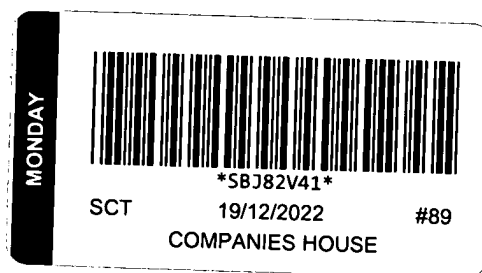


Newbattle Abbey College
(A company limited by guarantee)

Financial statements
Registered number SC262968
Charity number SC035294
31 July 2022



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Report of the Board of Directors for the year ended 31 July 2022

1 Mission

To be a national residential learning community which:

- Promotes lifelong learning
- Raises aspirations
- Supports learners in transition
- Enables learners to change their lives

2 Statutory background

The college was established in the Trust Deed granted 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 entire assets and liabilities 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 mission statement, 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 £1,583,242 (2020/21: £705,835). Income for the period is £3,311,291 (2020/21: £2,123,264).

Staff costs of £1,359,316 (2020/21: £1,293,838) accounted for 40% (2020/21: 60%) of the total expenditure of £3,412,049 (2020/21: £2,174,429). Other operating expenses of £1,957,608 (2020/21: £796,139) accounted for a further 57% (2020/21: 37%) 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.

	2021/22 £	2020/2021 £
Surplus/(Deficit) before other gains and losses	(100,758)	(51,165)
Add back:		
Pension adjustment – Net service cost	195,000	168,000
Pension adjustment – Net interest cost	-	2,000
Deduct:		
Non-Government capital grants credited to SOCI	(6,540)	(10,960)
Pension adjustment – Net interest income	(6,000)	-
Adjusted operating surplus	81,702	107,875

Report of the Board of Directors *(continued)* **for the year ended 31 July 2022**

4 Background

As a small national specialist college, Newbattle Abbey College sought, through the period of these accounts, to develop its distinctive national profile whilst also addressing local regional outcomes against the backdrop of recovery from the Coronavirus pandemic.

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. Set within an historic 16th century building and 125 acres of ancient woodland and parkland in Midlothian, a few miles from Edinburgh, the College operates under a Governing Deed of Trust, the Trustees of which have historically included the Principals and Vice Chancellors of Scotland's ancient universities.

We receive core funding from the Scottish Funding Council as a specialist college, in recognition of our unique nature and contribution. 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.

5 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 14 members (63% male: 37% female). The full Board of Directors met four times during 2021-22 and each of its Committees had a minimum of three scheduled meetings. The Committees are: Chairs, Audit, Learning & Teaching, Planning & Resource and Remuneration. An External Effectiveness Review was conducted during the year and an action plan created and progressed from the recommendations.

During 2021-22 the College's financial strategy focused on financial security and recovery from the pandemic years. 72% of the College's income was by way of Scottish Funding Council (SFC) grant: circa £1.3m (56%) of which was for backlog and lifecycle maintenance work to the main building, the remainder being the annual teaching grant.

Securing income to deliver education programmes and driving commercial and other income post-pandemic were the joint priorities for 2021-22. The College was successful in securing grant income from the Young Persons' Guarantee (YPG) Fund, Scottish Government Community-Based Adult Learning (CBAL) Fund and from the Flexible Workforce Development Fund (FWDF) to deliver educational provision, in addition to the SFC core teaching grant. Income from events and other commercial activities began to return to pre-pandemic levels and income from the residences also began to recover. Several language schools visited the College in 2021-22 and the first cohorts of staff and students from the University of Wisconsin visited the College in the summer of 2022. Rental income from the Business Park continued.

Despite the recovering financial position, the College requested a cash advance of £150K from SFC during the year to provide assurance against cashflow issues. However, the advance was not required and will be carried over as deferred income into 2022-23.

Maximising income from the residences remains a key priority in the College's financial strategy. There is strong interest from language schools going forward and the relationship with the University of Wisconsin is for long-term, recurrent visits. Discussions are underway with the Trustees to finance the completion of the residences upgrade to all en-suite rooms, in order to maximise the income potential. The new Strategic Plan is due for publication before the end of 2022.

