

NEWBATTLE ABBEY COLLEGE
REPORT and FINANCIAL STATEMENTS
For the year ended 31 July 2023

NEWBATTLE ABBEY COLLEGE

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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 £132,554 (2021/22: £88,242) and a surplus before pension adjustment of £105,554 (2021/22: deficit of £100,758). Income for the period is £2,518,843 (2021/22: £3,311,291). The income for 2021/22 included deferred capital grant from the Scottish Funding Council (SFC) for works delayed by the COVID 19 pandemic.

Staff costs of £1,486,393 (2021/22: £1,359,316) accounted for 63% (2021/22: 40%) of the total expenditure of 2,413,289 (2021/22: £3,412,049). Other operating expenses of £826,373 (2021/22: £1,957,608) accounted for a further 34% (2021/22: 57%) of expenditure. Other operating expenses in 2021/22 included expenditure related to the deferred capital grant from SFC.

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.

	2022/23	2021/22
	£	£
Surplus/(Deficit) before other gains and losses	105,554	(100,758)
Add back:		
Pension adjustment — Net service cost	94,000	195,000
Deduct:		
Non-Government capital grants credited to SOCI	-	(6,540)
Pension adjustment — Net interest income	(67,000)	(6,000)
	-----	-----
Adjusted operating surplus	132,554	81,702
	=====	=====

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2023

4 Reserves policy

The present level of funding is adequate to support the continuation of activities for the foreseeable future and the Directors consider the financial position of the college to be satisfactory. General funds are available for use at the discretion of the Directors in furtherance of the general objectives of the college. The Directors intend to agree a formal reserves policy for implementation in 2023/24.

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.

Inflationary pressures and the decision by Scottish Ministers and the Parliament to provide only flat rate funding going forward made 2022-23 particularly difficult for the college and its staff. Thankfully the decline of COVID world wide reopened international markets which allowed the college to rebuild much of its foreign student and summer school income. Despite that the college was forced to reduce its cost base resulting, amongst other changes, in a number of redundancies. As a result, however, the college has a solid base for moving forward.

Our new Strategic Plan 2023-26 was published in December 2022. The Plan sets out how the College will ensure that the special experiences and opportunities it provides will make a significant contribution to creating a more equal and inclusive Scotland.

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 51% 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 makes a significant contribution to its local community and plays a strategic, national role both through its provision and in promoting adult learning through representation and extensive partnership.

6 Efficient and sustainable

We have reviewed and aligned our governance arrangements with the Code of Good Governance for Scotland's Colleges. At the time of writing, the Board of Directors has 18 members (56% male: 44% female). The full Board of Directors met four times during 2022-23 and held one Board Development day. Each of its Committees met regularly. The Committees are: Chairs, Audit and Risk, Learning & Teaching, Finance & Resources, and Remuneration. The responsibilities of a Nominations Committee are fulfilled by the Charis Committee as required.

During 2022-23 the College's financial strategy focused on ensuring financial security through reviewing its cost base and maximising income opportunities. 51% of the College's income was by way of Scottish Funding Council (SFC) grant.

Ensuring efficiencies while securing income to deliver education programmes and driving commercial and other income were the priorities for 2022-23. The College was successful in securing grant income to deliver educational provision, in addition to the SFC core teaching grant, from the Young Persons' Guarantee (YPG) Fund and from the Flexible Workforce Development Fund (FWDF). Income from events and other commercial activities and from the residences recovered significantly in 2022-23, to above pre-pandemic levels.

Highlights of this improvement included the first full-semester cohorts of staff and students from the University of Wisconsin visited the College in Autumn 2022 and Spring 2023. Language school business recovered with off-season groups visiting as well as full occupancy during the summer. Rental income from the Business Park increased to £204K, and this level of income is assured for several years through a revised agreement with the Trustees.

Despite the recovery of non-SFC income, a real-terms reduction in SFC funding and rising salary costs meant the college had to reduce its cost base. A review of operating costs resulted in savings in non-staff costs and, very regrettably, the College also had to make savings in staff costs, through redundancies, to ensure its future financial stability.

