

**NEWBURY COLLEGE**

**Report and Financial Statements  
For the Year Ended 31 July 2014**

**Contents**

|  |         |
|--|---------|
| Operating and Financial Review   | 3 - 8   |
| Statement of Corporate Governance and Internal Control                           | 9 - 12  |
| Statement of Responsibilities of the Members of the Corporation                  | 13      |
| Independent Auditors' Report to the Board of Governors of Newbury College        | 14      |
| Independent Auditors' Report on Regularity to the Corporation of Newbury College | 15      |
| Income and Expenditure Account   | 16      |
| Statement of Historical Cost Surpluses and Deficits                              | 17      |
| Statement of Total Recognised Gains and Losses                                   | 17      |
| Balance Sheet as at 31 July 2014   | 18      |
| Cash Flow Statement  | 19      |
| Notes to the Accounts  | 20 - 38 |

**Operating and Financial Review  
for the period 1 August 2013 to 31 July 2014**

**NATURE, OBJECTIVES AND STRATEGIES**

The Members present their report and the audited financial statements for the year ended 31 July 2014.

**Legal status**

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Newbury College. The College is an exempt charity for the purposes of the Charities Act 2011.

**Mission**

The College's mission, as approved by its Members, is:

"To be a Centre of Excellence for Learning, Business and Vocational Skills."

**Vision**

The College's vision, as approved by its members, is:

"Outstanding Learning Which Inspires Learners to Make a Positive Difference to Their Community".

**Implementation of strategic plan**

The College's strategic objectives for the year 2013/14 were:

- Continue to improve retention, achievement and success rates to above national averages in all areas and well above in four curriculum areas.
- Be an outstanding College in terms of Quality.
- Grow new business as well as core business through new income streams. Through enhancing the core business, meet the training needs of individuals, communities and business in West Berkshire and beyond, gaining a strong and respectful reputation for high quality.
- Put in place a robust strategy to ensure our reputation is enhanced, the College is promoted well and that this leads to growth.
- Capitalize on our unique relationship with TVBLEP in meeting LEP priorities and growth.
- Maintain strong financial status through sound financial control to maximize the available public funding and full cost income generation. This includes realisation of capital from campus developments. We will also continue to develop the business, buildings and campus in line with the long-term financial strategy.
- Ensure that learner safety, as well as success, is at the heart of all we do through implementing safeguarding standards.
- Provide robust risk management which is used to manage the business.

**Financial objectives**

The College's financial strategy is to ensure an effective utilisation of funding to enable the College to meet its strategies and objectives on a continuing basis. To maintain the financial viability necessary to be able to respond to business opportunities and challenges, the College will:

- Achieve an annual operating surplus.
- Ensure surpluses grow each year, and no deficits occur.
- Keep under control the main fixed costs of the College – the building (PFI) and staffing. PFI and FM services and control of staffing costs provide the greatest challenges to the financial strategy.
- Improve financial position through new business income and through the sale of land on the main Monks Lane site.
- Increase income from full cost and employer funded work.
- To match the college course portfolio to SFA funding priorities to maximise SFA income.
- Develop an investment strategy to maximise the value of our cash reserves.
- Monitor results against the College's three year financial plan.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

### **Performance indicators**

The College had three key quarterly performance indicators during 2013/14:

- Success rates
- Learner destinations
- Satisfaction survey

The College is committed to observing the importance of the measures and indicators and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency/Education Funding Agency ("EFA"). The current rating of Good is considered an acceptable outcome.

## **FINANCIAL POSITION**

### **Financial Results**

The College generated an operating surplus in the year of £22,000 (2012/13 - surplus of £3,000).

In September 2002 the College building was opened and the Unitary Charges commenced. As the PFI arrangement was determined in accordance with Financial Reporting Standards as requiring assets to be shown on the Balance Sheet and depreciated, there is an additional depreciation charge of £236,000 included in the charge to the Income and Expenditure Account. The Unitary Charge to the Income and Expenditure Account for the provision of the buildings and associated facilities management amounted to £1,160,000, of which £239,000 was interest and £921,000 was for facilities management.

