an interest. With the exception of Nursery Services provided by the 100% subsidiary Amcol Scotland Ltd. (below), all transactions involving organisations in which a member of the College's Board of Management may have a material interest, are conducted at Arm's-length in accordance with normal project and procurement rules.

Other than the above, the College had transactions with the following other publicly funded, representative and other bodies in which Board of Management members held official positions during the period to 31st July 2017.

Organisation	Board Member	Position
None	None	N/A

During the period, New College Lanarkshire entered into the following material transactions with the following Board Members, members of the Senior Management Team and other related parties:

Amcol Scotland Ltd.

During the year ended 31st July 2017, New College Lanarkshire worked closely with Amcol Scotland Ltd in furthering the provision of Further Education in the community. During the year ended 31st July 2017, Amcol Scotland Ltd. provided the College with goods and services (including the provision of childcare to assist 134 incidents of placement) to a total value of £682,584.

Rent and Service Charges payable to the College by Amcol Scotland Ltd. Totalling £187,031 were paid in respect of the year ended 31st July 2017.

Corporate Governance Report (continued)

At 31st July 2017, Amcol Scotland Ltd. was a net debtor to the value of £51.

During the period in question, the following members of the Board of Management and the Senior Management Team were connected being Directors of Amcol Scotland Ltd : Moira Jarvie (Support Staff Member of the Board of Management) and Iain Clark (Vice Principal: Resources).

Personal Data Security

There were no known incidents of personal data breaches in 2016/2017 (Nil 2015/2016).

Estates Strategy

The Estates Strategy is currently being drafted and will be finalised once the full review of the property portfolio, which is significant across Lanarkshire and East Dunbartonshire, is concluded. Consideration will also be given to the draft five year Business Plan and to the strategic direction of the curriculum as both have Estates implications. The College has completed life-cycle costings for the current portfolio and have agreed Capital Plans for 2017/2018 and have provisional plans for 2018/19. A barrier to Estates Planning is in relation to the inability of Colleges to now create and hold reserves, which is compounded by significant recent cuts in the SFC Estates Grants.

Disclosure of information to auditors

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

The NCL Board determine that given the guidance there is no need to prepare a Parliamentary Accountability Report.

Linda J McTavish

Linda McTavish,
Chair of the Lanarkshire Board
New College Lanarkshire
11th December 2017

Martin McGuire,
Principal & Chief Executive
New College Lanarkshire
11th December 2017

Statement of the Board of Management's Responsibilities

In accordance with the Further and Higher Education (Scotland) Acts 1992 and 2005, the College's Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited Financial Statements for each financial year (period).

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the Financial Statements are prepared in accordance with the Further and Higher Education (Scotland) Acts 1992 and 2005, the 2014 Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare Financial Statements for each financial year (period) 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 (period).

In preparing the Financial Statements, the Board of Management has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Board of Management is satisfied that it has adequate resources and funding support to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of Financial Statements.

The Board of Management has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions which the Scottish Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the College and prevent and detect fraud; and
- Secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, the Board of Management and the executive;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income and expenditure, capital and cash flow budgets;
- Regular reviews of key performance indicators and business risks and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to detailed appraisal and review according to approval levels set by the Board of Management;
- Comprehensive Financial Regulations, detailing financial controls and procedures; and

Statement of the Board of Management's Responsibilities (continued)

- A professional Internal Audit Service whose annual programme is approved by the Audit Committee and who provide the Audit Committee with a report on the internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including financial control.

Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all areas of corporate governance and internal control. This summary describes the manner in which the College has applied the principles in The UK Corporate Governance Code, issued by the Financial Reporting Council in June 2010, The Turnbull Committee (Turnbull Guidance) and The Revised Code of Good Governance for Scotland's Colleges 2016. Its purpose is to help the readers of the Financial Statements understand how the principles have been applied.

On 1st October 2014, the Lanarkshire Colleges Order 2014 designated the Board of Management of New College Lanarkshire as a Regional College; made the College a Regional Strategic Body; and assigned the Board of Management of South Lanarkshire College to the College. The Board was transitional until the appointment of non-executive Board Members by open appointment which was completed in August 2015. The constitution of New College Lanarkshire is altered to reflect its new role as a Regional Strategic Body. The New College Lanarkshire Board membership is increased so that the Chair, Principal, two staff members and one student member of the Board of South Lanarkshire College are also members of the Board of Management of New College Lanarkshire. There are also amendments to the provisions regarding qualifications, tenure of office and resignation of the additional members of the Board of New College Lanarkshire.

It is the duty of a Regional Strategic Body to exercise its functions with a view to securing the coherent provision of a high quality of fundable further and higher education in the localities of its Colleges. In doing so, the Regional Strategic Body must have regard to any fundable further education and fundable higher education provided by any other post-16 education bodies in the localities of its Colleges. Inter alia, the Board must monitor the performance of its Colleges in accordance with the Further and Higher Education Scotland Act 2005. The Board may give such directions to its Colleges, or to any of them, as it considers appropriate, in accordance with the 2005 Act.

In the opinion of the Board of Management, the College and the RSB comply with all of the provisions of The UK Corporate Governance Code and The Turnbull Guidance in so far as they apply to the further education sector, and it has complied throughout the period ended 31st July 2017. It is also the opinion of the Board of Management that the College and the RSB comply with The Revised Code of Good Governance for Scotland's Colleges 2016, and it has complied throughout the period ended 31st July 2017. Further, the Financial Memorandum with the Scottish Funding Council also requires compliance with the Scottish Public Finance Manual (SPFM) and the governance guidance therein. In the opinion of the Board of Management, the SPFM has also been complied with for the period ended 31st July 2017.

The College's Board of Management is responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board of Management is of a view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that have been in place for the period covered by the Financial Statements and up to the date of the approval of the Financial Statements. This process is regularly reviewed by the Board of Management. In respect of its strategic and development responsibilities, each year the Board of Management holds a seminar and workshop jointly with the College Executive. The timing of the event is arranged to facilitate Board Members input to the College Strategic and Operational Plans.

Statement of Corporate Governance and Internal Control (continued)

The College's Board of Management normally meets four times per annum and has several committees: Audit, Finance, Resources & General Purposes, Curriculum, Student Affairs & Outcomes, and Remuneration. The Nominations and the Chair's Committees meet if and when needed. All committees are formally constituted with terms of reference.

The Finance Committee recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Remuneration Committee determines the remuneration of the Principal and the Senior Management Team.

The Audit Committee normally meets four times per annum, with the College's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management responses and implementation plans. It also receives and considers reports from the Scottish Funding Council (and other relevant bodies) as they affect the College's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee may, at any time, meet with the internal or external auditors independently.

The Senior Management Team receives reports and considers possible control issues brought to their attention by early warning mechanisms embedded within the operational units. The Senior Management Team and the Audit Committee also receive reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. At the end of each Academic Year the Board of Management consider a report from the Audit Committee regarding its annual assessment.

The Board of Management is satisfied that it has adequate resources and financial support to continue in operation for the foreseeable future, for this reason the going concern basis continues to be adopted in the preparation of Financial Statements.