The College made a request to SFC to carry forward the cash advance of £150,000 received in May 2022 against its 2022-23 grant allocation. The SFC granted this request.

The College is targeting growth in its non-SFC income including language school business and further growth in income from its partnership with the University of Wisconsin (UoW). Language schools are in discussion about additional off-season capacity and UoW are confident of higher student numbers in 2023-24 and beyond. Despite financial constraints an investment in staffing has been made to increase income from the Adult Achievement Awards and a strategy to expand the reach of the Forest College and the number of accredited centres delivering its awards has been developed.

Commercial income from events, conferences and other activities is forecast to increase in 2023-24. Work has been done to better identify the potential market and tailor the college's offer to maximise income. The Directors have agreed a business case for investment to realise opportunities for additional income.

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 2023. 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 in how the college supports its students to succeed and progress to further study or employment. They found that success rates for students at Newbattle are better than national performance levels, including for students who have a disability, and progression rates are high. Staff at the College were praised for the quality of their work, with particular mention of how well students who have been in the care system are supported.

The SFC core teaching grant supported the following programmes in 2022-23:

- One-year full-time Access to HE (SCQF Level 6)
- One-year full-time National Certificate in Rural Skills (SCQF Level 4)
- Six-month Preparation for FE 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)
- Forest and Outdoor Learning Awards (FOLA), available at SCQF 2-6 and 8
- Short courses in outdoor learning, Bee Keeping and Gaelic language

The College secured funding from the YPG Fund to deliver an additional full-time Rural Skills course to young people from disadvantaged backgrounds. The College also secured an allocation from SFC's FWDF to provide FOLA Leadership Awards to staff from small or medium-sized nurseries and child-care centres.

The College is playing an increasing national role in promoting adult learning through extensive collaboration with a wide range of partners to promote inclusion and progression. It is the awarding body for the Adult Achievement Awards (AAA), which lead the way in terms of increasing access to accredited learning underpinned by the Scottish Credit and Qualifications Framework (SCQF), creating positive pathways for adult learners. Our Forest College initiative has flourished since it was launched in 2019, with 16 accredited centres across Scotland currently delivering FOLA skills and leadership awards. Many Early Years and Childcare practitioners have achieved our Forest and Outdoor Leadership Awards, making a significant contribution to promoting and supporting outdoor learning nationally. The Awards are delivered all over Scotland by accredited centres, including other colleges, universities, local authorities and third-sector organisations.

Utilising the YPG fund allocations, the College exceeded its core credit target for 2022-23, delivering 1,078 credits against a target of 913. A new Depute Principal was recruited in October 2022 and a new Director of Operations and Business Development was recruited in May 2023.

A new Strategic Plan was published in December 2022. The Strategic Aims centre around three, inter-related strategic themes:

Curriculum: We will stay true to the core ethos of enabling access to education on which the College was founded. We will ensure that we work with our partners and communities to continue to identify those in most need of the unique environment the College offers and shape our provision in response.

Community and Culture: We will maintain a culture of compassion and respect within our nurturing learning community. We will reach out to and invite in our local community and utilise our history and profile to highlight the need for lifelong learning and access to education nationally and internationally.

Commercial: Recognising that all revenue from our commercial activities goes to supporting our learners, we will maximise opportunities for income generation. We will strive to align our commercial activities to our core ethos with the joint goal of achieving financial sustainability in a challenging time and furthering our purpose and vision.

7. Net-zero and Environmental Sustainability

Capital and maintenance grant funding from SFC has enabled the college to effect changes and improvements that contributed to improving energy efficiency. These works include: upgrading the boiler heating and hot water systems, installation of thermostatic valves, installation of LED lighting, and replacing insulation in the Main Building and Student Residences. The shift to net-zero remains challenging due to the nature of the college's historic estate and its classification; ie, outwith the public sector for the purposes of net-zero grant funding. However, the Directors are determined that the College will continue to contribute to the net-zero challenge.