After accounting for pension liabilities (FRS 17), the College has accumulated reserves of £1,025,000, a designated reserve balance of £1,595,000, a revaluation reserve balance of £684,000 and cash balances of £2,086,000. The College wishes to continue to accumulate reserves and cash balances in order to create a fund.

The College has significant reliance on the EFA and SFA for its principal funding source, largely from recurrent grants. In 2013/14 the funding bodies provided 85% of the College's total income.

### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the LSC and subsequently transferred to the SFA/EFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

**Cash flows**

A positive cashflow of £279k (2012/13 £(852)k), reflects an underlying cash surplus for the year.

**Liquidity**

The size of the College's total borrowing and its approach to interest rate has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

**CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE****Student numbers**

In 2013/14 the College has delivered activity that has produced £5,673,000 in SFA/EFA main allocation funding (2012/13 £5,088k). The College had approximately 4,750 funded and 300 non-funded students.

**Student achievements**

The College annually publishes its student achievements in the Annual Report.

**Curriculum developments**

The full time curriculum is reviewed regularly with the intention of introducing more flexibility in terms of access to the curriculum for learners throughout the year. One outcome of this is a variety of access and enrolment opportunities throughout the year for full-time and part-time learners. Overall learner numbers have remained stable, including 16-18 numbers.

**Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2013 to 31 July 2014, the College estimates it paid 89% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

**Post-balance sheet events**

There have been no significant post balance sheet events.

A long standing dispute over VAT on the PFI was settled in 2011, with London and Regional Properties accepting the ruling of no VAT on the unitary charge except for catering services.

**Planned maintenance programme**

Through PFI, the College has an annual maintenance plan devised by MITIE FM and monitored by the College.

## RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main college site and £2.9 million held in current assets.

### *Financial*

The College has £1.4 million of net current assets (current assets less current liabilities), fixed assets totalling £14.3 million and long term debt of £4.5 million which relates to the PFI contract.

### *People*

The College employs 112 people (expressed as full time equivalents), of whom 51 are teaching staff.

### *Reputation*

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College success in attracting students and maintaining external relationships. The College achieved an inspection grading of "good" in 2009.

## PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Audit Committee undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Audit Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### 1. Government funding

The College has considerable reliance on continued government funding through the SFA, EFA and HEFCE. In 2013/14, 85% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding,

- The demand led funding system which applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed.
- The government is reviewing its priorities for the adult skills sector to ensure the UK competes in the global economy.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the SFA, EFA and other funding bodies.

2. Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50% in 2013/14. In line with the majority of other colleges, Newbury College increased tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees are increased. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change, including monitoring of local competition.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

**TAXATION**

The College's activities do not fall to be charged to corporation tax.

**STAKEHOLDER RELATIONSHIPS**

In line with other colleges and with universities, Newbury College has many stakeholders. These include:

- Learners;
- Staff;
- Funding Councils;
- Universities;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/Local Enterprise Partnership;
- The local community and other community organisations;
- other FE institutions and schools;
- Trade unions and professional bodies.

The College recognises the importance of these relationships and engages in regular communication with these stakeholders through the College Internet site and by meetings.

**Staff and student involvement**

The College considers good communications with its staff to be very important and to this end publishes a regular newsletter which is available to all staff. There are also regular presentations to all staff on key issues. The Principal regularly writes to all staff to provide updates on developments and holds staff meetings and presentations on a regular basis. The College encourages staff and student involvement through membership of formal committees, including elected representation at full Corporation meetings and Committees and the Student Council. The College has a learner involvement policy and action plan which is reviewed at CMT. The College has the IIP Bronze Award.

**Equal opportunities and employment of disabled persons**

Newbury College is committed to providing equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site.

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that employment within the College continues. The College's policy is to provide training, career development and opportunities which are, as far as possible, identical to those for other employees.

The College has an Equality Impact plan, which is reviewed regularly by a committee set up for this purpose.

### **Disability statement**

The College seeks to achieve the objectives set down in the Disability Discrimination Act 2005 (as amended by the Special Education Needs and Disability Act 2001 and 2005).

Learner Services staff are available to help with applications and give any other assistance in order for individuals to start their course.

The following support is provided where possible:

- Help in the classroom (one-to-one & tutorial support)
- Personal care needs
- Specialist equipment
- Help getting around the college

Learner Services can also provide links to counselling, welfare advice and chaplaincy services as required.