Report of the Board of Directors *(continued)* **for the year ended 31 July 2022**

5 Efficient and sustainable *(continued)*

The plan consolidates the College's strategic aims around curriculum, commercial activity and community and culture, driving the purpose and vision to change lives and unlock opportunity and to thrive as a model of sustainability and worth. It aims 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.

Global events continue to have an impact on travel and on cost of living, making the operating environment ahead challenging and difficult to predict. However, the senior management and the Board of Directors are committed to financial sustainability and all potential scenarios are being considered so that the College can remain financially stable going forward.

6 High Quality and Efficient Learning

During the period of these accounts, 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. As part of this programme, a Progress Visit by Education Scotland Inspectors of Education took place in January 2022. The Progress Visit report confirmed that the College was making 'satisfactory progress' against its main priorities. Inspectors noted that the curriculum is designed to promote inclusion and access for learners of all abilities and backgrounds, and for those learners seeking the high quality support and nurturing approach the College offers. The Inspectors concluded that learners benefit significantly from studying at the College, experiencing improvements in self-esteem, self-confidence and self-worth.

The SFC core teaching grant supported the following programmes in 2021-22:

- One-year full-time Access to HE (SCQF Level 6), with three strands:
 - Arts & Social Sciences
 - NC Celtic Studies
 - Primary Education
- 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)
- Adult Achievement Awards, available at SCQF Levels 3, 4 and 6
- Forest and Outdoor Learning Awards (FOLA), available at SCQF 2-6 and 8
- Short courses in Rural Skills, Bee Keeping and Gaelic language

The College secured funding from the YPG Fund to deliver FOLA skills awards to 91 pupils in Midlothian secondary schools in 2021-22, providing qualifications to young people at risk of leaving school with no or few other qualifications. 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.

Report of the Board of Directors *(continued)* **for the year ended 31 July 2022**

6 High Quality and Efficient Learning *(continued)*

The College continues to play a strategic national role in promoting adult learning through extensive collaboration with a wide range of partners to promote inclusion and progression. It is a key member of the Adult Learning Strategic Forum for Scotland and is the awarding body for the Adult Achievement Awards (AAA). These 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 13 accredited centres across Scotland currently delivering around 500 FOLA skills and leadership awards annually. 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.

The College exceeded its core credit target for 2021-22, delivering 973 credits. It delivered an additional 182 credits under the YPG Fund. Recruitment of a new Principal and Chief Executive was concluded in September 2021, with the new post-holder taking office on 1 November 2022. Following the resignation of the Depute Principal in June 2022, a new Depute Principal was recruited and took office on 5 October 2022. A new Strategic Plan was developed during 2022 and will be published by the end of the year. The new 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 Principal risks and uncertainties

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

- Failure to achieve financial sustainability.
- Reduction in SFC core grant.
- Negative implications of shifts in Government or SFC policy including review of post-16 education.
- Failure to achieve student recruitment targets.
- Failure to achieve commercial and other income targets.
- Failure to maintain positive industrial relations.

Report of the Board of Directors *(continued)*
for the year ended 31 July 2022

8 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.

9 Information for and consultation with employees

There are regular consultation meetings with staff. To enhance communication, the Principal meets all staff on a bi-monthly basis and also offers regular updates to staff in three cross-college Quality Days.

10 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. 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.

11 Trade Union Officials

The college recognises all Trade Unions that are party to the National Recognition and Procedure Agreement (NRPA). Discussions are ongoing with EIS-FELA and Unison on establishing Local RPAs with both unions.

12 Professional advisors

<i>External auditors</i>	Henderson Loggie LLP
<i>Bankers</i>	Bank of Scotland
<i>Solicitors (Property)</i>	Shepherd & Wedderburn
<i>Solicitors (Other)</i>	Brodies WS
<i>Internal Auditors</i>	BDO LLP

