

Scottish Charity Number: S035294
Company Number: SC262968

NEWBATTLE ABBEY COLLEGE
REPORT and FINANCIAL STATEMENTS
for the year ended 31 July 2024

NEWBATTLE ABBEY COLLEGE

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NEWBATTLE ABBEY COLLEGE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2024

Strategic Report

1 Vision and purpose

Our purpose is three-fold:

- To be a nurturing learning community that changes and enriches lives
- To champion lifelong learning and access to education for all
- To be a progressive custodian of our historic and beautiful estate

Our vision is that Newbattle will:

- Change lives and unlock opportunity
- Be a wonderful place to learn, study and visit
- Thrive as a model of sustainability and worth

2 Statutory background

The college was established in the Trust Deed Grant by The Most Honourable Philip Kerr, Marquess of Lothian, Companion of Honour, dated 8 March 1937. The Trust is administered by seven trustees whose number includes the Principals of the Universities of Aberdeen, Edinburgh, St Andrews and Glasgow. The ultimate management of the college is vested in the governing body ("The Directors").

On 1 August 2004, the trading activities of the college were transferred to a charitable company, limited by guarantee, which was incorporated on 5 February 2004 and the Registrar of Companies has given permission to omit the word "limited" from the company name. The college is governed by a Memorandum and Articles of Association and has been granted charitable status by HM inspector of Taxes, Scottish Charity Number 035294.

3 Financial objectives and review for the period

The college's financial objective is to generate resources to fulfil its vision and purpose and to improve and expand education provision to its students. The financial statements have been prepared in line with the principles and guidance set out in the Statement of Recommended Practice, Accounting for Further and Higher Education.

The college's Statement of comprehensive income for the financial period shows a surplus of £5,145 (2022/23: 20,493) and a surplus before pension adjustment of £96,145 (2022/23: deficit of £6,507). Income for the period is £2,585,330 (2022/23: £2,518,843).

Staff costs of £1,362,566 (2022/23: £1,486,393) (excluding job evaluation costs) accounted for 57% (2022/23: 60%) of the total expenditure of £2,377,123 (2022/23: £2,413,288). Other operating expenses of £885,291 (2022/23: £826,373) accounted for a further 37% (2022/23: 34%) of expenditure.

The table below shows the Adjusted Operating Position which is intended to reflect the underlying operating performance after allowing for one-off or distorting items required by the SORP or other items out with the control of the College.

	2023/24	2022/23
	£	£
Surplus/(Deficit) before other gains and losses	96,145	(6,507)
Add back:		
Staff job evaluation cost	112,062	112,062
Pension adjustment — Net service cost	30,000	94,000
Deduct:		
Non-Government capital grants credited to SOCI		-
Pension adjustment — Net interest income	(121,000)	(67,000)
	-----	-----
Adjusted operating surplus	117,207	132,555
	=====	=====

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2024

4 Reserves policy

The Board of Directors review reserves, using the Reserves Policy to support both the Financial Strategy and the Strategic Plan. A risk-based approach is used to calculate an optimal amount of reserves that looks at reliability of income, costs for re-organisation of activities, and specific liabilities. Amounts are included for risks we are aware of as well as contingencies to allow Newbattle Abbey College to cope with unexpected costs and opportunities.

The Board of Directors will ensure that the Total Relevant Reserves of the College must not, at any time, fall below £250k - currently being £464k at July 2024. This excludes the £663k provision for job evaluation costs, which is included in the Balance Sheet provisions, but is expected to be met by the Scottish Government.

The Board of Directors will ensure that the College has sufficient funds in all circumstances to meet its liabilities as and when they fall due and with a sufficient margin to meet unexpected expenditure that may arise from time to time. The Board of Directors will ensure that available liquidity must not, at any time, fall below the equivalent of two months' total payroll costs – currently being £220k at July 2024

5 Background

As a small, national specialist college, Newbattle Abbey College sought, through the period of these financial statements, to further develop its distinctive profile and ensure its long-term financial sustainability.

Newbattle Abbey College has a proud track record of meeting the needs of adults and young people at points of transition, helping them change their lives for the better. We receive core funding from the Scottish Funding Council (SFC) as a specialist college in recognition of our unique nature and contribution, which currently amounts to approximately 47% of our total income. The balance of our income is generated through a portfolio of funding and through commercial activities, the income from which is invested back into our curriculum and infrastructure to support our purpose.

The college's [Strategic Plan 2023-2026](#), 'Sustainability and Worth', recognises the continued importance of the college's provision and the opportunities for additional income to achieve financial sustainability. The aims and objectives of the Plan are designed to ensure the college thrives in the years ahead. The aims are set within three, interdependent strategic themes: Curriculum, Commercial Activity, and Community and Culture.

The Board of Directors agree annual priorities with the senior team from within the strategic objectives to ensure the overall aims of the strategic plan are met. Progress against these priorities is monitored through Board Committees and the full Board throughout the year.

6 Efficient and sustainable

The College continues to be impacted by inflationary pressures, including increasing staff and utilities costs, while the core grant from SFC remains static in cash terms.

During 2023-24 the College's financial strategy continued to focus on ensuring financial security through maximising income opportunities.