### **Disclosure of information to auditors**

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

### **Professional advisors**

*Financial Statements and Regularity Auditors*  
MHA MacIntyre Hudson

*Internal Auditors*  
Mazars

*Bankers*  
Lloyds

*Solicitors*  
Thomas Eggar, Newbury  
Bevan Brittan, Bristol

Approved by order of the members of the Corporation on 15<sup>th</sup> December 2014 and signed on its behalf by:

Chair.....

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code") issued by the FRC in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2014.

The Corporation

The Members who served on the Corporation during the year and up to the date of signature of this report were as listed below.

| Member          | Position                 | Date Joined   | Date Left | Attended<br>** |
|-----------------|--------------------------|---------------|-----------|----------------|
| Mr N Carter     | Chair of the Corporation | March 2009    |           | 11:13 85%      |
| Mr A Allen      | External                 | March 1997    |           | 4:6 67%        |
| Dr. A Murdoch   | Principal                | June 2001     |           | 13:13 100%     |
| Mrs S Wood      | External                 | January 2004  |           | 13:16 81%      |
| Mrs F Hawkins   | External                 | July 2011     |           | 4:9 45%        |
| Mrs J West      | Staff                    | July 2012     |           | 5:8 63%        |
| Mr G Knappett   | External                 | June 2009     |           | 9:12 75%       |
| Mr J Hopson     | External                 | December 2008 |           | 6:9 67%        |
| Mr S Fenton     | External                 | July 2010     | July 2014 | 6:10 60%       |
| Mr P Gale       | External                 | July 2010     |           | 7:8 88%        |
| Mr T Rossiter   | External                 | March 2012    |           | 9:11 82%       |
| Mr J Bellmont   | Staff                    | July 2010     |           | 9:13 69%       |
| Mr R Hunt       | External                 | December 2009 |           | 11:12 92%      |
| Mr M Munyanyiwa | Student                  | December 2012 | July 2014 | 0:8 0%         |
| Mr M Farwell    | External                 | January 2014  |           | 9:9 100%       |
| Mr A Middleton  | External                 | January 2014  |           | 5:6 83%        |
| Mrs S Hordern   | External                 | August 2014   |           | N/A            |
| Vacancy         | Student                  | N/A           |           | 0:0 0%         |

There are 17 Board Members.

There is currently one vacancy (Student Member) on the Corporation. It is anticipated that this vacancy will be filled at the December 2014 meeting of the Corporation.

Mr Simon Burrell is Clerk to the Corporation.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Remuneration, Governance & Search, Audit, Development and Teaching and Quality. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Newbury College  
Monks Lane, Newbury, Berkshire, RG14 7TD

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Principal are separate.

#### Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years and may be re-appointed a maximum of three times.

#### Remuneration committee

Throughout the year ended 31 July 2014, the College's remuneration committee comprised three members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of senior post holders remuneration for the year ended 31 July 2014 are set out in note 6 to the financial statements.

#### Audit committee

The audit committee comprises six members of the Corporation (excluding the Principal and Chair). The committee operates in accordance with written terms of reference approved by the Corporation.

The audit committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the committee for independent discussion, without the presence of College management. The committee also receives and considers reports from the main funding bodies as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the audit committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work. It reports on an annual basis to the Corporation.

Internal Control*Scope of responsibility*

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Newbury College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

*The purpose of the system of internal control*

The system of internal control is designed to manage risk at a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newbury College for the year ended 31 July 2014 and up to date of approval of the annual report and accounts.

*Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2014 and up to date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

*The risk and control framework*

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

Newbury College has an internal audit service, which operates in accordance with the requirements of the SFA's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. As a minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

*Review of effectiveness*

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

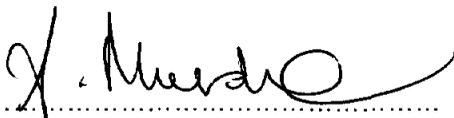
The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit, which include recommendations for improvement. The audit committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2014 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2014 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2014.

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 15<sup>th</sup> December 2014 and signed on its behalf by:

Signed.....



Signed.....