The College continues to explore funding sources to install double-glazing in the Main Building and Residences and explore other ways to increase fuel efficiency. We continue to embed sustainability in learning and teaching, in particular through our Rural Skills programme and Forest College activities. The College also supports the work of partners, such as the local voluntary environmental group River Fly on the Esk, and hosts Edinburgh Council's Forest Kindergarten. Resources are sourced and procured locally as much as possible; our suppliers regularly come from the local and immediate area, including the college-managed Business Park on our estate.

8 Principal risks and uncertainties

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

- 1 Failure to achieve financial sustainability.
- 2 Reduction in SFC core grant.
- 3 Negative implications of shifts in Government or SFC policy including review of post-16 education.
- 4 Failure to achieve student recruitment targets.
- 5 Failure to maintain positive industrial relations.

Mitigations:

Risks 1-2: the College has carried out scenario planning against reductions in core grant and increases in staffing and operating costs. Cost saving measures were implemented in 2022/23, reducing non-staff operational costs going forward. Staffing changes were also made to reduce recurrent costs and to ensure appropriate staffing to take forward plans to increase non-SFC income.

Risk 3: the College has maintained good relations with SFC and other key stakeholders and has engaged fully in sector-wide discussions, including as part of Colleges Scotland and the College Principals' Group. Policy shifts are closely monitored, discussed at Board and reflected in planning.

Risk 4: the College's curriculum planning and marketing strategies have ensured that the SFC core credit target has been exceeded in each of the last two years (2021/22 and 2022/23), with additional funding secured for the over-delivery. At the time of writing, the College has already exceeded its SFC core credit threshold for 2023/24.

Risk 5: the College is engaged with the College Employers' Association to feed into national bargaining. The principal and senior team maintain an ongoing and positive dialogue with college staff and local union representatives. The Board has implemented a plan to engage more regularly with a range of staff across the college to maintain good relations.

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 revised its management Committee structure and there are now 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 2022/23. 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 5.25 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.

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

Board Member		Start Date (if applicable)	Resignation Date (if applicable)
Jan Polley*	Chair of the Board	24 November 2022	
Gary Husband	Vice Chair of the Board		
Gill Hogg	Senior Independent Member		
Roddy Henry	Principal		
Andy McGoff	Independent Member		
Colin Pritchard	Independent Member	31 March 2023	
Brian Lister	Chair of the Board		24 November 2022
Connor McManus	Independent Member	31 March 2023	
David Hamer	Independent Member		
Dorothy Welch	Independent Member		
Majella Sweeney	Independent Member		14 June 2023
Margaret McLean	Independent Member	31 March 2023	
Marlene Gill	Independent Member		

Richard Dockrell	Independent Member		26 September 2022
Simon Houlton	Independent Member	15 June 2023	
Stuart Moir	Independent Member		
Tom Angus	Independent Member		
Neil Hargraves	Teaching Staff Member		15 June 2023
Stuart Capperault	Support Staff Member		15 June 2023
Craig Ewing	Student Member	26 October 2022	15 June 2023
Holli Davidson	Student Member	26 October 2022	15 June 2023
Denise McNulty	Teaching Staff member	28 September 2023	
Katie Baumann	Support Staff Member	28 September 2023	
James Kernaghan	Student Member	28 September 2023	
Lauren Smith	Student Member	28 September 2023	

*Held position of Senior Independent Member prior to becoming Chair

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 (2022: None)

Jan Polley

Chair, Board of Directors

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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 2023.

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 meets three times a year to monitor the accounting policies, internal controls and financial reporting. The duties of the Audit 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 2022-23 the college 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 external 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 and Senior Management Team members attend meetings of the Audit & Risk Committee, as necessary, they are not members 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.