The total costs arising in relation to the Regional College Board for the Year Ended 31st July 2017 were £65k (2016 £65k). South Lanarkshire College were recharged £15k (2016 £7k), and the Scottish Funding Council provided contributions of £nil (2016 £38k) to offset these costs. The Scottish Funding Council provided £10k (2016 £nil) to cover administrative support to assist in progress towards fundable body status including the development of the Financial Memorandum.

No member of the New College Lanarkshire Executive Team receive any payment in relation to Regional duties, other than reimbursement of expenses.

Linda J McTavish

Linda McTavish,
Chair of the Lanarkshire Board
New College Lanarkshire
11th December 2017

Martin McGuire,
Principal & Chief Executive
New College Lanarkshire
11th December 2017

Remuneration Policy

The Board of Management has adopted the key principles and policies set out in the Guidance Note on the Operation of Remuneration Committees in Scottish Higher Education (Committee of Scottish Chairs August 2015).

Remuneration and Staff Report

The College takes the view that the Principal and the Vice Principals are the key members of College staff with a strategic position within the organisation who influence the decisions of the College as a whole, and only they and any non-executive members of the Board of Management should be the subject of the Remuneration Report. None of the non-executive members of the Board of Management receives a salary or pension as a result of their position with the College, so only the Principal and Vice Principals are shown below.

Remuneration including salary and pension entitlements

The following table provides detail of the remuneration and pension interests of senior management.

	Year ended 31st July 2017			Year ended 31st July 2016		
	Salary	Pension Contribution	Total	Salary	Pension Contribution	Total
Position	£'000	£'000	£'000	£'000	£'000	£'000
Martin McGuire	135-140	20-25	160-165	125-130	20-25	150-155
Heather Urquhart	90-95	15-20	105-110	85-90	15-20	105-110
Derek Smeall	90-95	15-20	105-110	85-90	15-20	105-110
Iain Clark	90-95	15-20	105-110	85-90	15-20	105-110

The Remuneration Committee determines the remuneration of the Principal and the Senior Management Team.

Salary

Salary includes pensionable and non-pensionable payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties, employers' national insurance contributions or employers' pension contributions. In this report this is also referred to as remuneration.

Staff numbers and costs

	Year to July 2017		Year to July 2016	
	FTE	Total Cost £'000	FTE	Total Cost £'000
Staff on permanent contracts	906	35,330	785	32,967
Staff on temporary contracts	101	4,343	197	5,539
	1,007	39,673	982	38,506

Median Remuneration

The remuneration of the highest paid senior post holder in the organisation in the financial year 2016/2017 was £137,500 (2015/2016 £128,615). This was 3.7 times (2015/2016 3.5 times) the median remuneration of the permanent workforce which was £36,812 (2015/2016 £36,368).

Remuneration and Staff Report (continued)

In 2016/2017 no employees (2015/2016 nil) received remuneration in excess of the highest paid senior post holder. Remuneration ranged from £15,990 to banded remuneration of £135k to £140k. (2015/2016 £15,015 to banded remuneration £125k to £130k).

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 the Local Government Pension Scheme (LGPS), both of which were contracted out of State Earnings-Related Pension Scheme until April 2016. Both STSS and LGPS converted from final salary to career average schemes. This means that pension benefits are based on average earnings over the term of membership of the scheme, accrued based on the number of years membership of the schemes. Pension benefits are provided to senior officials on the same basis as all other staff.

The scheme's normal retirement age is 65, although some members of the STSS have a preserved retirement age of 60 years.

Contribution rates are set annually for all employees, and further details can be found on the respective websites at www.sppa.gov.uk and www.spfo.org.uk.

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 career average pensionable salary and years of pensionable service.

Senior Officials Pension

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 tables below.

Name	Accrued pension at pension age at 31 July 2017 £'000	Accrued lump sum at pension age at 31 July 2017 £'000	Real increase in pension 1 August 2016 to 31 July 2017 £'000	Real increase in lump sum 1 August 2016 to 31 July 2017 £'000
Martin McGuire	55-60	165-170	0-2.5	2.5-5
Heather Urquhart	20-25	60-65	0-2.5	2.5-5
Derek Smeall	40-45	110-115	0-2.5	0-2.5
Iain Clark	25-30	35-40	0-2.5	0-2.5

Remuneration and Staff Report (continued)

Name	CETV at 31 July 2017	CETV at 31 July 2016	Real increase in CETV
	£'000	£'000	£'000
Martin McGuire	1,180	1,126	38
Heather Urquhart	417	388	17
Derek Smeall	775	722	53
Iain Clark	412	385	27

These benefits have accrued over the duration of the employees' membership of the schemes in which time contributions may have been transferred from previous employers and by the employees themselves.

Cash Equivalent Transfer Value (CETV)

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 on the basis of 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 as a consequence of their total Local Government or STSS service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- The figures for pension and lump sum are illustrative only in light of 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 of time.

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.

Compensation for loss of office

One employee left under voluntary exit terms during the year. They received a total payment of £1k.

Remuneration and Staff Report (continued)

Sickness Absence and Staff Turnover

Sickness Absence and Staff Turnover figures exclude the Amcol Subsidiary.

Sickness

Session	Total Days	% of Total Absence	Total Absence Rate
2016/2017	**13,788**		**3.51%**
Long-Term	9,057	65.69%	
Short-Term	4,731	34.31%	
2015/2016	**10,709**		**2.67%**
Long-Term	7,282	68.00%	
Short-Term	3,427	32.00%	

Notes:

Relates to actual calendar days lost, not working days. Annual % based on total available calendar days of 315,360 (1,075 staff x 365).

Short-term absence is 20 days or less, long-term absence is 20+ days.

Turnover

Between 1st August 2016 and 31st July 2017, the College lost 90 (62.94FTE) permanent staff, giving a turnover of 9.69% (on a total permanent headcount of 928). This is equivalent to a turnover on an FTE basis of 8.17% (based on total permanent FTE of 770.73).

However, this includes those staff working on the Prisons contract which transferred to Fife College. If the staff who transferred to Fife College under TUPE are excluded, the permanent turnover drops to 3.13% (on a headcount basis = 29 leavers) and 2.91% (on a FTE basis = 22.4FTE leavers).

Gender Breakdown at year end

Gender	Headcount	FTE
F	820 (67.3%)	631 (64.7%)
M	398 (32.7%)	345 (35.3%)
Grand Total	**1218**	**976**

Employment of Disabled Persons

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment within the College continues. New College Lanarkshire's policy is to provide training, career development and opportunities for promotion for all staff.

Equalities

The College is committed to creating an inclusive and diverse pathway to learning which values partnership and promotes equality of opportunity. It recognises the need to be responsive and customer-focussed and aims to ensure that students and staff are treated with dignity, respect and equality. The College recognises the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief (including lack of belief), sex and sexual orientation. The Equality Act 2010 is fully recognised.

Health and Safety

New College Lanarkshire not only accepts the legal duties of care as set out in the Health and Safety at Work etc., Act 1974 and all other relevant legislation but also our moral and ethical obligations and to the continuous improvement in the management of the health and safety risks to all stakeholders i.e. Staff, learners, contractors and visitors. The College actively promotes "Healthy Working Lives" and promotes active use of the Occupational Health services on offer.