## Newbury College

## Financial Statements for the Year Ended 31 July 2014

**Statement of Responsibilities of the Members of the Corporation**

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency/Education Funding Agency and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the SFA/EFA are used only in accordance with the Financial Memorandum with the SFA/EFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the SFA/EFA are not put at risk.

Approved by order of the members of the Corporation on the 15<sup>th</sup> December 2014 and signed on its behalf by:

Signed.....

  
Chairman

**Independent Auditors' Report to the Corporation of Newbury College**

We have audited the financial statements of Newbury College for the year ended 31 July 2014 set out on pages 16 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditors' 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of the Members of the Corporation of Newbury College and Auditors**

As explained more fully in the Statement of Corporation's responsibilities set out on page 13, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Member's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2014 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

**Opinion on other matters prescribed by the revised joint Audit Code of practice (Part 1) issued jointly by the Skills Funding Agency and the EFA and the Audit Code of Practice issued by the learning and Skills Council**

In our opinion

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

*MHA MacIntyre Hudson*

**MHA MacIntyre Hudson**  
Chartered Accountants  
Registered Auditors

Date 18-12-14

**Independent Auditor's Report on Regularity to the Corporation of Newbury College and the Chief Executive of Skills Funding**

This report is produced in accordance with the terms of our engagement letter for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are regular as defined by and in accordance with the Financial Memorandum with the Chief Executive of Skills Funding, in accordance with the authorities that govern them.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

Our review has been undertaken so that we might state to the Corporation of Newbury College and the Chief Executive of Skills Funding those matters we are required to state to them in a report and for no other purpose. This report is made solely to the Corporation of Newbury College and the Chief Executive of Skills Funding in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Newbury College and the Chief Executive of Skills Funding, for our review work, for this report, or for the opinion we have formed.

**Responsibilities of the Corporation of Newbury College**

The Corporation of Newbury College is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2014 are regular.

The Corporation of Newbury College is also responsible, under the requirements of the Accounts Direction 2013/14 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity, Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any material, irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the College's financial memorandum. It further confirms that any instances of material irregularity, impropriety or funding non-compliance discovered in the year to 31 July 2014 have been notified to the Skills Funding Agency.

**Auditor's responsibilities**

Our responsibility is to express a reasonable assurance opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are in all material respects regular, based on the procedures that we have performed and the evidence we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our engagement letter. The International Standards on Auditing (UK and Ireland) and Joint Audit Code of Practice require that we plan and perform this engagement to obtain reasonable assurance in respect of the Assertion that the transactions underlying the financial statements are in all material respects regular.

**Basis of opinion**

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

**Opinion**

In our opinion the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

MHA MacIntyre Hudson

**MHA MacIntyre Hudson**  
Chartered Accountants  
Registered Auditors

Date 18-12-14

**Newbury College**  
**Income and Expenditure Account**

|   | Notes     | 2014<br>£'000 | 2013<br>£'000 |
|---|-----------|---------------|---------------|
| <b>INCOME</b>   |           |               |               |
| Funding body grants   | 2         | 6,633         | 6,267         |
| Tuition fees and education contracts  | 3         | 1,013         | 1,081         |
| Other income  |           | 189           | 290           |
| Endowment and investment income   | 4         | 13            | 62            |
| <b>Total income</b>   |           | <b>7,848</b>  | <b>7,700</b>  |
| <b>EXPENDITURE</b>  |           |               |               |
| Staff costs   | 5         | 4,752         | 4,731         |
| Exceptional restructuring costs   | 5         | 19            | 69            |
| Other operating expenses  | 7         | 2,276         | 2,099         |
| Depreciation  | 11        | 439           | 449           |
| Interest and other finance costs  | 8         | 340           | 349           |
| <b>Total expenditure</b>  |           | <b>7,826</b>  | <b>7,697</b>  |
| <b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax</b>                     |           |               |               |
|   |           | <b>22</b>     | <b>3</b>      |
| Surplus on disposal of assets   | 11        | -             | -             |
| <b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation, exceptional items and disposal of assets but before tax</b> |           |               |               |
|   |           | <b>22</b>     | <b>3</b>      |
| Taxation  | 9         | -             | -             |
| <b>Surplus on continuing operations after depreciation of assets at valuation and tax</b>   |           |               |               |
|   | <b>10</b> | <b>22</b>     | <b>3</b>      |
| Surplus for the year transferred from accumulated income in endowment funds   |           | -             | -             |
| <b>Surplus for the year retained within general reserves</b>  |           |               |               |
|   |           | <b>22</b>     | <b>3</b>      |