Report of the Board of Directors *(continued)*
for the year ended 31 July 2022

13 Board of Directors

Brian Lister OBE	Co-opted	Planning & Resources Committee Chairs' Committee Learning & Teaching Committee Remuneration Committee
Dr Richard Dockrell*	Co-opted	Learning & Teaching Committee Chairs' Committee Remuneration Committee
Marian Docherty**	Principal	Audit Committee Planning & Resources Committee Chairs' Committee Learning & Teaching Committee
Stuart Capperauld	Non-academic staff representative	
Duncan Robb***	Co-opted	Learning & Teaching Committee Planning & Resources Committee Chairs' Committee Remuneration Committee
Professor Richard Butt****	Queen Margaret University	Audit Committee
Andy McGoff	Edinburgh Napier University	Audit Committee
Professor Gillian Hogg	Heriot Watt University	Audit Committee Chairs' Committee Remuneration Committee
Marlene Gill	Co-opted	
Tommy Angus	University of Edinburgh	Planning & Resources Committee
Angus Donaldson*****	University of Aberdeen	
Neil Hargraves	Academic Staff Representative	
Dr Dorothy Welch	University of Glasgow	Planning & Resources Committee Chairs' Committee
Peter Smith*****	Co-opted	Audit Committee
Dr Gary Husband	University of Stirling	Planning & Resource Committee
Stuart Moir	University of Edinburgh	Learning & Teaching Committee Planning & Resources Committee
David Hamer	Co-opted	Learning & Teaching Committee
Jan Polley	Co-opted	Audit Committee
Roderick Henry^	Principal	Audit Committee (attendee only) Planning & Resources Committee Chairs' Committee Learning & Teaching Committee
Majella Sweeney^^	Queen Margaret University	Planning & Resources Committee

*Resigned 26/09/2022

**Resigned 01/11/2021

***Resigned 01/04/2022

****Resigned 25/11/2021

*****Resigned 18/11/2021

*****Resigned 20/06/2022

^Joined 01/11/2021

^^Joined 24/02/2022

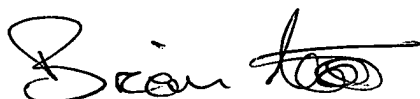
Report of the Board of Directors *(continued)*
for the year ended 31 July 2022

13 Board of Directors *(continued)*

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.

Transactions during the year with non-public bodies in which a member of the Board of Directors has an interest and which in aggregate exceeded £5,000 are noted below:

- None



Brian Lister
Chair, Board of Directors

24/11/2022

Statement of the Board of Directors' responsibilities **for the year ended 31 July 2022**

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Further and Higher Education Sector SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees 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 trustees are aware:


- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees 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.

Auditors

A resolution will be proposed at the Annual General Meeting that Henderson Loggie LLP be appointed as auditors to the charity for the ensuing year.

This report has been prepared in accordance with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education and in accordance with the provisions applicable to companies subject to the small companies' regime of the Companies Act 2006.

Brian Lister
Chair



24/11/2022

Corporate governance statement *for the year ended 31 July 2022*

Introduction

The college is committed to exhibiting best practice in all aspects of corporate governance. The college complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2022.

Board of Directors

The College's Board of Directors meets four times a year and holds one planning session. It has several committees, including a Chairs' Committee, Planning & Resource Committee, Learning & Teaching Committee, Audit Committee, and Remuneration Committee. All of these committees are formally constituted with terms of reference.

The Planning & Resource Committee meets four times a year and recommends to the Board of Directors the college's annual revenue and capital budgets, monitors performance in relation to the approved budgets and recommends to the Board of Directors staff arrangements.

The Audit 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 2021-22 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 Senior Management Team members attend meetings of the Audit Committee, as necessary, they are not members of the committee.

The Chairs' Committee meets five times a year and this is followed by a Remuneration Committee when required.

Corporate strategy

In respect of its strategic and development responsibilities, the Board of Directors receive recommendations and advice from all of 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 Committee's role in this area is confined to a high level review of the arrangements for internal control.

Corporate governance statement *(continued)* for the year ended 31 July 2022

Board's statement of internal control *(continued)*

The Audit 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 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Directors.

Attendance at Board and Committee Meetings

	Board	Learning & Teaching	Planning & Resources	Audit	Chairs
Brian Lister OBE	4/4	4/4	3/3		5/6
Dr Richard Dockrell*	3/4	4/4			5/6
Marian Docherty**	1/1	1/1	1/1		1/1
Stuart Capperault	1/4				
Duncan Robb***	2/3	3/3	3/3		4/4
Professor Richard Butt****	2/2			1/1	
Andy McGoff	3/4			2/3	
Professor Gillian Hogg	4/4			3/3	5/6
Marlene Gill	4/4				
Tommy Angus	2/4		4/4		
Angus Donaldson*****	0/2				
Neil Hargraves	3/4				
Dr Dorothy Welch	4/4		3/4		1/1
Peter Smith*****	3/4			3/3	
Dr Gary Husband	4/4		2/4		
Stuart Moir	3/4	1/4			
David Hamer	4/4	3/4			
Jan Polley	3/4			3/3	
Roderick Henry^	3/3	3/3	3/3	3/3~	5/5
Majella Sweeney	2/2		1/1		