Data Protection Act

New College Lanarkshire is registered as a Data Controller under the Data Protection Act 1998 (Registration Number Z9194349).

Professional Advisors

External Auditors	:	Mazars LLP
Internal Auditors	:	Wylie & Bisset
Bankers	:	The Clydesdale Bank, Bank of Scotland, The Royal Bank of Scotland, Santander.
Solicitors	:	Anderson Strathern, Clyde & Co.

Independent auditors' report to the members of the Board of Management of New College Lanarkshire, the Auditor General for Scotland and the Scottish Parliament

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 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the Financial Statements in the annual report and accounts of New College Lanarkshire for the year ended 31st July 2017 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 Consolidated and College Statement of Comprehensive Income and Expenditure, Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the College's affairs as at 31st July 2017 and of its deficit for the period then ended;
- have been properly prepared in accordance with the 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 of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the college has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report to the members of the Board of Management of New College Lanarkshire, the Auditor General for Scotland and the Scottish Parliament (continued)

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 the Financial Statements and for being satisfied that they 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 deemed inappropriate.

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

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.

Other information in the annual report and accounts
The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. 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 matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

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

Report 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. 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.

Independent auditors' report to the members of the Board of Management of New College Lanarkshire, the Auditor General for Scotland and the Scottish Parliament (continued)

Report on other requirements

Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

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

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

In the light of the knowledge and understanding of the college and its environment obtained in the course of the audit, we have not identified material misstatements in the Performance Report or Governance Statement.

We are required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part 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.

Lucy Nutley
For and on behalf of Mazars LLP
97 Haymarket Terrace
Edinburgh
EH12 5HD
15 December 2017

Lucy Nutley is eligible to act as an auditor in terms of Section 21 of the Public Finance and Accountability (Scotland) Act 2000.

New College Lanarkshire

Financial Statements for the Year Ended 31st July 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31st July 2017

	Note	Group 2017	College 2017	Group 2016 (as restated)	College 2016
		£'000	£'000	£'000	£'000
Income					
SFC Grants	2	37,772	37,772	36,624	36,624
Tuition Fees and Education Contracts	3	9,790	9,790	9,764	9,764
Other Income	4	7,531	5,442	8,109	6,290
Investment Income	5	4	3	11	10
Total Income		55,097	53,007	54,508	52,688
Expenditure					
Staff Costs	6	39,673	37,538	38,506	36,590
Exceptional Staff Costs	6	1,190	1,190	708	708
Other Operating Expenses	7	12,828	12,976	13,706	13,858
Depreciation & Amortisation	10,12	3,195	3,152	3,177	3,129
Asset Impairment	10	-	-	-	-
Interest and other finance costs	8	336	331	373	368
Total Expenditure		57,222	55,187	56,470	54,653
(Deficit)/Surplus before Other Gains/(Losses)		(2,125)	(2,180)	(1,962)	(1,965)
(Loss)/Gain on Disposal of Fixed Assets	10	4	-	(10)	-
(Deficit)/Surplus before Tax		(2,121)	(2,180)	(1,972)	(1,965)
Taxation	9	-	-	-	-
(Deficit)/Surplus for the Year		**(2,121)**	**(2,180)**	**(1,972)**	**(1,965)**
Unrealised (deficit)/surplus on revaluation of land and buildings		409	-	-	-
Actuarial gain/(loss) in respect of pension schemes		585	585	(2,230)	(2,230)
Total Comprehensive Income for the Year		**(1,127)**	**(1,595)**	**(4,202)**	**(4,195)**
Represented by:					
Restricted comprehensive income for the year		-	-	1	1
Unrestricted comprehensive income for the year		(1,127)	(1,595)	(4,203)	(4,196)
		(1,127)	**(1,595)**	**(4,202)**	**(4,195)**

In accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, Bursary and Hardship funds have been excluded from the income and expenditure account.

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 28 provides details of the adjusted operating position on a Central Government accounting basis.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

CONSOLIDATED	Income and Expenditure Account		Pension Reserve	Revaluation Reserve	Total
	Restricted	Unrestricted			
	£'000	£'000	£'000	£'000	£'000
		(as restated)			(as restated)
Balance at 1st August 2015	3	21,392	(9,871)	5,628	17,152
(Deficit)/Surplus from the income and expenditure statement	1	(1,973)	-	-	(1,972)
Other Comprehensive income	-	(2,230)	-	-	(2,230)
Transfer to pension reserve	-	3,304	(3,304)	-	-
Transfer between revaluation and income and expenditure reserve	-	137		(137)	-
Release of restricted funds spent in year	-	-	-	-	-
	1	(762)	(3,304)	(137)	(4,202)
Balance at 31st July 2016	4	20,630	(13,175)	5,491	12,950
(Deficit)/Surplus from the income and expenditure statement	-	(2,121)	-	-	(2,121)
Other Comprehensive income	-	585	-	409	994
Transfer to pension reserve	-	935	(935)	-	-
Transfer between revaluation and income and expenditure reserve	-	137	-	(137)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	(464)	(935)	272	(1,127)
Balance at 31st July 2017	4	20,166	(14,110)	5,763	11,823

COLLEGE	Income and Expenditure Account		Pension Reserve	Revaluation Reserve	Total
	Restricted	Unrestricted			
	£'000	£'000	£'000	£'000	£'000
Balance at 1st August 2015	3	20,110	(9,871)	5,628	15,870
(Deficit)/Surplus from the income and expenditure statement	1	(1,966)	-	-	(1,965)
Other Comprehensive income	-	(2,230)	-	-	(2,230)
Transfer to pension reserve	-	3,304	(3,304)	-	-
Transfer between revaluation and income and expenditure reserve	-	137	-	(137)	-
Release of restricted funds spent in year	-	-	-	-	-
	1	(755)	(3,304)	(137)	(4,195)
Balance at 31st July 2016	4	19,355	(13,175)	5,491	11,675
(Deficit)/Surplus from the income and expenditure statement	-	(2,180)	-	-	(2,180)
Other Comprehensive income	-	585	-	-	585
Transfer to pension reserve	-	935	(935)	-	-
Transfer between revaluation and income and expenditure reserve	-	137	-	(137)	-
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	(523)	(935)	(137)	(1,595)
Balance at 31st July 2017	4	18,832	(14,110)	5,354	10,080