The following strategic objectives for Commercial Activity were among the strategic priorities for 2023-24, agreed with the Board:

- Maximise the utilisation of our residences and event spaces
- Grow our non-core funded learning activity

The efficiencies achieved in 2022-23 provided a solid base from which to push forward with the priorities in 2023-24. During the year, income from international partner activity and events and conferences increased, and the college was successful in attracting non-recurrent grant income for a range of learning provision. The college exceeded budget targets for these areas of income, and therefore mitigated the impact of the unexpected loss of income from the discontinuation of the Flexible Workforce Development Fund (FWDF).

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2024

A new post of Business Development Manager was established, signalling a significant investment to generate further income and help realise the college's financial plans. The post was recruited to in February 2024, however, the post-holder moved on shortly afterwards. A new appointment was made with the post-holder commencing in post in late September 2024.

The role is a key element of our future plans. These include increases in events income, international business and income from our credit-rated awards and other learning provision. The college will also identify new income streams that provide the best return on investment and closest alignment to our purpose and vision.

7 High Quality and Efficient Learning

During the period of these financial statements, Newbattle Abbey College has engaged fully with Education Scotland and the SFC as part of the arrangements for assuring and improving the quality of provision delivered by Scotland's colleges.

An Annual Engagement Visit (AEV) by Education Scotland's Inspectors of Education took place in May 2024. The AEV report confirmed that the College was making 'satisfactory progress' against its main priorities and no *Main Points for Action* were identified. The Inspectors identified a range of strengths, highlighting that success rates for care experienced learners, learners with a declared disability, and learners from the most deprived areas were well above national sector performance.

The SFC core teaching grant supported the following programmes in 2023-24:

- One-year full-time Access to HE (SCQF Level 6)
- One-year full-time National Certificate in Social Science (SCQF Level 6)
- One-year full-time National Certificate in Rural Skills (SCQF Level 4)
- Six-month Preparation for Learning and Work Course (SCQF Level 4), delivered in partnership with Midlothian Council

In addition, in collaboration with a range of local and national partners, we offered:

- One-year full-time HNC Social Sciences Course (SCQF Level 7), an Associate Student Scheme delivered in partnership with Queen Margaret University (QMU)
- Preparation for Next Steps in partnership with the Youth 2000 Project
- Adult Achievement Awards with Improving Midlothian Parent and Caregivers Time at SCQF levels 4-6
- Prescribe Nature programmes in partnership with Women's Aid
- Forest and Outdoor Learning Awards (FOLA), available at SCQF 2-6 and 8
- Short courses in outdoor learning and bee-keeping

The curriculum was streamlined ahead of the 2023-24 academic year, in response to the financial challenges and informed by demand. The Celtic Studies strand of the SWAP Arts and Humanities programme was removed along with leisure provision in Gaelic.

An in-depth curriculum review was conducted in 2023-24, driven by our Curriculum strategic priority:

- Focus on need and demand

The review resulted in in-year changes to our Semester 2 FE programme and has informed the curriculum plans for 2024-25 and beyond. A key aim of the curriculum going forward is to deliver high-quality provision that meets the identified demand while remaining efficient. Another aim is to continue to source non-SFC income to deliver more provision than the current SFC teaching grant enables, ensuring a high return on core SFC investment as well as financial stability. Increases in income for education contracts and other grants in the forecasts reflect these aims.

8 Principal risks and uncertainties

The Board has assessed that the following constitute key risks to the college:

- 1 Loss of financial stability.
- 2 Failure to maintain business continuity.
- 3 Failure to maintain high-quality student experience and student outcomes.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2024

Mitigations:

Risk 1: Effective budget setting, financial planning, monitoring and control; Effective monitoring of management accounts, spend and cash flow; Scenario and contingency planning on ongoing basis; Business Development Manager recruited to help maximise income from non-SFC sources.

Risk 2: Cyber security measures in place and periodically reviewed; Pandemic and security threat response measures prepared; Fire or flood evacuation procedures prepared and tested; Business continuity plan in place.

Risk 3: Quality arrangements in place including self-evaluation and monitoring; Student feedback and satisfaction regularly sought and acted on; Student attendance, retention and attainment monitored regularly; Student support services in place; Internal verification processes revised; SCQF external verification conducted.

9 Employment of disabled person and equality of opportunity

The college is an equal opportunities employer. Our success in a highly competitive environment depends on our students and staff and the development of their skills and abilities.

We are committed to equality of opportunity and ensuring that all legislative requirements are met. Applicants and existing employees are treated fairly and there is no discrimination on grounds of disability, sex, marital status, religion, colour, race, gender, sexual orientation or ethnicity.

All employees have a responsibility to apply this principle in practice.

10 Information for and consultation with employees

The College has an effective management Committee structure and there are regular meetings of the following committees:

- Senior Management Team
- Curriculum and Student Experience Committee
- Equality, Diversity and Inclusion Committee
- Business Development and Marketing Committee
- Health and Safety Committee

Staff from across the college are members of the committees, and students are involved in the Curriculum and Student Experience Committee, Health and Safety Committee and Equality, Diversity and Inclusion Committee. In addition, there are regular team meetings, including for the Learning and Teaching, College Management and Operations teams. All-staff meetings are held periodically to support communications.