*Resigned 26/09/2022

**Resigned 01/11/2021

***Resigned 01/04/2022

****Resigned 25/11/2021

*****Resigned 18/11/2021

*****Resigned 20/06/2022

^Joined 01/11/2021

^^ Joined 24/02/2022

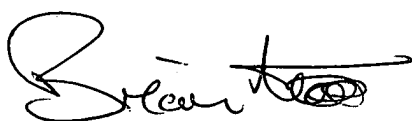
~ The Principal, although a Board member, is not a member of the Audit Committee and is in attendance only.

Corporate governance statement *(continued)*
for the year ended 31 July 2022

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 5 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.

Brian Lister
Chair



24/11/2022

Independent auditors' report to the directors and members of Newbattle Abbey College for the year ended 31 July 2022

Opinion

We have audited the financial statements of Newbattle Abbey College (the 'charitable company') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and the 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 charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

We conducted our audit in accordance with 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 company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work that 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 charitable company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Independent auditors' report to the directors and members of
Newbattle Abbey College** *(continued)*
for the year ended 31 July 2022

**Opinions on other matters prescribed by the Companies Act 2006 and Charities Accounts
(Scotland) Regulations 2006 (as amended)**

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

- the information given in the Report of the Board of Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Scottish Funding Council Accounts Direction requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Statement of Corporate Governance and Internal Control does not comply with Scottish Funding Council requirements; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirements to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of the Board of Directors' Responsibilities, the directors (who are also the trustees of the charitable company for the purposes of charitable law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company'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 directors either intend to liquidate the charitable company 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 as auditor under Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

**Independent auditors' report to the directors and members of
Newbattle Abbey College** *(continued)*
for the year ended 31 July 2022

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the charitable company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charitable company. We determined that the following were most relevant: Health and Safety; employment law (including the Working Time Directive); GDPR; and compliance with company and charity law.
- We considered the incentives and opportunities that exist in the charitable company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the charitable company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations, including GDPR and employment law, and fraud;
- Reviewing available correspondence with regulators including OSCR and the Health & Safety Executive;
- Review of legal fee expenditure and board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

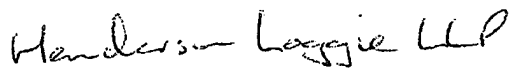
Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

**Independent auditors' report to the directors and members of
Newbattle Abbey College** *(continued)*
for the year ended 31 July 2022

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, 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 members and the charity's directors 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 charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.



Keith Macpherson (Senior Statutory Auditor)
For and on behalf of Henderson Loggie LLP

Chartered Accountants

Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

11-15 Thistle Street

Edinburgh

EH2 1DF

19 DECEMBER 2022

Statement of comprehensive income
for the year ended 31 July 2022

	Notes	Total 2022 £	Total 2021 £
Income			
Funding body grants	2	2,461,945	1,295,646
Tuition fees and education contracts	3	139,752	125,865
Other grants and contracts	4	256,100	334,622
Other income	5	447,481	367,125
Investment income	6	6,013	6
Total income		3,311,291	2,123,264
Expenditure			
Staff costs	7	1,359,316	1,293,838
Other operating expenses	8	1,957,608	796,139
Depreciation and amortisation		94,495	81,769
Interest and other finance costs		630	2,683
Total expenditure		3,412,049	2,174,429
(Deficit) before other gains and losses		(100,758)	(51,165)
Actuarial gain /(loss) in respect of pension scheme	16	1,684,000	757,000
Total comprehensive income for the year		1,583,242	705,835
Represented by:			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		1,583,242	705,835
		1,583,242	705,835

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.