New College Lanarkshire

Financial Statements for the Year Ended 31st July 2017

BALANCE SHEETS
as at 31st July 2017

	Note	Group 2017	College 2017	Group 2016 (as restated)	College 2016
		£'000	£'000	£'000	£'000
Non-Current Assets					
Fixed Assets	10	95,272	94,163	96,773	96,058
Assets in Course of Construction	10	-	-	218	218
Investments	11	-	-	-	-
		95,272	94,163	96,991	96,276
Current Assets					
Stock		20	20	24	24
Trade and Other Receivables– Due Within One Year	13	2,796	2,772	3,303	3,265
Cash and Cash Equivalents	19	1,847	1,115	2,373	1,688
		4,663	3,907	5,700	4,977
Trade and Other Receivables– Due After One Year	13	1,614	1,614	2,582	2,582
		6,277	5,521	8,282	7,559
Creditors : Amounts Falling Due Within One Year	14	10,283	10,161	10,883	10,720
		10,283	10,161	10,883	10,720
Net Current Assets/(Liabilities)		(5,620)	(6,254)	(5,183)	(5,743)
Total Assets Less Current Liabilities		91,266	89,523	94,390	93,115
Creditors : Amounts Falling Due After One Year	15	63,952	63,952	66,848	66,848
Provisions for Liabilities and Charges					
Early Retirement Pensions	16	1,381	1,381	1,417	1,417
Pension Liability	24	14,110	14,110	13,175	13,175
		79,443	79,443	81,440	81,440
Net Assets Including Pension Liability		11,823	10,080	12,950	11,675
Restricted Reserves					
Income and Expenditure Reserve - Restricted Reserve	18	4	4	4	4
Unrestricted Reserves					
Income and Expenditure Reserve Excluding Pension Reserve		20,166	18,832	20,630	19,355
Revaluation Reserve		5,763	5,354	5,491	5,491
Pension Reserve	24	(14,110)	(14,110)	(13,175)	(13,175)
Total Reserves		11,823	10,080	12,950	11,675

The financial statements on pages 36 to 68 were approved by the Board of Management on 11th December 2017 and signed on its behalf by:

Linda J McTavish

Linda McTavish,
Chair
New College Lanarkshire

Martin McGuire,
Principal & Chief Executive
New College Lanarkshire

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st July 2017

	Note	2017	2016 (as restated)
		£'000	£'000
Cash Flow from Operating Activities			
Surplus/(Deficit) for the year		**(2,121)**	**(1,972)**
Adjustment for non-cash items			
Depreciation	10	3,195	3,177
Loss on Disposal of assets	10	-	13
Asset Impairment		-	-
Deferred grant release	17	(2,230)	(2,231)
Decrease/(Increase) in stock		4	58
Decrease/(Increase) in debtors	13	1,475	939
(Decrease)/Increase in creditors	14	(634)	1,472
Increase/(Decrease) in provisions	16	(36)	(41)
Increase/(Decrease) in restricted reserves	18	-	1
Pension costs – FRS 102	6,24	1,189	706
Net return on pension liability – FRS 102	8,24	331	368
Adjustment for investing or financing activities			
Interest received	5	(4)	(11)
Interest paid	8	5	5
Net cash inflow from operating activities		**1,174**	**2,484**
Cash flows from investing activities			
Interest received	5	4	11
Payments made to acquire fixed assets	10	(1,067)	(2,172)
		(1,063)	**(2,161)**
Cash flows from financing activities			
Interest paid		(5)	(5)
Capital grant funding received in respect of capital expenditure	17	336	300
Repayment of bank loan	15	(968)	(969)
		(637)	**(674)**
(Decrease)/increase in cash and cash equivalents in the year		(526)	(351)
Cash and cash equivalents at beginning of the year	19	2,373	2,724
Cash and cash equivalents at end of the year	19	1,847	2,373

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

1. ACCOUNTING POLICIES

1.01 Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS) 102. They conform to the Accounts Direction issued by the Scottish Funding Council (SFC) on 30th June 2017 and to the accompanying 2016/2017 detailed guidance notes and to direction under the Charities and Trustees Investment (Scotland) Act 2005, and Regulation 14 of The Charities Accounts (Scotland) Regulations 2006. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The Consolidated Statement of Income and Expenditure is in respect of continuing activities.

1.02 Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets, the going concern concept and the accruals basis.

1.03 Basis of Consolidation

The consolidated financial statements include the College and the subsidiary undertaking Amcol Scotland Limited. New College Lanarkshire Board of Management wholly owns Amcol Scotland Limited. Newly acquired subsidiary undertakings are included in the consolidated accounts from the date of acquisition. Intra-group sales and profits are eliminated fully on consolidation. The College has no Students' Union.

1.04 Recognition of Income

The main annual recurrent allocation from SFC, which is intended to meet recurrent costs, is credited directly to the Consolidated Statement of Comprehensive Income and Expenditure evenly over the year in which it is received. Tuition fees are credited to the Consolidated Statement of Comprehensive Income and Expenditure in the year in which they are earned.

The College operates a 'fee waiver' policy that provides free access to education to students where they have special educational needs or they are, or their partner is, receiving a form of recognised benefit. Fee waiver funding is received from SFC on an annual recurrent basis.

Government revenue grants are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Income received in advance of performance related conditions being met is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

1.04 Recognition of Income (continued)

Capital grants from government sources are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

All income from short-term deposits is credited to the Consolidated Statement of Income and Expenditure in the period in which it is earned.

Income of a revenue nature from European Structural Funds comprising European Social Funds and European Regional Development Funds is accounted for in the Consolidated Statement of Income and Expenditure to the extent that its recovery is expected with reasonable certainty and where the project has been approved prior to the financial year end and claims made or outstanding relate to the financial year.

For Bursary, Discretionary and E.M.A. Funds, the grants are excluded from the Consolidated Statement of Income and Expenditure as these grants are available solely for students, with the College acting as paying agent. F.E. and H.E. Childcare funds are included in the Consolidated Statement of Income and Expenditure.

1.05 Pensions

Retirement benefits to College employees are provided by the Scottish Public Pensions Agency (STSS Scheme) and the Strathclyde Pensions Fund (SPF Scheme). These are defined benefit schemes which are externally funded and were contracted out of the State Earnings Related Pension Scheme up to April 2016.

STSS

The College participates in the STSS pension scheme providing benefits based on career average pensionable salary. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by paragraph 28.11 of FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Income and Expenditure represents the contributions payable to the scheme in respect of the year, and actuarial losses and gains previously only recognised through reserves.

In the event of staff taking early retirement, the full liability to the College is calculated and charged to the Consolidated Statement of Income and Expenditure in the year of retiral, with a corresponding provision being established in the Balance Sheet.

SPF

The contributions are determined by an actuary on the basis of determined periodic valuations. The amount charged to the Consolidated Statement of Income and Expenditure represents the service cost expected to arise from employee service in the current year, and actuarial losses and gains previously only recognised through reserves.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

1.06 Taxation

The College is registered under Scottish Charity Number SC 021206 and as such is a "charity" within the meaning of section 506 (1) of the Income and Corporation Taxes Act 1988. The College is recognised as a charity by HM Revenue & Customs. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The subsidiary is also a registered Scottish Charity Number SC 039758 and the above exemption applies.

The College receives no similar exemption in respect of Value Added Tax. 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 the input VAT it suffers on goods and services purchased.

The subsidiary is not registered for VAT as the business activities are exempt.

1.07 Tangible Fixed Assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

a) Land and Buildings

Land and buildings are measured using the revaluation model. Under the revaluation model assets are revalued to fair value. The College has a policy of ensuring a full revaluation takes place at least every 5 years, with an interim desktop revaluation during the 5 years, such that the market value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected useful future benefits to the College.

Feuhold land associated with the buildings and undeveloped feuhold land are not depreciated as they are considered to have indefinite lives. Feuhold buildings are depreciated over the remaining useful economic life to the College from the previous revaluation date on a straight line basis, based on the revalued amount.