11 Prompt payment to suppliers

The college endeavours to comply with the CBI Prompt Payment Code of paying its suppliers within 30 days of invoice unless the invoice is contested. Over 95% of such invoices were settled within the 30 day period in 2023-24. All disputes and complaints are handled as quickly as possible.

There are no matters to disclose in connection with payment under the Late Payment of Commercial Debts (Interest) Act 1998.

12 Trade Union Officials

The College recognises all Trade Unions that are party to the National Recognition and Procedure Agreement (NRPA). Discussions continue with EIS-FELA and Unison on establishing Local RPAs with both unions. The LRPAs will include a formal agreement on facilities time. The College currently employs nine Lecturers, totalling 5 FTE, and provides 3 hours per week remission for the local EIS-FELA union representative. The College does not have any local support staff union representatives.

NEWBATTLE ABBEY COLLEGE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2024

13 Professional advisors

External auditors	CT
Bankers	Bank of Scotland
Solicitors (Property)	Shepherd & Wedderburn
Solicitors (Other)	Brodies WS
Internal Auditors.	BDO LLP

14 Board of Directors

At the time of writing, the Board of Directors has 15 members (53% female: 47% male). The full Board of Directors met four times during 2023-24 and held one Board Development day. Each of its Committees met regularly. The Committees are: Chairs', Audit & Risk, Learning & Teaching, Finance & Resources, and Remuneration. The responsibilities of a Nominations Committee are fulfilled by the Chairs' Committee as required.

		Start Date	End Date
Jan Polley	Chair (previously SIM)	25 March 2021	23 Nov 2023
Gary Husband	Chair (previously Vice-Chair)	26 Sept 2019	30 March 2028
Aislinn Wood	Independent Member	21 March 2024	20 March 2028
Alyson Tobin	Independent Member	21 March 2024	20 March 2028
Andy McGoff	Independent Member and Vice Chair	24 Sept 2020	24 Sept 2027
Colin Pritchard	Independent Member	31 March 2023	30 March 2027
Connor McManus	Independent Member	31 March 2023	24 Oct 2023
David Hamer	Independent Member	25 March 2021	25 March 2028
Denise McNulty	Teaching Staff Member	28 Sept 2023	23 Aug 2024
Dorothy Welch	Independent Member	29 Nov 2016	24 Nov 2024
George Currie	Support Staff Member	21 Oct 2024	20 Oct 2028
Gillian Hogg	Independent Member and SIM	21 June 2016	20 June 2024
Howell Davies	Independent Member	1 Oct 2024	30 Sept 2028
Iain Reid	Independent Member	26 Nov 2024	26 Nov 2028
James Kernaghan	Student Member	28 Sept 2023	14 June 2024
Jane Grant	Independent Member	21 March 2024	20 March 2028
Katie Baumann	Support Staff Member	28 Sept 2023	21 July 2024
Lauren Smith	Student Member	28 Sept 2023	14 June 2024
Lee Ryan	Student Member	1 Oct 2024	12 June 2025
Margaret McLean	Independent Member and SIM	31 March 2023	30 March 2027
Marlene Gill	Independent Member	22 March 2016	22 March 2024
Roddy Henry	Principal	1 Nov 2021	Until resigns from post
Salima Gumedé	Student Member	1 Oct 2024	12 June 2025
Simon Hoult	Independent Member	15 June 2023	26 Sept 2025
Stuart Moir	Independent Member	25 March 2021	25 March 2028
Susanne Schulz	Independent Member	1 Oct 2024	30 Sept 2028
Tommy Angus	Independent Member	21 June 2017	24 Nov 2023

15 Board of Directors

Due to the nature of the college's operations and composition of its Board of Directors (being drawn from public and private sector organisations), it is inevitable that transactions may take place with organisations in which a member of the College's Board of Directors may have an interest. All transactions involving organisations in which a member of the Board of Directors may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures.

There were no transactions during the year with non-public bodies in which a member of the Board of Directors has an interest which in aggregate exceeded £5,000 (2023: None)

Dr Gary Husband

Chair, Board of Directors

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NEWBATTLE ABBEY COLLEGE

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2024

Introduction

The college is committed to exhibiting best practice in all aspects of corporate governance. The college complies with all the principles of the revised 2022 Code of Good Governance for Scotland's Colleges, and, following an independent review of its governance in 2022 it drew up and implemented a range of governance improvements. The college was fully compliant with the Code by 31 July 2024.

Board of Directors

The College's Board of Directors met four times in the year and held one planning session. It has several committees, including a Chairs' Committee, Finance & Resources Committee, Learning & Teaching Committee, Audit & Risk Committee, and Remuneration Committee. . The responsibilities of a Nominations Committee are fulfilled by the Chairs Committee when required, All these committees are formally constituted with terms of reference

The Finance & Resource Committee met four times in the year and recommends to the Board of Directors the college's annual revenue and capital budgets, monitors performance on behalf of the Board in relation to the approved budgets and other responsibilities of the corporate services team.

The Audit & Risk Committee now also met three times in 2023-24 to monitor the accounting policies, internal controls and financial reporting. The duties of the Audit & Risk Committee also include keeping under review the scope and costs of external and internal audits and the nature and extent of non-audit services provided by the external auditors.

Internal and external auditors are invited to attend all the meetings and have direct access to the Committee Chair.