College statement of changes in reserves
for the year ended 31 July 2022

	Restricted reserve £	Unrestricted reserve £	Total Reserves £
Balance at 31 July 2020	-	(118,169)	(118,169)
(Deficit) from the Statement of Comprehensive Income	-	(51,165)	(51,165)
Other comprehensive income	-	757,000	757,000
Transfer between reserves	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2021	-	587,666	587,666
	<hr/>	<hr/>	<hr/>
(Deficit) from the Statement of Comprehensive Income	-	(100,758)	(100,758)
Other comprehensive income	-	1,684,000	1,684,000
Transfer between reserves	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2022	-	2,170,908	2,170,908
	<hr/>	<hr/>	<hr/>

Balance sheet as at 31 July 2022

	Note	2022 £	2022 £	2021 £	2021 £
Non current assets					
Tangible fixed assets	9		1,280,832		1,241,751
Intangible asset	10		1,955		2,210
Current assets					
Stocks	11	4,557		2,920	
Trade and other receivables	12	197,550		101,174	
Cash and cash equivalents		329,624		1,361,473	
		531,731		1,465,567	
Creditors: Amounts falling due within one year	13	(714,402)		(1,791,334)	
Net current assets/(liabilities)			(182,671)		(325,767)
Total assets less current liabilities			1,100,116		918,194
Creditors: Amounts falling due after more than one year	14		(886,208)		(792,528)
Pension (deficit)/asset	16		1,957,000		462,000
Total net assets/(liabilities)			2,170,908		587,666
Unrestricted Reserves					
Income and expenditure account			2,170,908		587,666
Total reserves	15		2,170,908		587,666

The financial statements were approved by the Board of Directors on 14 November 2022 and signed on its behalf by:

Brian Lister
Chair



Roderick Henry
Principal



Cash flow statement
for the year ended 31 July 2022

	2022 £	2022 £	2021 £	2021 £
Cash flow from operating activities				
(Deficit) for the year		(100,758)		(51,165)
Adjustment for non-cash items				
Depreciation		94,240		81,514
Amortisation		255		255
Decrease/(increase) in stocks		(1,637)		(133)
Decrease/(increase) in debtors		(96,376)		28,523
Increase/(decrease) in creditors		(968,839)		898,660
Decrease in pension asset		(1,495,000)		(587,000)
Actuarial movement on pension scheme		1,684,000		757,000
Adjustment for investing or financing activities				
Investment income		(13)		(6)
Interest payable		630		683
Net cash inflow/(outflow) from operating activities		(883,498)		1,128,331
Cash flows from investing activities				
Investment income	13		6	
Purchase of fixed assets	(133,321)		(71,803)	
		(133,308)		(71,797)
Cash flows from financing activities				
Repayment of amounts borrowed		(10,000)		(10,000)
Capital element of finance lease rental payments		(4,413)		(4,412)
Interest paid		-		(54)
Interest element of finance lease rental payments		(630)		(630)
(Decrease)/increase in cash and cash equivalents in the year		(1,031,849)		1,041,438
Cash and cash equivalents at the beginning of the year		1,361,473		320,035
Cash and cash equivalents at the end of the year		329,624		1,361,473
Relating to:				
Cash at bank and in hand		329,624		1,361,473

Notes

for the year ended 31 July 2022

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 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 not only the impact of the Covid-19 pandemic but also 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.

Notes *(continued)*
for the year ended 31 July 2022

1. Statement of accounting policies and estimation techniques *(continued)*

Recognition of income *(continued)*

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.

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.

Notes *(continued)*
for the year ended 31 July 2022

1. Statement of accounting policies and estimation techniques *(continued)*

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.

Subsequent expenditure on existing fixed assets

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

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 1/3% 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.

Notes *(continued)*
for the year ended 31 July 2022

1. Statement of accounting policies and estimation techniques *(continued)*

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 (continued)
for the year ended 31 July 2022

1. Statement of accounting policies and estimation techniques (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

	2022	2021
	£	£
Recurrent grant		
Scottish Funding Council	2,388,292	1,235,612
Specific grants		
Learner Support Income	8,000	8,030
Release of government capital grants	65,653	52,004
	<hr/>	<hr/>
	2,461,945	1,295,646
	<hr/>	<hr/>

There was an increase in Scottish Funding Council Grants, due to deferred Capital Grant income from previous years being released as work delayed by the Pandemic was carried out. This income will be expected to reduce in 2022-23.