No depreciation is charged on assets in the course of construction.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

1.07 Tangible Fixed Assets (continued)

b) Plant and Equipment

For College accounts, single items of plant and equipment costing less than £10,000 are written off to the Consolidated Statement of Income and Expenditure in the year of purchase. This figure is £1,000 for the subsidiary. However as part of the uniform Group accounting policies review, the impact upon the accounts is immaterial.

The cost of long-term and routine corrective maintenance is charged to the Consolidated Statement of Income and Expenditure as it is incurred.

1.08 Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Leasing agreements, which transfer to the College substantially all the risks and rewards of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.09 Depreciation

Depreciation is provided at the following rates:

Buildings and Freehold improvements	1% - 10%	straight line
Computer equipment	25% - 33%	straight line
Motor vehicles	20% - 25%	straight line
Other plant and equipment	5% - 25%	straight line

College buildings are depreciated using rates determined by a component accounting exercise.

Land is not depreciated unless there is a permanent diminution in its value.

No depreciation is charged on assets under construction, until such time as they are brought into use.

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

1.10 Investments

The investment in the subsidiary company is held as a fixed asset, and stated at the lower of cost and market value.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

1.11 Cash and cash equivalents

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

1.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:
a) The College has a present obligation (legal or constructive) as a result of a past event;
b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
c) A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

1.13 Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

1.14 Transition to 2015 SORP

The College prepared its financial statements last year in accordance with FRS102. The subsidiary has now recognised that a restatement is necessary, and an explanation of how the transition to the new Statement of Recommended Accounting Practice for Charities (SORP) has affected the reported financial position of the Group is provided in note 27.

2. SFC GRANTS (GROUP AND COLLEGE)

	2017	2016
	£'000	£'000
SFC FE Recurrent Grant (including fee waiver)	32,284	31,380
Childcare grant	1,563	1,739
Other SFC grants	1,836	1,419
Release of deferred SFC capital grants	2,089	2,086
	37,772	36,624

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

3. TUITION FEES AND EDUCATION CONTRACTS (GROUP AND COLLEGE)

	2017 £'000	2016 £'000
FE Fees – UK	834	1,374
FE Fees – EU	-	-
FE Fees – Non EU	11	4
HE Fees	3,489	3,865
SDS contracts	1,446	2,056
Modern Apprenticeships	794	-
Education Contracts	793	52
Total fees payable by or on behalf of individual students	7,367	7,351
Prison Education	2,423	2,413
	9,790	9,764

4. OTHER INCOME

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
European funds	699	699	510	510
Other grant income	267	267	419	419
Other capital grants	893	893	2,037	2,037
Other revenue grants	68	68	-	-
Residences and catering	1,534	1,534	1,578	1,578
Other income generating activities	143	143	119	119
Other income	957	957	806	806
Other Income – Nursery	2,829	740	2,495	676
Release of deferred capital grants	141	141	145	145
	7,531	5,442	8,109	6,290

5. INVESTMENT INCOME

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Interest receivable:				
Net Return on deposits & balances	4	3	11	10
Net return on pension liabilities	-	-	-	-
Total Income	4	3	11	10

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

6. STAFF COSTS

6.01 Staff Numbers:

The average number of persons (including senior post holders) employed by the Group during the period, expressed as full-time equivalents, was :	2017 Number	2016 Number
Teaching staff	408	401
Teaching support	89	89
Administration and central services	237	230
Premises	36	34
Catering and residences	36	36
Other college expenditure	58	59
Nursery (Subsidiary)	143	133
Total	1,007	982
Analysed as:		
Staff on permanent contracts	906	785
Staff on temporary contracts	101	197
Total	1,007	982

6.02 Staff Costs for the Above Persons:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000 (as restated)	College 2016 £'000
Salaries and related pay costs :				
Wages and salaries	31,875	29,864	31,300	29,492
Social security costs	3,034	2,920	2,606	2,506
Other pension costs	4,764	4,754	4,600	4,592
Total	39,673	37,538	38,506	36,590

	2017 £'000	2016 £'000 (as restated)
Group Details Being :		
Teaching staff	21,760	21,640
Teaching support	2,663	2,614
Administration and central services	8,822	8,320
Premises	913	882
Catering and residences	973	830
Other college expenditure	2,406	2,305
Nursery (Subsidiary)	2,136	1,915
	39,673	38,506
Exceptional staff costs :		
Costs of early retirement/voluntary severance	1	2
FRS 102 (28) Adjustment	1,189	706
	1,190	708
Gross Staff Costs	40,863	39,214

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

6. STAFF COSTS (continued)

	2017 £'000	2016 £'000 (as restated)
Staff on permanent contracts	35,330	32,967
Staff on temporary contracts	4,343	5,539
Total	39,673	38,506
Exceptional staff costs	1,190	708
Gross Staff Costs	40,863	39,214

The Chair of the Board of Management received a payment in the range £15,000 to £20,000 (2016 £25,000 to £30,000) for time spent on College business. 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.

6.03 Higher Paid Members of Staff

The number of higher paid members of staff, including the Principal, who received annual emoluments, including benefits in kind and excluding pension contributions, in the following ranges was:

	2017 Number	2016 Number
£60,001 to £70,000	6	13
£70,001 to £80,000	7	-
£80,001 to £90,000	-	3
£90,001 to £100,000	3	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-

All higher paid staff members are ordinary members of the appropriate pension scheme and employer's contributions are paid at the same rate as for other members of staff.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

6. STAFF (continued)	No.	No.
6.04 Senior post-holders' emoluments		
The number of senior post-holders, including the Principal was:	17	17

Senior post-holders are defined as any member of staff whose total annual emoluments excluding pension contributions and employers' national insurance exceeds £60,000.

	2017	2016
	£'000	£'000
Senior post-holders' emoluments are made up as follows:		
Salaries	1,275	1,243
Benefits in kind	-	-
Pension contributions	225	220
	1,500	1,463

The above emoluments include amounts payable to the Principal, who is also the highest paid senior post-holder.

	2017	2016
	£'000	£'000
Salary	138	128
Benefits in kind	-	-
	138	128
Pension contributions	24	22

The Principal is an ordinary member of the Scottish Teachers Superannuation Scheme. The College's contributions to the scheme are paid at the same rate as for other members of the academic staff.