For 2023-24 the college again appointed BDO as the college's Internal Auditors. The college's internal auditors undertake internal audit work on the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit Committee considers full reports incorporating recommendations for the improvement of the college's systems of internal control and management's responses, implementation plans and details of remedial actions completed.

Whilst the Principal attends meetings of the Audit & Risk Committee, as necessary, he is not a member of the committee.

The Learning and Teaching Committee meets four times per year and advises the Board of Directors on all matters related to learning and teaching and ensures that they are consistent with the goals and objectives of the College Strategic Plan.

The Chairs' Committee met 4 times in the year and the Remuneration Committee met twice.

The minutes of all the committees are seen by the Board.

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CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2024

Corporate strategy

In respect of its strategic and development responsibilities, the Board of Directors receive recommendations and advice from all its committees and from the Senior Management Team of the college.

Board's statement of internal control

The college's Governing body, the Board of Directors, 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 no absolute assurance against material misstatement or loss.

The Senior Management Team receives reports setting out key performance and risk indicators for the area of work within its remit and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The Audit & Risk Committee's role in this area includes the high-level review of the arrangements for internal control and oversight of the risk and assurance framework.

The Audit & Risk Committee agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board of Directors is of a view that there is an ongoing process for identifying and managing the college's significant risk and that has been in place throughout the year ended 31 July 2024 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

Attendance at Board and Committee Meetings

	Board	Learning & Teaching	Finance & Resources	Audit & Risk	Chairs'	Remuneration
Jan Polley	2/2				1/1	1/1
Gary Husband	5/5	3/4			3/3	4/4
Gillian Hogg	4/5		4/5			3/3
Roddy Henry	5/5	4/4	4/4	3/3	3/3	
Andy McGoff	4/5			3/3	3/3	3/4
Colin Pritchard	3/5		2/2	0/1		
Jane Grant	0/1	1/1				
Connor McManus	0/2		0/1			
David Hamer	5/5			2/3		
Dorothy Welch	5/5		4/4		2/3	3/4
Alyson Tobin	2/2		0/1			
Margaret McLean	5/5			3/3		1/1
Marlene Gill	3/4	0/2				
Aislinn Wood	1/2			1/1		
Simon Hoults	5/5	4/4				
Stuart Moir	3/5	4/4			1/3	3/4
Tom Angus	1/3		1/2			
Katie Baumer	4/5		3/3			
Denise McNulty	3/5	4/4				
James Kernaghan	4/5	0/3				
Lauren Smith	5/5	1/3				

NEWBATTLE ABBEY COLLEGE

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2024

Note: Committee membership for some Board members was reallocated mid-year.

Going Concern

The Board of Directors considers that the college has adequate resources to continue in operational existence for the foreseeable future. As requested by the Scottish Funding Council (SFC), the College has prepared a 3-year forecast of its predicted financial performance. This forecast incorporates key assumptions such as salary inflation as advised by the SFC.

At year-end 31st July 2024 net assets of the college show a deficit position as a result of the middle management and support staff job evaluation exercise. As stated in note 20 (page 30) it is clear that responsibility for funding the job evaluation exercise now rests with the Scottish Government, therefore not affecting going concern.

Dr Gary Husband

Chair, Board of Directors

NEWBATTLE ABBEY COLLEGE

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 JULY 2024

The Directors (who are also trustees of Newbattle Abbey College for the purposes of charity law) are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the income and expenditure of the charitable company for the year. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Dr Gary Husband
Chair, Board of Directors

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Opinion on financial statements

We have audited the financial statements of Newbattle Abbey College (the 'college') for the year ended 31 July 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2024 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Governors' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of trustees

As explained more fully in the Governors' Responsibilities Statement the Governors are responsible for the preparation of the financial statements which give a true and fair view.

In preparing the financial statements, the Governors are 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 the trustees either intend to liquidate the college or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with regulations made under that Act.

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

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

We gained an understanding of the legal and regulatory framework applicable to the college and the industry in which it operates and considered the risks of acts by the college which were contrary to applicable laws and regulations, included fraud. These included but were not limited to the Charities Accounts (Scotland) Regulations 2006 (as amended), health and safety regulations and compliance with Care Inspectorate and Education Scotland reporting and inspections.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of Board of Governors' meetings throughout the year;
- review of legal correspondence or invoices; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Board that represented a material misstatement due to fraud.

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

Use of our report

This report is made solely to the college's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the college's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the college and the college's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

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CT is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

NEWBATTLE ABBEY COLLEGE

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 July 2024

	Notes	2024 £	Restated 2023 £
Income			
Funding body grants	2	1,345,519	1,286,165
Tuition fees and education contracts	3	565,657	514,344
Other grants and contracts	4	103,081	257,400
Other income	5	447,615	393,403
Investment income	6	123,458	67,531
Total income		<u>2,585,330</u>	<u>2,518,843</u>
Expenditure			
Staff costs	7	1,474,628	1,580,455
Other operating expenses	8	885,291	826,378
Depreciation and amortisation		129,266	117,917
Interest and other finance costs		-	600
Total expenditure		<u>2,489,185</u>	<u>2,525,350</u>
Surplus/(Deficit) before other gains & losses		96,145	(6,507)
Actuarial (loss)/gain in respect of pension scheme	16	(91,000)	27,000
Total comprehensive income for the year		<u>5,145</u>	<u>20,493</u>

The statement of comprehensive income includes all gains and losses recognised in the year.
All income and expenditure included in the statement derive from continuing activities.