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 2023 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	5/5				4/4	2/2
Gary Husband	2/5	2/2	2/2		1/1	
Gill Hogg	5/5		1/1	1/1	3/3	2/2
Roddy Henry	5/5	3/3	3/4	3/3	4/4	
Andy McGoff	4/5			3/3	1/1	1/1
Colin Pritchard	2/3			2/2		
Brian Lister	2/2				1/1	1/1
Connor McManus	2/3		0/1			
David Hamer	4/5	1/1		2/2		
Dorothy Welch	3/5		4/4		4/4	2/2
Majella Sweeney	2/4		0/2			
Margaret McLean	5/5			2/2		
Marlene Gill	3/5	1/3				
Richard Dockrell	n/a					
Simon Houtl	1/1					
Stuart Moir	4/5	3/3			3/3	1/1
Tom Angus	4/5		2/4			
Neil Hargraves	1/5	1/3				
Stuart Capperauld	3/5	1/1	1/1			
Craig Ewing	0/5	1/3				
Holli Davidson	0/5	0/0				

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. The forecast shows that net assets of the college remain positive throughout the period whilst cash balances diminish but remain positive.

Jan Polley

Chair, Board of Directors

NEWBATTLE ABBEY COLLEGE

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 JULY 2023

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 accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare accounts 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 accounts 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 accounts; and
- prepare the accounts 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 accounts 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 accounts 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.

Jan Polley

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 2023 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 2023 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, including 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 2023

	Notes	2023 £	2022 As restated £
Income			
Funding body grants	2	1,286,165	2,461,945
Tuition fees and education contracts	3	514,344	139,752
Other grants and contracts	4	257,400	256,100
Other income	5	393,403	447,481
Investment income	6	67,531	6,013
		-----	-----
Total income		2,518,843	3,311,291
		-----	-----
Expenditure			
Staff costs	7	1,468,393	1,359,316
Other operating expenses	8	826,378	1,957,608
Depreciation and amortisation		117,917	94,495
Interest and other finance costs		600	630
		-----	-----
Total expenditure		2,413,289	3,412,049
		-----	-----
Surplus/ (Deficit) before other gains and losses		105,554	(100,758)
Actuarial gain in respect of pension scheme	16	27,000	189,000
		-----	-----
Total comprehensive income for the year		132,554	88,242
		=====	=====

The Statement of comprehensive income includes all gains and losses recognised in the year. All income and expenditure included in the statement is in respect of 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 2023

	Total Unrestricted Reserves As restated £
Balance at 31 July 2021	125,666
Deficit from the Statement of Comprehensive Income	(100,758)
Other comprehensive income	189,000

Balance at 31 July 2022	213,908

Surplus from the Statement of Comprehensive Income	105,554
Other comprehensive income	27,000

Balance at 31 July 2023	346,462
	=====

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

NEWBATTLE ABBEY COLLEGE

BALANCE SHEET

As at 31 July 2023

	Note	2023	2022
		As restated	As restated
		£	£
Non-current assets			
Tangible fixed assets	9	1,191,092	1,280,832
Intangible asset	10	-	1,955
		-----	-----
Current assets			
Stocks	11	4,000	4,557
Trade and other receivables	12	120,550	197,550
Cash and cash equivalents		386,894	329,624
		-----	-----
		511,444	531,731
Creditors: Amounts falling due within one year	13	(674,062)	(714,402)
		-----	-----
Net current liabilities		(162,618)	(182,671)
		-----	-----
Total net assets		1,028,474	1,100,116
Creditors: Amounts falling due after one year	14	(682,012)	(886,208)
Pension asset	16	-	-
		-----	-----
Total net assets		346,462	213,908
Unrestricted Reserves			
Income and expenditure account		346,462	213,908
		-----	-----
Total Reserves	15	346,462	213,908
		=====	=====