Notes (continued)
for the year ended 31 July 2022

3 Tuition fees and education contracts

	2022	2021
	£	£
Further education	139,752	125,865

4 Other grants and contracts

	2022	2021
	£	£
Gaelic Development	-	2,400
Project income	2,489	7,800
MDC SW CPO project	-	13,333
GLAIF income	4,038	42,960
SEC Rural Skills School project		
Forest College	18,780	12,462
Literally at Newbattle	875	-
Trustee project income	81,839	175,000
Residency Project	6,540	10,960
Other Income	688	(40)
Furlough Grant	4,031	69,747
CBAL	19,935	-
Flexible Workforce Development Fund	15,000	-
Young Persons Guarantee	101,885	-
	256,100	334,622

5 Other income

	2022	2021
	£	£
Board and accommodation	23,565	29,381
Catering income	7,689	2,928
Rental income	198,389	203,153
Other income	129,189	131,663
Insurance proceeds	88,649	-
Total	447,481	367,125

6 Investment income

	2022	2021
	£	£
Other investment income	13	6
Net return on pension liability (Note 15)	6,000	-
	6,013	6

Notes *(continued)*
for the year ended 31 July 2022

7 Staff costs

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

	2022 No	2021 No
Learning & Teaching	16	16
Administration & other	17	15
Adult Achievement Awards	-	-
Forest College	3	2
Facilities	3	3
Housekeeping	4	4
Catering	6	7
	<hr/>	<hr/>
	49	47

Staff costs for the above persons

	2022 £	2021 £
Wages and salaries	939,271	896,432
Social security costs	78,001	72,485
Other pension costs	147,044	156,921
Pension cost (note 16)	195,000	168,000
	<hr/>	<hr/>
	1,359,316	1,293,838

Analysed:

	2022 £	2021 £
Learning & Teaching	335,220	328,040
Administration & other	454,546	450,680
Adult Achievement Awards	-	-
Forest College	78,985	54,464
Facilities	99,609	100,996
Housekeeping	67,627	69,259
Catering	128,329	122,399
Pension cost (note 16)	195,000	168,000
	<hr/>	<hr/>
	1,359,316	1,293,838

Notes (continued)
for the year ended 31 July 2022

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, Accounting Officer and other higher paid staff

	2022 No	2021 No
The number of key management personnel was	5	4

Overlaps in tenure during changes in senior personnel account for the higher number in each year above.

Key management personnel compensation is made up as follows:

	2022 £	2021 £
Salaries	185,211	178,896
Employer's National Insurance	39,234	20,896
Employer's pension contributions	37,686	38,520
Total key management personnel compensation	262,132	238,308

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	
	2022 No	2021 No
£60,001 to £70,000 p.a.	-	-
£70,001 to £80,000 p.a.	-	1

Senior Post-holder's emoluments

	2022 £	2021 £
Principal – salary – gross	79,658	71,883
Employer's pension contributions	18,321	16,533
	97,979	88,416

Notes (continued)
for the year ended 31 July 2022

7 Staff costs (continued)

The salary and Employer's pension contributions include the changes in the post 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

	2022	2021
	£	£
Teaching costs	16,799	10,570
Residences and catering	52,298	38,913
Premises costs	1,427,440	510,240
Administration and central services	461,071	236,416
	<u>1,957,608</u>	<u>796,139</u>
Other operating expenses include:		
	2022	2021
	£	£
Auditors' remuneration – external audit	10,716	12,594
Internal audit	5,478	-
	<u>16,194</u>	<u>12,594</u>

There was a significant increase under Premises Costs due to deferred Capital Expenditure from previous years as a result of the pandemic. This expenditure will be expected to reduce in 2022-23.

Notes (continued)
for the year ended 31 July 2022

9 Tangible fixed assets

	Improvements to property £	Plant and machinery £	Computers £	Donated Assets £	Total £
Cost or valuation					
At 1 August 2021	1,798,322	119,403	213,997	12,220	2,143,942
Additions	19,573	-	113,748	-	133,321
Disposals	-	-	-	-	-
At 31 July 2022	1,817,895	119,403	327,745	12,220	2,277,263
Depreciation					
At 1 August 2021	617,883	62,202	209,886	12,220	902,191
Charge for year	72,256	7,888	14,097	-	94,240
Disposals	-	-	-	-	-
At 31 July 2022	690,139	70,089	223,983	12,220	996,431
Net book value					
At 31 July 2022	1,127,757	49,313	103,762	-	1,280,832
At 31 July 2021	1,180,439	57,201	4,111	-	1,241,751