The notes on pages 17 to 30 form part of these financial statements.

NEWBATTLE ABBEY COLLEGE

COLLEGE STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2024

	Restated Total Unrestricted Reserves £
Balance at 31 July 2022	(225,002)
Surplus from the Statement of Comprehensive Income	(6,507)
Other comprehensive income	27,000
Balance at 31 July 2023	(204,509)
Surplus from the Statement of Comprehensive Income	96,145
Other comprehensive income	(91,000)
Balance at 31 July 2024	(199,364)

The notes on pages 17 to 30 form part of these financial statements.

BALANCE SHEET**As at 31 July 2024**

	Notes	£	2024 £	£	Restated 2023 £
Non-current assets					
Tangible fixed assets	9		1,124,436		1,191,092
Intangible fixed assets	10		-		-
Current assets					
Stocks	11	4,000		4,000	
Trade and other receivables	12	130,782		120,550	
Cash and cash equivalents		649,176		386,894	
		783,958		511,444	
Creditors: Amounts falling due within one year	13	(814,717)		(674,062)	
Net current liabilities			(30,759)		(162,618)
Total net assets			1,093,677		1,028,474
Creditors: Amounts falling due after one year	14		(630,008)		(682,012)
Provision for liabilities	14		(663,033)		(550,971)
			(1,293,041)		(1,232,983)
Pension asset	16		-		-
Total net assets			(199,364)		(204,509)
Unrestricted Reserves					
Income and expenditure account			(199,364)		(204,509)
Total Reserves	15		(199,364)		(204,509)

The financial statements were approved by the Board of Directors on
and signed on its behalf by:

Dr Gary Husband

Chair, Board of Directors

Roddy Henry

Principal and Chief Executive

The notes on pages 17 to 30 form part of these financial statements.

NEWBATTLE ABBEY COLLEGE

CASH FLOW STATEMENT

As at 31 July 2024

	Notes	2024	Restated 2023
		£	£
Cash flow from operating activities			
Surplus/(Deficit) for the year		93,687	(6,508)
Adjustment for non-cash items			
Depreciation	129,266		117,917
Amortisation	-		255
Decrease/(increase) in stocks	-		557
Decrease/(increase) in debtors	(10,232)		77,000
Increase/(decrease) in creditors	200,713		(130,704)
Pension cost less contributions payable	213,000		(454,000)
Actuarial movement on pension scheme	(304,000)		481,000
	<u>228,747</u>	<u>92,025</u>	
Net cash inflow/(outflow) from operating activities		322,434	85,517
Cash flows from investing activities			
Investment income	2,458		531
Purchase of fixed assets	(62,610)		(28,178)
		<u>(60,152)</u>	<u>(27,647)</u>
Cash flows from financing activities			
Repayment of amounts borrowed	-		-
Interest paid	-		-
Interest element of finance lease rental payments			(600)
		<u>-</u>	<u>(600)</u>
Increase in cash and cash equivalents in the year		262,282	57,270
Cash and cash equivalents at the beginning of the year		<u>386,894</u>	<u>329,624</u>
Cash and cash equivalents at the end of the year		<u><u>649,176</u></u>	<u><u>386,894</u></u>
Relating to:			
Cash at bank and in hand		<u><u>649,176</u></u>	<u><u>386,894</u></u>

The notes on pages 17 to 30 form part of these financial statements.

NEWBATTLE ABBEY COLLEGE
NOTES to the FINANCIAL STATEMENTS
For the year ended 31 July 2024

1. Accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE/HE SORP) and in accordance with Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The financial statements are presented in sterling, which is the functional currency of the College.

Basis of accounting

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

Going concern

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

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

At year-end 31st July 2024 net assets of the college show a deficit position as a result of the middle management and support staff job evaluation exercise. As stated in note 20 (page 30) it is clear that responsibility for funding the job evaluation exercise now rests with the Scottish Government, therefore not affecting going concern.

In reaching this conclusion, the Board has also considered the increasing cost of living concerns and consider it appropriate to prepare the financial statements on a going concern basis of preparation for the reasons as set out in the Directors' Report.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The recurrent grant from SFC represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

NEWBATTLE ABBEY COLLEGE
NOTES to the FINANCIAL STATEMENTS
For the year ended 31 July 2024

1. Accounting policies (continued)

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 income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

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

The STSS is an unfunded scheme. Contributions to the STSS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The STSS is a multi-employer scheme, and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The STSS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Short term employment benefits

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

Non-current assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Building improvements over £20,000 are capitalised and depreciated on a straight-line basis over their expected useful lives as follows:

- Improvement to property - 4% straight line.

Equipment

Equipment over a given value is capitalised and depreciated over its expected useful lives as follows:

- Computer equipment over £500 is capitalised and depreciated on a 33% straight line basis
- Plant & machinery, Office equipment and Fixtures & fittings over £1,000 are capitalised and depreciated on a 10% straight line basis.