The income and expenditure account is in respect of continuing activities

**Newbury College**  
**Statement of Historical Cost Surpluses and Deficits**

|  | Notes | 2014<br>£'000 | 2013<br>£'000 |
|--|-------|---------------|---------------|
| Surplus on continuing operations before taxation   |       | 22            | 3             |
| Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount |       | -             | -             |
| Realisation of property revaluation gains of previous years  |       | -             | -             |
|  |       | <hr/>         | <hr/>         |
| <b>Historical cost surplus for the year before taxation</b>  |       | <u>22</u>     | <u>3</u>      |
| <b>Historical cost surplus for the year after taxation</b>   |       | <u>22</u>     | <u>3</u>      |

**Statement of Total Recognised Gains and Losses**

|  | Notes | 2014<br>£'000 | 2013<br>£'000 |
|--|-------|---------------|---------------|
| Surplus on continuing operations after depreciation of assets at valuation and tax |       | 22            | 3             |
| Actuarial (loss)/gain in respect of pension scheme                                 | 25    | (405)         | 344           |
|  |       | <hr/>         | <hr/>         |
| <b>Total recognised (losses)/gains since last report</b>                           |       | <u>(383)</u>  | <u>347</u>    |
| <b>Reconciliation</b>  |       |               |               |
| Opening reserves and endowments  |       | 3,687         | 3,340         |
| Total recognised (losses)/gains for the year                                       |       | (383)         | 347           |
|  |       | <hr/>         | <hr/>         |
| <b>Closing reserves and endowments</b>   |       | <u>3,304</u>  | <u>3,687</u>  |

**Newbury College**  
**Balance sheet as at 31 July**

|   | Notes | 2014<br>£'000  | 2013<br>£'000  |
|---|-------|----------------|----------------|
| <b>Fixed assets</b>   |       |                |                |
| Tangible assets   | 11    | 14,282         | 14,516         |
| Investments   |       | -              | -              |
| <b>Total fixed assets</b>   |       | <u>14,282</u>  | <u>14,516</u>  |
| <b>Current assets</b>   |       |                |                |
| Debtors   | 12    | 789            | 351            |
| Cash at bank and in hand  |       | 2,086          | 2,460          |
| <b>Total current assets</b>   |       | <u>2,875</u>   | <u>2,811</u>   |
| <b>Less: Creditors – amounts falling due within one year</b>          | 13    | <u>(1,481)</u> | <u>(1,452)</u> |
| <b>Net current assets</b>   |       | <u>1,394</u>   | <u>1,359</u>   |
| <b>Total assets less current liabilities</b>                          |       | <b>15,676</b>  | <b>15,875</b>  |
| <b>Less: Creditors – amounts falling due after more than one year</b> | 14    | 4,480          | 4,724          |
| <b>Less: Provisions for liabilities</b>                               |       | -              | -              |
| <b>Net assets excluding pension (liability)/asset</b>                 |       | <u>11,196</u>  | <u>11,151</u>  |
| <b>Net pension (liability)/asset</b>                                  | 25    | <u>(3,357)</u> | <u>(2,797)</u> |
| <b>NET ASSETS INCLUDING PENSION ASSET/(LIABILITY)</b>                 |       | <u>7,839</u>   | <u>8,354</u>   |
| <b>Deferred capital grants</b>  | 16    | <u>4,535</u>   | <u>4,667</u>   |
| <b>Reserves</b>   |       |                |                |
| Income and expenditure account excluding pension reserve              | 19    | 4,382          | 3,638          |
| Pension reserve   | 25    | (3,357)        | (2,797)        |
| Income and expenditure account including pension reserve              | 19    | 1,025          | 841            |
| Revaluation reserve   | 17    | 684            | 855            |
| Designated Reserve  | 18    | 1,595          | 1,991          |
| <b>Total reserves</b>   |       | <u>3,304</u>   | <u>3,687</u>   |
| <b>TOTAL FUNDS</b>  |       | <u>7,839</u>   | <u>8,354</u>   |