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

.....
Jan Polley

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

For the year ended 31 July 2023

	Notes	2023	2022
		£	£
Cash flow from operating activities			
(Deficit) for the year		105,554	(100,758)
		-----	-----
Adjustment for non-cash items			
Depreciation		117,917	94,240
Amortisation		255	255
Decrease/(increase) in stocks		557	(1,637)
Decrease/(increase) in debtors		77,000	(96,376)
Decrease in creditors		(242,766)	(968,839)
Pension cost less contributions payable		(454,000)	(1,495,000)
Actuarial movement on pension scheme		481,000	1,684,000
		-----	-----
Net cash inflow/(outflow) from operating activities		85,517	(883,498)
Cash flows from investing activities			
Investment income	531		13
Purchase of fixed assets	(28,178)		(133,321)
		-----	-----
		(27,647)	(133,308)
Cash flows from financing activities			
Repayment of amounts borrowed		-	(10,000)
Capital element of finance lease rental payments		-	(4,413)
Interest paid		-	-
Interest element of finance lease rental payments		(600)	(630)
		-----	-----
Increase in cash and cash equivalents in the year		57,270	(1,031,849)
Cash and cash equivalents at the beginning of the year		329,624	1,361,473
		-----	-----
Cash and cash equivalents at the end of the year		386,894	329,624
		=====	=====
Relating to:			
Cash at bank and in hand		386,894	329,624
		=====	=====

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

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.

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.

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.

Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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

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.

1. Accounting policies (*continued*)

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

- Improvement to property — 4% straight line.

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.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

1. Accounting policies (*continued*)

Intangible assets

Intangible assets are amortised on a straight-line basis over their expected useful lives as follows:

- website costs — 10% straight line

Equipment

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

- computer equipment 33% straight line
- plant and machinery 10% straight line

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. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

All loans, investments and short-term deposits held by the 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.

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.

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023**1. Accounting policies (continued)****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 19, 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 2017 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding body grants

	2023	2022
	£	£
Recurrent grant		
Scottish Funding Council	1,226,131	2,388,292
Specific grants		
Learner Support Income	8,030	8,000
Release of government capital grants	52,004	65,653
	-----	-----
	1,286,165	2,461,945
	=====	=====

There was an increase in Scottish Funding Council Grants in the prior year, due to deferred Capital Grant income from previous years being released as work delayed by the Pandemic was carried out. This income was therefore reduced in 2022/23.

3. Tuition fees and education contracts

	2023	2022
	£	£
Further Education	514,344	139,752
	=====	=====

The increase in tuition fees and educational contracts income is due to the removal of COVID 19 restrictions and the return of, and increase in, business with international education partners.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

4. Other grants and contracts	2023	2022
	£	£
Project income	-	2,489
GLAIF income	10,000	4,038
Forest College	-	18,780
Literally at Newbattle	5,000	875
Trustee project income	75,000	81,839
Residency Project	-	6,540
Other Income	1,438	688
Furlough Grant CBAL	-	4,031
CBAL	-	19,935
Flexible Workforce Development Fund	27,750	15,000
Young Persons Guarantee	107,384	101,885
Cycling Scotland	18,028	-
Prescribe Nature SPF	12,800	-
	-----	-----
	257,400	256,100
	=====	=====

5. Other income	2023	2022
	£	£
Board and accommodation	44,397	23,565
Catering income	11,698	7,689
Rental income	204,273	198,389
Other income	119,748	129,189
Insurance proceeds	13,284	88,649
	-----	-----
Total	393,403	447,481
	=====	=====

6. Investment income	2023	2022
	£	£
Other investment income	-	13
Net return on pension liability (Note 16)	67,531	6,000
	-----	-----
	67,531	6,013
	=====	=====

7. Staff Costs

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

	2023	2022
	No	No
Learning & Teaching	15	16
Administration & other	18	17
Forest College	3	3
Facilities	3	3
Housekeeping	4	4
Catering	8	6
	-----	-----
	51	49
	=====	=====