NEWBATTLE ABBEY COLLEGE
NOTES to the FINANCIAL STATEMENTS
For the year ended 31 July 2024

1. Accounting policies (continued)

Land is not depreciated. Where buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

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

Donated assets

Donated assets are incorporated at their current value. These assets are subsequently revalued at each year end date.

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial liabilities and equity

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

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 5% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

NEWBATTLE ABBEY COLLEGE
NOTES to the FINANCIAL STATEMENTS
For the year ended 31 July 2024

1. Accounting policies (continued)

Provisions and contingent liabilities

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

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

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

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- **Tangible fixed assets**

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

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2023 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2024

2. Funding body grants	2024	2023
	£	£
Recurrent grant		
Scottish Funding Council	1,285,230	1,226,131
Specific grants		
Educational Maintenance Allowance income	8,285	8,030
Release of government capital grants	52,004	52,004
	<u>1,345,519</u>	<u>1,286,165</u>
3. Tuition fees and education contracts	2024	2023
	£	£
Further education	<u>565,657</u>	<u>514,344</u>
4. Other grants and contracts	2024	2023
	£	£
Project income		
Digital Poverty	5,000	-
GLAIF income	-	10,000
Literally at Newbattle	-	5,000
Trustee project income	25,000	75,000
LEP Grant (Y2k)	30,915	-
Mental Health & Wellbeing	9,870	-
Other income	-	1,438
Flexible Workforce Development Fund	1,991	27,750
Young Persons Guarantee	-	107,384
Cycling Scotland	8,179	18,028
Prescribe Nature Women's Aid	9,326	-
Prescribe Nature SPF	12,800	12,800
	<u>103,081</u>	<u>257,400</u>
5. Other income	2024	2023
	£	£
Board and accommodation	46,655	44,397
Catering income	12,120	11,698
Rental income	204,124	204,273
Other income	184,716	119,748
Insurance proceeds	-	13,284
	<u>447,615</u>	<u>393,400</u>

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2024

	2024	2023
	£	£
6. Investment income		
Other investment income	2,458	-
Net return on pension liability (note 16)	121,000	67,531
	<u>123,458</u>	<u>67,531</u>

7. Staff costs

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

	2024	2023
	No.	No.
Learning and teaching	10	15
Administration and other	13	18
Forest College (now included in 'Learning and Teaching')	-	3
Facilities	4	3
Housekeeping	5	4
Catering	8	8
	<u>40</u>	<u>51</u>

	2024	Restated 2023
	£	£
Staff costs for the above persons		
Wages and salaries	1,052,643	1,128,169
Social Security costs	102,553	85,192
Other pension costs	177,370	161,032
Provision for staff evaluation exercise	112,062	112,062
Pension cost (note 16)	30,000	94,000
	<u>1,474,628</u>	<u>1,580,455</u>

Analysed:	2024	2023
	£	£
Learning & teaching	429,051	461,183
Administration and other	522,021	472,659
Forest College (now included in 'Learning and Teaching')	-	94,291
Facilities	132,162	119,501
Housekeeping	97,322	81,136
Catering	152,010	145,623
Provision for staff evaluation exercise	112,062	112,062
Pension cost (note 16)	30,000	94,000
	<u>1,474,628</u>	<u>1,580,455</u>

Salary costs for 2023/24 and 2022/23 include amounts accrued for the national pay claims, settled in June (support staff) and August (lecturing staff) 2024. The total number of staff in 2023-24 represents the average number employed through the year, whereas the 2022-23 figure represents the total staff employed. The difference in total staff numbers between 2022-23 and 2023-24 is attributable to a reduction in staff as well as the amended calculation.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2024

7. Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Management Team which comprises three personnel: the Principal, Depute Principal and Director of Operations and Business Development.

Emoluments of Key management personnel

	2024 No	2023 No
The number of key management personnel was	3	4
Key management personnel compensation is made up as follows:	2024 £	2023 £
Salaries	194,149	178,558
Employers National Insurance	23,134	21,479
Employer's pension contributions	41,269	35,611
	<u>258,552</u>	<u>235,648</u>

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

	Key management personnel	
	2024 No	2023 No
£60,001 to £70,000 p.a.	1	1
£70,001 to £80,000 p.a.	1	1
Senior Post-holder's emoluments	2024 £	2023 £
Principal salary gross	78,375	75,000
Employer's pension contributions	18,980	17,250
	<u>97,355</u>	<u>92,250</u>

There were no amounts due to key management personnel that were unclaimed in the year, nor any salary sacrifice arrangements in place.