The Principal and 12 other senior post-holders were members of the Scottish Public Pensions Agency and another 4 senior post-holders were members of the Local Government Pension Scheme. All pension contributions were paid at the same rate as for other members of staff.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

7. ANALYSIS OF OTHER OPERATING EXPENSES BY ACTIVITY

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Teaching Activities	2,721	2,721	2,868	2,868
Childcare – Net expenditure	732	880	845	997
Residences and Catering	689	689	800	800
Premises	3,284	3,284	2,868	2,868
Administration and Central Services	4,064	4,064	4,702	4,702
Nursery	704	704	702	702
Agency Staff Costs	124	124	196	196
Other Expenses	510	510	725	725
	12,828	12,976	13,706	13,858

Other Operating Expenses include:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Auditor's remuneration (including irrecoverable VAT) :				
External Audit	41	35	44	40
Internal Audit	35	35	33	33
Other services provided by :				
External Auditors	12	-	10	-
Hire of other assets - operating leases	60	60	60	60

8. INTEREST PAYABLE

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Pension Finance Costs (note 24)	331	331	368	368
Other Interest Payable	5	-	5	-
Total Cost	336	331	373	368

9. TAXATION

The Board of Management does not believe the Group was liable for any corporation tax arising out of its activities during the period.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

10. FIXED ASSETS

FIXED ASSETS - GROUP

	Land & Buildings	Short Leasehold	Plant, Equipment and Vehicles	Total
COST	£'000	£'000	£'000	£'000
As at 1st August 2016	97,629	114	3,966	101,709
Additions	779	-	289	1,068
Transfers from Assets in the Course of Construction	218	-	-	218
Disposals	-	-	(23)	(23)
Revaluation	346	-	-	346
As at 31st July 2017	98,972	114	4,232	103,318
DEPRECIATION				
As at 1st August 2016	2,615	28	2,293	4,936
Provided during period	2,592	6	597	3,195
Disposals	-	-	(23)	(23)
Revaluation	(62)	-	-	(62)
As at 31st July 2017	5,145	34	2,867	8,046
NET BOOK VALUE				
As at 31st July 2017	**93,827**	**80**	**1,365**	**95,272**
As at 1st August 2016	95,014	86	1,673	96,773

Included in Land and Buildings is land at a value of £2,905k (2016: £2,905k) which is not depreciated.

All College properties were revalued by GVA James Barr at 31 July 2015 using depreciated replacement cost. Subsidiary properties were revalued using market values by Whyte & Barrie at 31st July 2017.

The net book value of Plant, Equipment and Vehicles includes an amount of £Nil (2016: £Nil) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

10. FIXED ASSETS (continued)

FIXED ASSETS - COLLEGE

	Land & Buildings	Short Leasehold	Plant, Equipment and Vehicles	Total
COST	£'000	£'000	£'000	£'000
As at 1st August 2016	97,008	-	3,764	100,772
Additions	779	-	260	1,039
Transfers from Assets in the Course of Construction	218	-	-	218
Disposals	-	-	(11)	(11)
As at 31st July 2017	98,005	-	4,013	102,018
DEPRECIATION				
As at 1st August 2016	2,566	-	2,148	4,714
Provided during period	2,579	-	573	3,152
Disposals	-	-	(11)	(11)
As at 31st July 2017	5,145	-	2,710	7,855
NET BOOK VALUE				
As at 31st July 2017	**92,860**	**-**	**1,303**	**94,163**
As at 1st August 2016	94,442	-	1,616	96,058

ASSETS IN THE COURSE OF CONSTRUCTION - GROUP AND COLLEGE

	Land & Buildings
	£'000
COST OR VALUATION	
As at 1st August 2016	218
Additions	-
Transfer to Assets	(218)
As at 31st July 2017	-
DEPRECIATION	
As at 1st August 2016	-
Provided during period	-
As at 31st July 2017	-
NET BOOK VALUE	
As at 31st July 2017	-
As at 1st August 2016	218

Assets in the Course of Construction related to a College wide new phone system, a car park extension at Motherwell, and enhanced fire protection and building refurbishments, and these were not depreciated until fully capitalised.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

11. INVESTMENTS

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Investment in Subsidiary	-	-	-	-

On 31st December 2008, 100% of the share capital of Amcol Scotland Limited at 10,000 £1.00 shares was transferred to New College Lanarkshire for nil consideration. In the year to 31st July 2017, Amcol Scotland Limited made a surplus of £59k and had net assets of £1,744k. The principal trading activity of the subsidiary is the Provision of Nursery Education.

12. GOODWILL

In 2011, Amcol Scotland Limited acquired Meiklewood House Nursery, a 103 place nursery located in Glasgow. Goodwill of £120k, being the amount paid in connection with the acquisition, was amortised evenly over its estimated useful life of three years.

13. TRADE AND OTHER RECEIVABLES

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Amounts falling due within one year:				
Trade receivables	474	468	774	754
Prepayments and Accrued Income	1,226	1,208	1,397	1,379
SFC Loan Funding	968	968	968	968
European Funding	128	128	164	164
	2,796	2,772	3,303	3,265
Amounts falling due after more than one year:				
SFC Loan Funding	1,614	1,614	2,582	2,582
	4,410	4,386	5,885	5,847

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000 (restated)	College 2016 £'000
Bank loans	968	968	968	968
Trade payables	360	324	752	721
Social security and other taxation payable	889	889	872	852
Accruals and deferred income	4,513	4,474	4,347	4,286
HMRC – Lennartz VAT	-	-	27	27
Bursaries and Access funds for future disbursement	226	226	978	978
Deferred capital grants (note 17)	2,216	2,216	2,181	2,181
Other creditors	1,111	1,064	758	707
	10,283	10,161	10,883	10,720

Note: Other Creditors include retentions on New Build of £408k (2016: £115k). See note 21.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (GROUP AND COLLEGE)

	2017	2016
	£'000	£'000
Bank Loan	1,614	2,583
Deferred capital grants (note 17)	62,338	64,265
As at 31st July 2017	**63,952**	**66,848**

Bank Loans are repayable as follows:	2017	2016
	£'000	£'000
In one year or less	968	968
Between one year and two years	968	968
Between two years and five years	647	1,615
In five years or more	-	-
	2,583	**3,551**

The Bank Loan was taken out in the name of Coatbridge College. The College has no net exposure for this loan which is guaranteed and funded by SFC. See note 21.

16. PROVISIONS FOR LIABILITIES AND CHARGES: (GROUP AND COLLEGE)

Early Retirement Pension Provision for STSS Scheme	2017	2016
	£'000	£'000
As at 1st August 2016	1,417	1,430
Payments made during the year	(83)	(84)
Revaluation adjustment	47	72
As at 31st July 2017	1,381	1,417

The STSS pension provision has been revalued using actuarial tables supplied by SFC. The net interest rate applied was 0.0% (2016 0.5%) as advised by SFC.

The SPF Scheme is accounted for as part of the Pension liability in note 24.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

17. DEFERRED CAPITAL GRANTS (GROUP AND COLLEGE)

	SFC £'000	ESF £'000	Other £'000	Total £'000
As at 1st August 2016				
Land and Buildings	62,767	1,929	983	65,679
Equipment	767	-	-	767
	63,534	1,929	983	66,446
Cash Received				
Land and Buildings	251	-	-	251
Equipment	87	-	-	87
Grants Released				
Land and Buildings	(1,823)	(115)	(26)	(1,964)
Equipment	(266)	-	-	(266)
As at 31st July 2017	61,783	1,814	957	64,554
Being:				
Land and Buildings	61,195	1,814	957	63,966
Equipment	588	-	-	588
	61,783	1,814	957	64,554
Due within one year	2,076	114	26	2,216
Due after more than one year	59,707	1,700	931	62,338

18. RESTRICTED RESERVES (GROUP AND COLLEGE)

	2017 £'000	2016 £'000
As at 1st August 2016	4	3
Add : Grant received	-	1
Less: Disbursed to Students during year	-	-
As at 31st July 2017	4	4

Grants received by New College Lanarkshire in the current period for the James A. Cuthbertson's Trust remain to be disbursed at period end.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

19. CASH AND CASH EQUIVALENTS – CONSOLIDATED

	Group 2017	College 2017	Group 2016	College 2016
	£'000	£'000	£'000	£'000
As at 1st August 2016	2,373	1,687	2,724	2,210
Cash flows	(526)	(572)	(351)	(523)
As at 31st July 2017	1,847	1,115	2,373	1,687
Being:				
College funds	1,059	1,059	1,683	1,683
Student Support funds	56	56	4	4
Nursery	732	-	686	-
	1,847	1,115	2,373	1,687

Within College funds there is a balance of £9k (2016 £nil) received from the Scottish Funding Council to cover administrative support for the Board of New College Lanarkshire, to assist in the progress towards fundable body status including development of the new Financial Memorandum and regional risk strategy.