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

7. Staff Costs (continued)

Staff costs for the above persons	2023 £	2022 £
Wages and salaries	1,128,169	939,271
Social security costs	85,192	78,001
Other pension costs	161,032	147,044
Pension cost (note 16)	94,000	195,000
	-----	-----
	1,468,393	1,359,316
	=====	=====
 Analysed:	 2023 £	 2022 £
Learning & Teaching	461,183	335,220
Administration & other	472,659	454,546
Forest College	94,291	78,985
Facilities	119,501	99,609
Housekeeping	81,136	67,627
Catering	145,623	128,329
Pension cost (note 16)	94,000	195,000
	-----	-----
	1,468,393	1,359,316
	=====	=====

Salary costs for 2022/23 include an amount accrued for the national pay claim, currently in dispute, and exceptional restructuring costs incurred during the year. Other increases are associated with project income and increased educational contract income.

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, Accounting Officer and other higher paid staff

	2023 No	2022 No
The number of key management personnel was	4	5
	=====	=====

Changes in senior personnel account for the higher number in each year above.

Key management personnel compensation is made up as follows:

	2023 £	2022 £
Salaries	178,558	185,211
Employer's National Insurance	21,479	39,234
Employer's pension contributions	35,611	37,686
	-----	-----
Total key management personnel compensation	235,648	262,132
	=====	=====

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

7 Staff costs (continued)

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	
	2023	2022
	No	No
£60,001 to £70,000 p.a.	-	-
£70,001 to £80,000 p.a.	1	-
	=====	=====

	2023	2022
	£	£
Senior Post-holder's emoluments		
Principal — salary — gross	75,000	79,658
Employer's pension contributions	17,250	18,321
	-----	-----
	92,250	97,979
	=====	=====

The higher salary and Employer's pension contributions in 2021/22 are due to changes in the post-holder resulting in an overlap.

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.

8. Other operating expenses	2023	2022
	£	£
Teaching costs	26,508	16,799
Residences and catering	104,526	52,298
Premises costs	449,610	1,427,440
Administration and central services	245,734	461,071
	-----	-----
	826,378	1,957,608
	=====	=====

Other operating expenses include:

	2023	2022
	£	£
Auditors' remuneration :		
External audit	23,260	10,716
Internal audit	8,043	5,478
	=====	=====

There was an increase in premises costs in 2021/22 due to expenditure related to the deferred capital grant from SFC. These costs were therefore reduced in 2022/23.

Administration and central services costs were higher in 2021/22 due to a higher amount of irrecoverable VAT related to the deferred capital expenditure.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

9. Tangible fixed assets	Improvements to property £	Plant and machinery £	Computers £	Donated Assets £	Total £
Cost or valuation					
At 1 August 2022	1,817,895	119,403	327,745	12,220	2,277,263
Additions	28,177	-	-	-	28,177
	-----	-----	-----	-----	-----
As at July 2023	1,846,072	119,403	327,745	12,220	2,305,440
	-----	-----	-----	-----	-----
Depreciation					
At 1 August 2022	690,139	70,089	223,983	12,220	996,431
Charge for year	72,716	7,051	38,150	-	117,917
	-----	-----	-----	-----	-----
At 31 July 2023	762,855	77,140	262,133	12,220	1,114,348
	-----	-----	-----	-----	-----
Net book value					
At 31 July 2023	1,083,218	42,263	65,612	-	1,191,092
	=====	=====	=====	=====	=====
At 31 July 2022	1,127,757	49,313	103,762	-	1,280,832
	=====	=====	=====	=====	=====

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

	Website £
Cost	
At 1 August 2022	2,550
Additions	-
Disposals	(2,550)

At 31 July 2023	-

Amortisation	
At 1 August 2022	595
Charge for year	255
Disposals	(850)

At 31 July 2023	-

Net book value	
At 31 July 2023	-
	=====
At 31 July 2022	1,955
	=====

11. Stocks

	2023 £	2022 £
Stocks (fuel, stationery and foodstuffs)	4,000	4,557
	=====	=====

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

12. Debtors: amounts falling due within one year	2023	2022
	£	£
Amounts falling due within one year:		
Trade receivables	32,441	124,056
Prepayments and accrued income	84,581	70,746
Sundry debtors	3,528	2,748
	-----	-----
	120,550	197,550
	=====	=====