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

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2024

8. Other operating expenses	2024	2023
	£	£
Teaching costs	24,332	26,508
Residences and catering	147,772	104,526
Premises costs	461,764	449,610
Administration and central services	251,423	245,734
	<u>885,291</u>	<u>826,378</u>

Other operating expenses include	2024	2023
Auditors' remuneration:	£	£
External audit	20,528	23,260
Internal audit	<u>8,471</u>	<u>8,043</u>

9. Tangible fixed assets	Improvements to property	Plant and machinery	Computers	Donated Assets	Total
Cost or valuation	£	£	£	£	£
At 1 August 2023	1,846,072	119,403	327,745	12,220	2,305,440
Additions/(disposals)	56,874	-	5,736	-	62,610
As at 31 July 2024	<u>1,902,946</u>	<u>119,403</u>	<u>333,481</u>	<u>12,220</u>	<u>2,368,050</u>
Depreciation					
At 1 August 2023	762,855	77,140	262,133	12,220	1,114,348
Charge for the year	83,315	7,051	38,900	-	129,266
As at 31 July 2024	<u>846,170</u>	<u>84,191</u>	<u>301,033</u>	<u>12,220</u>	<u>1,243,614</u>
Net book value					
At 31 July 2024	<u>1,056,776</u>	<u>35,212</u>	<u>32,448</u>	<u>-</u>	<u>1,124,436</u>
At 31 July 2023	<u>1,083,217</u>	<u>42,263</u>	<u>65,612</u>	<u>-</u>	<u>1,191,092</u>

Included within improvements to property are costs in relation to work carried out on the building which the college occupies. The building is owned by Newbattle Abbey College Trust but as the college benefit from the use of the building the costs have been capitalised.

10. Intangible fixed assets

Intangible fixed assets comprised a website which was fully disposed of in 2023.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2024

11. Stocks	2024 £	2023 £
Stocks (fuel, stationery and foodstuffs)	<u>4,000</u>	<u>4,000</u>

12. Debtors: amounts falling due within one year	2024 £	2023 £
Trade receivables	24,811	32,441
Prepayments and accrued income	105,907	84,581
Sundry debtors	<u>64</u>	<u>3,528</u>
	<u>130,782</u>	<u>120,550</u>

13. Creditors: amounts falling due within one year	2024 £	2023 £
Trade payables	64,847	32,570
Accruals	148,362	137,426
Other taxation and social security	91,856	20,686
Sundry creditors	119,355	56,487
Deferred income	261,911	244,209
Deferred income - Government capital grants	138,532	179,113
VAT	<u>(10,146)</u>	<u>3,571</u>
	<u>814,717</u>	<u>674,062</u>

14. Creditors: amounts falling due after more than one year	2024 £	Restated 2023 £
Deferred income - Government capital grants	630,008	682,012
Provision for job evaluation cost	<u>663,033</u>	<u>550,971</u>
	<u>1,293,041</u>	<u>1,232,983</u>

As per guidance from the Scottish Funding Council, a provision has been recognised in respect to the National Bargaining Support Staff costs.

15. Reserves	Restated 1 August 2023 £	Income £	Expenditure £	Actuarial gain £	31 July 2024 £
Income and expenditure account	(204,509)	2,585,330	(2,489,185)	(91,000)	(199,364)
Total Reserves	<u>(204,509)</u>	<u>2,585,330</u>	<u>(2,489,185)</u>	<u>(91,000)</u>	<u>(199,364)</u>

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2024

16. Pension commitments

The College's employees belong to one of two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) and the Local Government Pension Scheme (Scotland). STSS is managed by Scottish Public Pensions Agency (SPPA). The Local Government Pension Scheme (Scotland) (LGPS) to which the College is an admitted body is Lothian Pensions Fund (LPF). Both STSS and LGPS are pension schemes of the defined benefit type. The assets of the LPF scheme are held in a separate, trustee-administered fund. The STSS scheme is a notional fund and there are specific regulations regarding the basis on which the actuarial valuation should be carried out. These regulations include the requirement that any deficit should be funded by a supplementary contribution over a 40 year period.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the schemes were at 31 March 2023 for LPF and 20 October 2023 for STSS.

Pension contributions for current employees are charged to the income and expenditure account in the year in which they are incurred. The total pension cost for the year was:

	2024 £'000	2023 £'000
Contributions to STSS	111	88
Contributions to LTF	<u>63</u>	<u>78</u>

Based on the data provided and other factors such as improvements to benefits, actuaries have advised the following contribution rates:

	STSS	LPF
2023/24		
1 August 2023 - 31 March 2024	23.00%	13.90%
1 April 2024 - 31 July 2024	26.00%	13.90%
2022/23		
1 August 2022 - 31 March 2023	23.00%	13.90%
1 April 2023 - 31 July 2023	23.00%	13.90%

Scottish Teachers' Superannuation Scheme (Teaching Staff)

The STSS is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

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 on the plan.

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

Local Government Pension Scheme (Administrative Staff)

The Lothian Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2024 was £89,000 (2023: £101,000) of which employer's contributions totalled £63,000 (2023: £78,000) and employees' contributions totalled £26,000 (2023: £33,000). The agreed contribution rates for future years are 13.9% to 31st March 2025 and between 5.5% to 12% for employees.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2024

16. Pension commitments (continued)

Principal Actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023:

	2024	2023
	% p.a.	% p.a.
Inflation/Pension increase rate	2.75	3.00
Salary increase rate	3.45	3.50

Life expectancy is based on the Fund's Vita Curves in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males No.	Females No.
Current pensioners	20.0 years	24.7 years
Future pensioners	19.7 years	24.4 years

The net pension asset was

	2024	2023
	£'000	£'000
Estimated employer assets	5,343	5,168
Present value of scheme liabilities	(3,145)	(2,757)
Net pension asset	2,198	2,411