20. CAPITAL AND OTHER COMMITMENTS

At 31st July 2017 the College had £nil in capital commitments (2016: £876k). Last year's projects, including car park and drainage improvements, auditorium upgrade, toilet refurbishment, roof safety installation, fire alarm upgrade, various office/classroom upgrades and a cross campus phone system, are all now complete and fully accounted for.

21. CONTINGENT LIABILITIES

The College is engaged in contractual dispute with GallifordTry PLC (which in July 2014 acquired Miller Construction (UK) Limited, the company that undertook the work) regarding build and design issues relating to the Motherwell Campus. Conservative estimates of the cost of the remediation works were c£350k and efforts have been made to avoid litigation. The College undertook remedial works during summer 2014 to remedy some heating issues at a total cost of £207k. This was previously offset against the outstanding retention, which has now been increased in light of subsequent claims from GallifordTry.

The College has a loan facility arranged with Lloyds TSB for £8,700k which runs to 2020. The SFC has given a guarantee to the bank to cover all costs associated with the loan, fully negating any risk to the College.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

22. LEASE OBLIGATIONS

The net finance lease obligations to which the institution is committed are:

	2017 Total £'000	2016 Total £'000
Land and Buildings (Group only)		
One year or less	80	80
Over one and under five years	322	322
Over five years	724	804
	1,126	1,206
Office Equipment (Group and College)		
One year or less	66	14
Over one and under five years	133	13
Over five years	-	-
	199	27

23. POST BALANCE SHEET EVENTS

There are no post balance sheet events to be reported.

24. PENSION SCHEMES

The College's employees belong to one of two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund Scheme (SPF), which are of the defined benefit type. The STSS scheme is a notional fund and there are specific regulations regarding the basis on which the actuarial valuation should be carried out. The assets of the SPF scheme are held in a separate, trustee-administered fund.

Total Pension Cost for the Year		2017 Total £'000		2016 Total £'000
Teachers' Pension Scheme : Contributions paid		3,028		2,965
Local Government Pension Scheme:				
Contributions paid	1,621		1,492	
Contributions paid (unfunded)	45		45	
FRS102 (28) charge	1,189		706	
Charge to the Statement of Comprehensive Income				
		2,855		2,243
Total Pension Cost for Year within staff costs		5,883		5,208

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

24. PENSION SCHEMES (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the STSS was 31st March 2012 and of the SPF 31st March 2014.

Contributions amounting to £612k (2016 £572k) were payable to the schemes at 31st July and are included within creditors.

Scottish Teachers Superannuation Scheme (STSS)

The Scottish Teachers Superannuation Scheme is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme (Scotland) Regulations 2014. These regulations apply to teachers in schools and other educational establishments in Scotland that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers, and from 1st January 2007 automatic for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the STSS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds, provided by Parliament. The STSS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pension Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1st April 2001 the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the STSS was carried out as at 31st March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014, as amended, completed on 27th February 2015. The key results of the valuation are:

- New employer contribution rates were set at 17.2% of pensionable pay;
- Total scheme liabilities for service to the effective date of £20.9 billion, and notional assets of £19.6 billion, giving a notional past service deficit of £1.3 billion;
- An employer cost cap of 12.4% of pensionable pay.

The new employer contribution rate for the STSS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Scottish Public Pensions Agency website at the following location:
http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=989:valuations&catid=164:stss-scheme&itemid=1664

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

24. PENSION SCHEMES (continued)

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultation with trade unions and other representative bodies on reform of the STSS, the Scottish Government published a Framework Document setting out the design for a reformed STSS to be implemented from 1st April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly pension benefits built up before 1st April 2015 will be fully protected.

In addition the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1st April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1st April 2014 and the reformed scheme commenced on 1st April 2015.

The pension costs paid to STSS in the year amounted to £3,028k (2016 £2,965k).

FRS 102 (28)

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

Accordingly the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available to the plan and the implications for the College in terms of the anticipated contribution rates.

Strathclyde Pension Fund (SPF)

The Strathclyde Pension Fund is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 2014.

The total contributions made for the year ended 31st July 2017 were £2,131k of which employer's contributions totalled £1,621k and employees' contributions totalled £510k. The agreed contribution rates for future years are 19.3% for employers and range from 5.5% to 11.2% for employees, depending on salary.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

24. PENSION SCHEMES (continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31st March 2014 updated to 31st July 2017 by a qualified independent actuary.

	31st July 2017	31st July 2016
Rate of increase in salaries	4.5%	3.9%
Future pensions increases	2.5%	1.9%
Discount rate for scheme liabilities	2.7%	2.4%
Inflation Assumption	2.4%	1.9%

Commutation of pensions to lump sums – An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

Life expectancy is based on the Fund's VitaCurves, with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% per annum for males and 1.25% per annum for females. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	At 31st July 2017	At 31st July 2016
	years	Years
Current Pensioners		
Males	22.1	22.1
Females	23.6	23.6
Future Pensioners		
Males	24.8	24.8
Females	26.2	26.2

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

24. PENSION SCHEMES (continued)

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were as follows. The expected rate of return is set equal to the discount rate as per FRS102 disclosure requirements.

	Estimated split of assets at 31st July 2017 %	Fair Value at 31st July 2017 £'000	Estimated split of assets at 31st July 2016 %	Fair Value at 31st July 2016 £'000
Equity instruments	71%	39,673	73%	35,161
Debt instruments	14%	7,823	16%	7,707
Property	11%	6,147	11%	5,298
Cash	4%	2,235	0%	-
Total fair value of plan assets		55,878		48,166
Weighted average expected long term rate of return	2.7%		2.4%	
Actual return on plan assets		6,605		6,071

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

	Year Ended 31st July 2017 £'000	Year Ended 31st July 2016 £'000
Fair value of plan assets	55,878	48,166
Present value of plan liabilities	(69,418)	(60,760)
Present value of unfunded liabilities	(570)	(581)
Net pensions liability	(14,110)	(13,175)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

24. PENSION SCHEMES (continued)

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

	Year Ended 31st July 2017 £'000	Year Ended 31st July 2016 £'000
Amounts included in staff costs		
Current service cost	2,855	2,243
Past service cost	-	-
Total	2,855	2,243
Amounts included in interest payable		
Net interest cost	(331)	(368)
Total	(331)	(368)
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	5,437	4,574
Experience losses arising on defined benefit obligations	(16)	504
Changes in assumptions underlying the present value of plan liabilities	(4,836)	(7,308)
Amount recognised in Other Comprehensive Income	585	(2,230)