13. Creditors: amounts falling due within one year	2023	2022
	£	£
Trade payables	32,570	86,526
Accruals	137,426	69,632
Other taxation and social security	20,686	29,628
Sundry creditors	56,487	94,569
Deferred income	224,209	307,043
Deferred income- Government capital grants	179,113	116,792
Newbattle Abbey College Trust	-	2,832
HP creditor	-	3,677
VAT	3,571	3,704
	-----	-----
	674,062	714,402
	=====	=====

14. Creditors: amounts falling due after more than one year	2023	2022
	£	£
Deferred income- Government capital grants	682,012	886,208
	-----	-----

	2023	2022
	£	£
Analysis of maturity of loan		
Amounts falling due:	-	2,832
	-----	-----

15. Reserves	1 August					31 July
	2022	Income	Expenditure	Actuarial	Transfers	2023
	As restated			gain		
	£	£	£	£	£	£
Income and Expenditure account	213,908	2,518,843	(2,413,289)	27,000	-	346,462
	-----	-----	-----	-----	-----	-----
Total Reserves	213,908	2,518,843	(2,413,289)	27,000	-	346,462
	=====	=====	=====	=====	=====	=====

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 40year period.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

16. Pension commitments (continued)

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 2017 (STSS and LPF).

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:

	2023	2022
	£'000	£'000
Contributions to STSS	88	82
Contributions to LTF	78	65
	=====	=====

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

	STSS	LPF
2022/2023		
1 August 2022 -31 March 2023	23.00%	13.90%
1 April 2023 -31 July 2023	23.00%	13.90%
2021/2022		
1 August 2021-31 March 2022	23.00%	13.90%
1 April 2022 -31 July 2022	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 2023 was £101,000 (2022 - £93,000) of which employer's contributions totalled £78,000 (2022 £65,000) and employees' contributions totalled £33,000 (2022 - £28,000). The agreed contribution rates for futures years are 13.9% to 31st March 2024 and between 5.5% to 11.2% for employees.

Principal Actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2014 updated to 31 July 2032 by a qualified independent actuary:

	2023	2022
	% p.a.	% p.a.
Inflation/Pension increase rate	3.00	2.75
Salary increase rate	3.50	3.25
	=====	=====

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

16. Pension commitments (continued)

Life expectancy is based on the Fund's Vita Curves in line with the CMI 2021 model, with a 0% weighting of 2021 (and 202) data, standard smoothing, 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	19.8 years	22.7 years
Future pensioners	21.0 years	24.5 years
	=====	=====

The net pension asset was:

	2023 £'000	2022 £'000
Estimated employer assets	5,168	5,069
Present value of scheme liabilities	(2,757)	(3,112)
	-----	-----
Net pension asset	2,411	1,957
	=====	=====

	2023 £000	2022 £000
Opening fair value of scheme assets	5,069	4,656
Expected return on assets	177	74
Contributions by members	33	28
Contributions by employer	80	68
Actuarial gains/(losses)	(59)	364
Estimated benefits paid	(132)	(121)
	-----	-----
	5,168	5,069
	=====	=====

Reconciliation of defined benefit obligation:

	2023 £'000	2022 £'000
Opening defined benefit obligation	3,112	4,194
Current service cost	174	263
Interest cost	110	68
Contributions by members	33	28
Actuarial (gains)/losses	(540)	(1,320)
Estimated benefits paid	(132)	(121)
	-----	-----
	2,757	3,112
	=====	=====