	2024	2023
	£'000	£'000
Opening fair value of scheme assets	5,168	5,069
Expected return on assets	261	177
Contributions by members	26	33
Contributions by employer	65	80
Actuarial gains/(losses)	(59)	(59)
Estimated benefits paid	(118)	(132)
	5,343	5,168

Reconciliation of defined benefit obligation:

	2024	2023
	£'000	£'000
Opening defined benefit obligation	2,757	3,112
Current service cost	95	174
Interest cost	140	110
Contributions by members	26	33
Actuarial (gains)/losses	245	(540)
Estimated benefits paid	(118)	(132)
	3,145	2,757

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2024

16. Pension commitments (continued)

History of experience gains and losses for the years ended 31 July

	2024 £'000	2023 £'000
Scheme assets	5,343	5,168
Defined benefit obligations	(3,145)	(2,757)
Surplus/(deficit)	2,198	2,411
Experience adjustments on scheme assets	(59)	(59)
Experience adjustments on scheme liabilities	(245)	540

	2024 £'000	2023 £'000
Current service costs	95	174
Past service cost	-	-
Total operating charge	95	174
Less: Contributions paid	(65)	(80)
Current service cost provision	30	94

Amount charges to operating costs (Note 6):

	2024 £'000	2023 £'000
Expected return on employer assets	261	117
Interest on pension scheme liabilities	(140)	(110)
	121	7

Analysis of the amount recognised in Statement of Comprehensive Income

	2024 £'000	2023 £'000
Changes in value of scheme assets: Actuarial (losses)/gains	(59)	(59)
Changes in defined benefit obligations: Actuarial gains/(losses)	(245)	540
Actuarial gain/(loss) recognised in Statement of Comprehensive Income	(304)	481

Movement in surplus during the year:

	2024 £'000	2023 £'000
Surplus/(deficit) at beginning of year	2,411	1,957
Movement in year:		
Current service cost	(95)	(174)
Past service cost	-	-
Employer contributions	65	80
Net return on financing and assets	121	67
Actuarial gains	(304)	481
Surplus at end of year	2,198	2,411

The estimated employer's contributions for the year to 31 July 2025 are £66,000

The defined benefit asset has been restricted to £nil in the Balance Sheet as the College does not have the rights to a refund or to reduce its payments into the pension scheme.

NEWBATTLE ABBEY COLLEGE

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for the year ended 31 July 2024

17. Related Party transactions

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

No director has received any remuneration or waived payments from the College during the year (2023: £Nil), except the college principal.

The total expenses paid to or on behalf of the directors during the year was £9, 1 director (2023: £568, one director). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending director meetings and events in their official capacity.

£nil (2023: £nil) was received from The Newbattle Abbey College trust towards clear-up of fallen trees. During the year £67,212 (2023: £75,249) of tuition fees were received from Queen Margaret University, with £nil due at year end (2023: £nil). Moreover, £14,743 (2023: £450) of rental & related income was received from Archaeology Scotland which Gary Husband, a director of the College, was also a director of.

18. Rental income from operating leases

At the reporting end date, the college had contracted with tenants for the following minimum lease payments

	2024	2023
	£	£
less than one year	<u>22,846</u>	<u>9,966</u>

NEWBATTLE ABBEY COLLEGE

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for the year ended 31 July 2024

19. Bursaries and other student support funds

	FE Bursary	EMAs	Other	2024 Total	2023
	£	£	£	£	£
Balance brought forward	10,035	-	13,905	23,940	74,596
Allocation received in year	361,979	11,730	3,672	377,381	374,909
Expenditure	(256,817)	(11,730)	(2,274)	(270,821)	(350,752)
Repaid to Funding body as clawback	(36,462)		(11,066)	(47,528)	(70,703)
Funded through general reserves				-	420
Adjustment to clawback in prior year				-	(4,530)
	<u>78,735</u>	<u>-</u>	<u>4,237</u>	<u>82,972</u>	<u>23,940</u>
Represented by:					
Repayable to Funding body as clawback				82,972	23,940
Retained by College for students					-

20. Restatement of prior year reserves

The 2023-24 FE Accounts Direction recommended that the costs of the middle management and support staff evaluation exercise should be treated as a cost in the Accounts each year and a provision on the Balance Sheet. Therefore, the comparative figures have been adjusted to include these costs. The effect of this adjustment is summarised in the table below.

	2023	Adjustment	2023 restated
	£	£	£
Total Comprehensive income	132,555	(112,062)	20,493
Long term provisions	(682,012)	(550,971)	(1,232,983)
Total reserves at the start of the year	213,907	(438,909)	(225,002)
Total reserves at the end of the year	346,462	(550,971)	(204,509)

In previous years, SFC has held in reserve grant funding provided by the Scottish Government that relates to the middle management and support staff job evaluation exercise. These funds were returned to Scottish Government in 2023 with Scottish Government agreeing that responsibility for job evaluation funding commitments now rests with the Scottish Government until the process is complete.

SFC, Audit Scotland and the firms auditing colleges have recently discussed the accounting treatment for the middle management and support staff job evaluation exercise. The treatment advocated at that meeting was that a liability relating to the costs of implementing the middle management and support staff job evaluation exercise outcome should be recognised.

It is important to note that this is a technical accounting change only. The Scottish Government remains clear that responsibility for job evaluation funding commitments now rests with it until the process is complete.