The financial statements on pages 16 to 38 were approved by the Corporation on 15th December 2014 and were signed on its behalf on that date by:

  
 Mr N Carter  
 Chair

  
 Dr A Murdoch  
 Principal

**Newbury College**  
**Cash Flow Statement**

|  | Notes     | 2014<br>£'000         | 2013<br>£'000         |
|--|-----------|-----------------------|-----------------------|
| Cash inflow from operating activities                                  | 20        | 279                   | (852)                 |
| Returns on investments and servicing of finance                        | 21        | (226)                 | (197)                 |
| Taxation   | 9         | -                     | -                     |
| Capital expenditure and financial investment                           | 22        | (205)                 | (520)                 |
| Financing  | 23        | (222)                 | (46)                  |
|  |           | <hr/>                 | <hr/>                 |
| <b>Increase / (decrease) in cash in the year</b>                       | <b>24</b> | <b><u>(374)</u></b>   | <b><u>(1,615)</u></b> |
| <b>Reconciliation of net cash flow to movement in net funds/(debt)</b> |           |                       |                       |
| Increase/(decrease) in cash in the period                              |           | (374)                 | (1,615)               |
| Cash outflow from decrease in lease financing                          | 24        | <u>222</u>            | <u>46</u>             |
| Movement in net funds in the period                                    |           | (152)                 | (1,569)               |
| Net funds at 1 August  |           | (2,486)               | (917)                 |
|  |           | <hr/>                 | <hr/>                 |
| <b>Net funds at 31 July</b>  |           | <b><u>(2,638)</u></b> | <b><u>(2,486)</u></b> |

## **1. Statement of 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 (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the SFA/EFA in the 2013/14 Account Direction Handbook.

### **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

### **Recognition of Income**

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account process with the funding body at the end of November following the year end, and the results of any funding. The final grant income is normally determined with the conclusion of the year end reconciliation audits. 16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-Recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors e.g. National Health Service.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

### **Post-retirement benefits**

Retirement benefits to employees of the College are provided by the Local Government Pension scheme (LGPS) and The Teachers' Pension Scheme (TPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the TPS 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 quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS 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 TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

## 1. Statement of Accounting Policies (Cont)

### Post-retirement benefits (Cont)

The assets of the LGPS are measured using closing market rates. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus.

The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

### Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

### Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

### Tangible Fixed Assets

#### a. Land and Buildings

The new College building and furniture and equipment within the building have been financed by a PFI arrangement. The building will be depreciated over its expected useful life of 50 years and the furniture and equipment over 8 years. Some of this has now been revised to a 10 year useful life.

Professional fees in over the expected useful economic life of the building of 50 years. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated respect of the new College building are treated as a tangible fixed asset and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of these assets.

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

#### b. Equipment

Single items of equipment costing less than £500 are written off to the income and expenditure account in the year of acquisition. All other individual items of equipment, and equipment that is naturally grouped together costing in excess of £500, are capitalised at cost.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

**1. Statement of Accounting Policies (Cont)**

**Tangible Fixed Assets (cont)**

**b. Equipment (cont)**

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

|                                  |            |
|----------------------------------|------------|
| Computer equipment               | - 3 years  |
| Computer cabling                 | - 6 years  |
| Furniture, fixtures and fittings | - 8 years  |
| Motor vehicles                   | -5 years   |
| General equipment                | - 10 years |

**Leased Assets**

Assets held under finance leases (including PFI), which are leases where substantially all the risks and rewards of ownership of the asset have passed to the college, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**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 Chapter 3 part 11 Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of 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.

**Liquid Resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

**Provisions**

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.

**Learner Support Fund**

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 account and are shown separately in note 28, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Funds applications and payments.