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 2021	2,550
Additions	-
Disposals	-
At 31 July 2022	2,550
Amortisation	
At 1 August 2021	340
Charge for year	255
At 31 July 2022	595
Net book value	
At 31 July 2022	1,955
At 31 July 2021	2,210

Notes *(continued)*
for the year ended 31 July 2022

11 Stocks

	2022	2021
	£	£
Stocks (fuel, stationery and foodstuffs)	4,557	2,920

12 Debtors: amounts falling due within one year

	2022	2021
	£	£
Amounts falling due within one year:		
Trade receivables	124,056	33,002
Prepayments and accrued income	70,746	60,619
Sundry debtors	2,748	467
VAT	-	7,086
	197,550	101,174

13 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade payables	86,526	76,203
Accruals	69,632	47,769
Other taxation and social security	29,628	20,774
Sundry creditors	94,569	82,476
Deferred income	307,043	31,172
Deferred income- Government capital grants	116,792	1,518,528
Newbattle Abbey College Trust	2,832	10,000
HP creditor	3,677	4,413
VAT	3,704	-
Bank overdraft	-	-
	714,402	1,791,334

Notes (continued)
for the year ended 31 July 2022

14 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Newbattle Abbey College Trust – Loan	-	2,832
Deferred income- Government capital grants	886,208	786,019
HP creditor	-	3,677
	<u>886,208</u>	<u>792,528</u>

Analysis of maturity of loan:

	2022 £	2021 £
Amounts falling due:		
Within one year	2,832	10,000
In one to two years	-	2,832
In two to five years	-	-
	<u>2,832</u>	<u>12,832</u>

15 Reserves

	1 August 2021	Income	Expenditure	Actuarial losses	Transfers	31 July 2022
	£	£	£	£	£	£
Restricted reserves	-	-	-	-	-	-
Residency Project	-	-	-	-	-	-
Income and Expenditure account	587,666	3,311,291	(3,412,049)	1,684,000	-	2,170,908
Total reserves	<u>587,666</u>	<u>3,311,291</u>	<u>(3,412,049)</u>	<u>1,684,000</u>	<u>-</u>	<u>2,170,908</u>

The restriction on the Residency Project was released on completion of the Project which related to capital expenditure. The transfer represents the release of this restriction.

Notes (continued)
for the year ended 31 July 2022

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 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:

	2022 £000	2021 £000
Contributions to STSS	82	79
Contributions to LPF	65	78
	<hr/>	<hr/>
	147	157
	<hr/>	<hr/>

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

	STSS	LPF
2021/2022		
1 August 2021 – 31 March 2022	23.0%	13.9%
1 April 2022 – 31 July 2022	23.0%	13.9%
2020/2021		
1 August 2020 – 31 March 2021	23.0%	18.9%
1 April 2021 – 31 July 2021	23.0%	13.9%
	<hr/>	<hr/>

Notes (continued)
for the year ended 31 July 2022

16 Pension commitments (continued)

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 2022 was £93,000 (2021 - £105,000) of which employer's contributions totalled £65,000 (2021 £78,000) and employees' contributions totalled £28,000 (2021 - £27,000). The agreed contribution rates for future years are 13.9% to 31 March 2023 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 2022 by a qualified independent actuary:

	2022 % p.a.	2021 % p.a.
Inflation/Pension increase rate	2.75	2.85
Salary increase rate	3.25	3.35
Discount rate	3.5	1.6

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	Females
Current pensioners	20.3 years	23.1 years
Future pensioners	21.6 years	25.0 years

The net pension asset was:

	2022 £000	2021 £000
Estimated employer assets	5,069	4,656
Present value of scheme liabilities	(3,112)	(4,194)
Net pension asset	1,957	462

Notes (continued)
for the year ended 31 July 2022

16 Pension commitments (continued)

Reconciliation of fair value of scheme assets:

	2022	2021
	£000	£000
Opening fair value of scheme assets	4,656	3,974
Expected return on assets	74	52
Contributions by members	28	27
Contributions by employer	68	81
Actuarial gains/(losses)	364	622
Estimated benefits paid	(121)	(100)
	<hr/>	<hr/>
	5,069	4,656