Movement in net defined benefit/ (liability) in scheme

	Year Ended 31st July 2017 £'000	Year Ended 31st July 2016 £'000
Net defined liability in scheme at 1 August	(13,175)	(9,871)
Movement in year:		
Current Service cost	(2,855)	(2,243)
Employer contributions	1,621	1,492
Contributions in respect of unfunded benefits	45	45
Net interest on the defined liability	(331)	(368)
Actuarial gain or loss	585	(2,230)
Net defined liability at 31st July	**(14,110)**	**(13,175)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

24. PENSION SCHEMES (continued)

Asset and Liability Reconciliation

	Year Ended 31st July 2017 £'000	Period Ended 31st July 2016 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	61,341	50,970
Current service cost	2,855	2,243
Interest cost	1,499	1,865
Contributions by Scheme participants	510	469
Experience gains and losses on defined benefit obligations	16	(504)
Changes in financial assumptions	4,836	7,308
Changes in demographic assumptions	-	-
Estimated benefits paid	(1,069)	(1,010)
Defined benefit obligations at end of period	69,988	61,341
Changes in fair value of plan assets		
Fair value of plan assets at start of period	48,166	41,099
Interest on plan assets	1,168	1,497
Return on plan assets	5,437	4,574
Employer contributions	1,621	1,492
Contributions in respect of unfunded benefits	45	45
Contributions by Scheme participants	510	469
Estimated benefits paid	(1,024)	(965)
Unfunded benefits paid	(45)	(45)
Fair value of plan assets at end of period	55,878	48,166

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

25. BURSARY AND OTHER STUDENT SUPPORT FUNDS

FE BURSARIES AND OTHER STUDENT SUPPORT FUNDS	FE Bursary £'000	FE Hardship £'000	EMAs £'000	2017 Total £'000	2016 Total £'000
Balance brought forward	978	-	9	987	224
Grants received in period	8,016	496	902	9,414	9,742
College Contribution	-	-	-	-	-
Disbursement in support of students	(8,025)	(490)	(902)	(9,417)	(8,979)
Repaid to SFC/SAAS	(764)	-	-	(764)	-
Virements	6	(6)	-	-	-
Balance carried forward	211	-	9	220	987
Represented by:					
Repayable to Funding Council as clawback	-	-	-	-	763
Retained by College for students	211	-	9	220	224
	211	-	9	220	987

FE AND HE CHILDCARE FUNDS AND OTHER STUDENT SUPPORT FUNDS	HE Hardship £'000	FE and HE Childcare £'000	2017 Total £'000	2016 Total £'000
Balance brought forward	-	-	-	-
Grants received in period	354	1,563	1,917	1,781
Intra-region allocation	-	-	-	300
College Contribution	-	-	-	-
Disbursement in support of students	(343)	(1,563)	(1,905)	(2,081)
Repaid to SFC/SAAS	-	-	-	-
Virements	-	-	-	-
Balance carried forward	12	-	12	-
Represented by:				
Repayable to Funding Council as clawback	12	-	12	-
Retained by College for students	-	-	-	-
	12	-	12	-

Bursary and Other Student Support Funds are available solely for students and their support; the College acts only as a paying agent. The grants and related disbursements (excluding the Childcare grants) are therefore excluded from the Consolidated Statement of Comprehensive Income and Expenditure.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 1, the Board of Management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the Board of Management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Defined benefit pension scheme (note 24). The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The Board of Management estimates these factors with advice from Hymans Robertson in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

27. TRANSITION TO FRS102 AND THE 2015 SORP

As explained in the accounting policies, the College prepared last year's financial statements in accordance with FRS102 and the SORP, but our subsidiary has only now recognised the necessary restatement. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31st July 2017, the comparative information presented in these financial statements for the period ended 31st July 2016 and in the preparation of an opening FRS 102 Statement of Financial Position at 1st July 2015. In preparing its FRS102, SORP based Statement of Financial Position, the subsidiary has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS102 and The SORP has affected the Consolidated financial position, financial performance and cash flows is set out in the following tables.

Financial Position	1st August 2015 Consolidated £'000	1st August 2015 Subsidiary £'000	31st July 2016 Consolidated £'000	31st July 2016 Subsidiary £'000
Total Reserves under 2007 SORP	**17,152**	**1,282**	**12,959**	**1,284**
Employee leave accrual	-	-	(9)	(9)
Total effect of transition to FRS102	-	-	(9)	(9)
Total Reserves under 2015 SORP	17,152	1,282	12,950	1,275

Financial performance	Period ended 31st July 2016 Consolidated £'000	Subsidiary £'000
Surplus for the year under 2007 SORP	**(1,963)**	**2**
Employee leave accrual	(9)	(9)
Total effect of transition to FRS 102	(9)	(9)
Total comprehensive income for the year under 2015 SORP	(1,972)	(7)

Cash Flows

There was no impact of the transition to FRS102 on the cash flows of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

28. ADJUSTED OPERATING POSITION ON A CENTRAL GOVERNMENT ACCOUNTING BASIS

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
(Deficit) before other gains and losses (FE/HE SORP basis)	(2,125)	(2,180)	(1,962)	(1,965)
Add back: Non-cash allocation for depreciation (net of deferred capital grant)	579	579	755	755
Operating (deficit) on Central Government accounting basis	(1,546)	(1,601)	(1,207)	(1,210)

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 deprecation or have increased deficits (where funds are spent on revenue items) in order to meet Government accounting rules and the requirement to spend the entire cash allocation.

Under the FE/HE SORP, the College recorded an operating deficit of £2,180k for the year ended 31st July 2017. After taking account of the Government non-cash budget the College shows an "adjusted" deficit of £1,601k on a Central Government accounting basis. The College is operating outwith it's funding allocation but has the full support of the Scottish Funding Council.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2017

Appendix One

2016-17 Accounts direction for Scotland's colleges

1 It is the Scottish Funding Council's direction that colleges comply with the 2015 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing their annual report and accounts.

2 Colleges 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 (for assigned colleges).

3 Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2016-17 (FReM) where applicable.

4 Incorporated colleges are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31st December 2017.

5 The annual report and accounts should be signed by the chief executive officer and by the chair, or one other member of the governing body.

6 Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
30th June 2017

New College
Lanarkshire

Skillset for life

New College Lanarkshire operates across six campuses throughout Lanarkshire and East Dunbartonshire.

COATBRIDGE CAMPUS
Kildonan Street,
Coatbridge ML5 3LS

KIRKINTILLOCH CAMPUS
50 Southbank Road
Kirkintilloch G66 1NH

CUMBERNAULD CAMPUS
Town Centre
Cumbernauld G67 1HU

MOTHERWELL CAMPUS
1 Enterprise Way
Motherwell ML1 2TX

HAMILTON CAMPUS
58 Castle Street,
Hamilton ML3 6BU

BROADWOOD CAMPUS
Broadwood Stadium
1 Ardgoil Drive
Cumbernauld G68 9NE

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NCLanarkshire

colleges scotland

worldskillsuk Winner