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

16. Pension commitments (continued)

<i>History of experience gains and losses for the years ended 31 July:</i>	2023	2022
	£'000	£'000
Scheme assets	5,168	5,069
Defined benefit obligations	(2,757)	(3,112)
	-----	-----
Surplus/(Deficit)	2,411	1,957
	=====	=====
Experience adjustments on scheme assets	(59)	364
	=====	=====
Experience adjustments on scheme liabilities	540	1,320
	=====	=====
	2023	2022
	£000	£000
Current service costs	174	263
Past service cost	-	-
	-----	-----
	174	263
Total operating charge	(80)	(68)
Less: Contributions paid	-----	-----
Current service cost provision	94	195
	=====	=====
	2023	2022
	£'000	£'000
Amount charged to operating costs (Note 6):		
Expected return on employer assets	117	74
Interest on pension scheme liabilities	(110)	(68)
	-----	-----
	7	6
	=====	=====
	2023	2022
	£000	£000
Changes in value of scheme assets: Actuarial (losses)/gains	(59)	364
Changes in defined benefit obligations: Actuarial (losses)	540	1,320
	-----	-----
Actuarial (loss)/gain recognised in Statement of Comprehensive Income	481	1,684
	=====	=====

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

16. Pension commitments (continued)

<i>Movement in surplus during the year:</i>	2023 £'000	2022 £'000
Surplus/(deficit) at beginning of year	1,957	462
Movement in year:		
Current service cost	(174)	(263)
Past service cost	-	-
Employer contributions	110	68
Net return on financing and assets	67	6
Actuarial gains	481	1,684
	-----	-----
Surplus at end of year	2,411	1,957
	=====	=====

The estimated employer's contributions for the year to 31 July 2024 are £78,000.

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.

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 (2022: £Nil).

The total expenses paid to or on behalf of the directors during the year was £568, one governor (2022: £858, three governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending director meetings and events in their official capacity.

Included in creditors is a loan from The Newbattle Abbey College Trust of £nil (2022 £2,832). During the year, the outstanding loan balance was written off (2022 £10,000) Additionally, £nil was received from The Newbattle Abbey College trust towards clear-up of fallen trees (2022: £6,839) for upgrades to residencies).

During the year £75,249 (2022: £45,309) of tuition fees were received from Queen Margaret University, with £nil due at year end (2022: £nil). Professor Richard Butt, a Trustee of the College, is Deputy Principal of the University. Moreover, £450 of rental income was received from Archaeology Scotland which Gary Husband, a director of the College, is also a director of.

18. Operating Leases

Total future minimum lease payments under non-cancellable operating leases for each of the periods are as follows:

	2023	2022
	£	£
Less than one year	-	1,985
In two to five years	-	1,323
	-----	-----
Total	-	3,308
	=====	=====

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 July 2023

19. Rental Income from operating leases

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

	2023	2022
	£	£
Less than one year	9,966	18,162
	=====	=====

20. Bursaries and other student support funds

				Year ended 31 July 2023	Year ended 31 July 2022
	FE Bursary	EMAs	Other	Total	Total As restated
	£	£	£	£	£
Balance brought forward	74,596	-	-	74,596	63,839
Allocation received in year	280,979	3,930	90,000	374,909	327,786
Expenditure	(270,307)	(4,350)	(76,095)	(350,752)	(255,091)
Repaid to Funding body as clawback	(70,703)	-	-	(70,703)	(61,938)
Funded through general reserves	-	420	-	420	-
Adjustment to clawback in prior year	(4,530)	-	-	(4,530)	-
	-----	-----	-----	-----	-----
Balance carried forward	10,035	-	13,905	23,940	74,596
	=====	=====	=====	=====	=====

Represented by:

Repayable to Funding body as clawback	23,940	72,696
Retained by College for students	-	1,900

21. Prior period adjustment

In the prior year financial statements the college recognised the Lothian Pension Fund asset on the Balance Sheet. The College are not currently entitled to recognise the pension asset, as such, the comparative figures have been impacted. The effect of this adjustment is summarised in the table below:

	2022	Adjustment	2022 restated
	£	£	£
Total Comprehensive income	1,583,242	(1,495,000)	88,242
Pension Asset	1,957,000	(1,957,000)	-
Total reserves at the start of the year	587,666	(462,000)	125,666