Reconciliation of defined benefit obligation:

	2022	2021
	£000	£000
Opening defined benefit obligation	4,194	4,099
Current service cost	263	249
Interest cost	68	54
Contributions by members	28	27
Actuarial losses/(gains)	(1,320)	(135)
Estimated benefits paid	(121)	(100)
	<hr/>	<hr/>
	3,112	4,194

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

	2022	2021
	£000	£000
Scheme assets	5,069	4,656
Defined benefit obligations	(3,112)	(4,194)
	<hr/>	<hr/>
(Deficit)/Surplus	1,957	462
	<hr/>	<hr/>
Experience adjustments on scheme assets	364	622
	<hr/>	<hr/>
Experience adjustments on scheme liabilities	1,320	135
	<hr/>	<hr/>

Notes *(continued)*
for the year ended 31 July 2022

16 Pension commitments *(continued)*

Analysis of the amount charged to staff costs (Note 7):

	2022 £000	2021 £000
Current service costs	263	249
Past service cost	-	-
	<hr/>	<hr/>
Total operating charge	263	249
Less: Contributions paid	(68)	(81)
	<hr/>	<hr/>
Current service cost provision	195	168

Amount charged to operating costs (Note 6):

	2022 £000	2021 £000
Expected return on employer assets	74	52
Interest on pension scheme liabilities	(68)	(54)
	<hr/>	<hr/>
Net cost of financing and assets	6	(2)
	<hr/>	<hr/>

Analysis of the amount recognised in the Statement of Comprehensive Income

	2022 £000	2021 £000
Changes in value of scheme assets: Actuarial (losses)/gains	364	622
Changes in defined benefit obligations: Actuarial (losses)	1,320	135
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in Statement of Comprehensive Income	1,684	757

Movement in surplus during the year:

	2022 £000	2021 £000
Surplus/(deficit) at beginning of year	462	(125)
Movement in year:		
Current service cost	(263)	(249)
Past service cost	-	-
Employer contributions	68	81
Net return on financing and assets	6	(2)
Actuarial gains	1,684	757
	<hr/>	<hr/>
Surplus at end of year	1,957	462
	<hr/>	<hr/>

The estimated employer's contributions for the year to 31 July 2023 are £65,000.

Notes (continued)
for the year ended 31 July 2022

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 (2021 - £Nil).

The total expenses paid to or on behalf of the directors during the year was £858; 3 governors (2021: £445; 1 governor). 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 £2,832 (2021 - £12,832). During the year, payments of £10,000 were made towards the loan balance (2021 - £10,000). Additionally, £6,839 was received from The Newbattle Abbey College trust towards clear-up of fallen trees (2021: £10,960 for upgrades to residencies).

During the year £45,309 (2021: £98,669) of tuition fees were received from Queen Margaret University, with £nil due at year end (2021: £nil). Professor Richard Butt, a Trustee of the College, is Deputy Principal of the University.

18 Operating leases

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

	2022 £	2021 £
Less than one year	1,985	1,985
In two to five years	1,323	3,308
Total	<u>3,308</u>	<u>5,292</u>

19 Rental income from operating leases

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

	2022 £	2021 £
Less than one year	<u>18,162</u>	<u>17,035</u>

Notes (continued)
for the year ended 31 July 2022

20 Bursaries and other student support funds

	Year ended 31 July 2022				Year ended 31 July 2021
	FE Bursary £	EMAs £	Other £	Total £	Total £
Balance brought forward	61,963	-	1,876	63,839	3,201
Allocation received in year	297,771	1890	28,125	327,786	355,933
Expenditure	(223,200)	(1890)	(30,001)	(255,091)	(293,693)
Repaid to Funding body as clawback	(61,938)	-		(61,938)	(1,602)
College contribution to funds					-
Virements					-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward	74,596			74,596	63,839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Represented by:					
Repayable to Funding body as clawback	72,696			72,696	63,839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Retained by College for students	1,900	-	-	1,900	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

21 Post balance sheet events

There have been no post balance sheet events requiring disclosure.

22 Contingent liability

There are no known contingent liabilities and consequently no financial provision has been made in these financial statements.

23 Capital and financial commitments

There were no known commitments at the year-end.