**Newbury College**  
**Notes to the Accounts (continued)**

**5 Staff costs**

The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:

|  | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
|  | <b>No.</b>   | <b>No.</b>   |
| Teaching staff   | 51           | 63           |
| Non teaching staff   | 61           | 58           |
|  | <u>112</u>   | <u>121</u>   |
| <b>Staff costs for the above persons</b>                                     |              |              |
|  | <b>2014</b>  | <b>2013</b>  |
|  | <b>£'000</b> | <b>£'000</b> |
| Wages and salaries   | 3,790        | 3,611        |
| Social security costs  | 217          | 228          |
| Other pension costs (including FRS 17 adjustments of £54,000 - 2013 £97,000) | 495          | 530          |
|  | <u>4,502</u> | <u>4,369</u> |
| <b>Payroll sub total</b>   |              |              |
| Contracted out staffing services   | 250          | 362          |
|  | <u>4,752</u> | <u>4,731</u> |
| Exceptional restructuring costs  | 19           | 69           |
|  | <u>4,771</u> | <u>4,800</u> |

The number of senior post-holders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

|                     | <b>Senior post-holders</b> |             | <b>Other staff</b> |             |
|---------------------|----------------------------|-------------|--------------------|-------------|
|                     | <b>2014</b>                | <b>2013</b> | <b>2014</b>        | <b>2013</b> |
|                     | <b>No.</b>                 | <b>No.</b>  | <b>No.</b>         | <b>No.</b>  |
| £60,001 to £70,000  | 0                          | 0           | 1                  | 1           |
| £70,001 to £80,000  | 0                          | 0           | 0                  | 0           |
| £80,001 to £90,000  | 1                          | 1           | 0                  | 0           |
| £90,001 to £100,000 | 0                          | 0           | 0                  | 0           |
| £100,001 +          | 1                          | 1           | 0                  | 0           |
|                     | <u>2</u>                   | <u>2</u>    | <u>1</u>           | <u>1</u>    |

**Newbury College**  
**Notes to the Accounts (continued)**

**6 Senior post-holders' emoluments**

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

|  | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|
|  | <b>No.</b>  | <b>No.</b>  |
| The number of senior post-holders including the Principal was: | 2           | 3           |
|  | <u>2</u>    | <u>3</u>    |

Senior post-holders' emoluments are made up as follows:

|                       | <b>2014</b>       | <b>2013</b>       |
|-----------------------|-------------------|-------------------|
|                       | <b>£'000</b>      | <b>£'000</b>      |
| Salaries              | 185               | 185               |
| Benefits in kind      | 0                 | 0                 |
| Pension contributions | <u>28</u>         | <u>28</u>         |
| Total emoluments      | <u><b>213</b></u> | <u><b>213</b></u> |

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

|                       | <b>2014</b>      | <b>2013</b>      |
|-----------------------|------------------|------------------|
|                       | <b>£'000</b>     | <b>£'000</b>     |
| Salaries              | 105              | 105              |
| Benefits in kind      | <u>0</u>         | <u>0</u>         |
|                       | <u>105</u>       | <u>105</u>       |
| Pension contributions | <u><u>16</u></u> | <u><u>15</u></u> |

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

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

**Newbury College**  
**Notes to the Accounts (continued)**

**7 Other operating expenses**

|                    | 2014<br>£'000 | 2013<br>£'000 |
|--------------------|---------------|---------------|
| Teaching costs     | 379           | 386           |
| Non teaching costs | 1,583         | 1,413         |
| Premises costs     | 314           | 300           |
| <b>Total</b>       | <b>2,276</b>  | <b>2,099</b>  |

**Other operating expenses include:**

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| Auditors' remuneration:                                      |               |               |
| Financial statements audit                                   | 21            | 19            |
| Internal audit   | 18            | 18            |
| Other services provided by the financial statements auditors | 14            | 9             |
| Other services provided by the internal auditors             | 0             | 0             |
| Legal Fees   | 0             | 25            |
| Hire of plant and machinery – operating leases               | 41            | 34            |
| Hire of other assets – operating leases                      | 8             | 11            |

**8 Interest payable**

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| On bank loans, overdrafts and other loans:         |               |               |
| Repayable within five years, not by instalments    | -             | -             |
| Repayable within five years, by instalments        | -             | -             |
| Repayable wholly or partly in more than five years | -             | -             |
|  | -             | -             |
| On finance leases                                  | 239           | 259           |
| Pension finance costs (note 25)                    | 101           | 90            |
| <b>Total</b>                                       | <b>340</b>    | <b>349</b>    |

**9 Taxation**

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| United Kingdom corporation tax at 20 per cent | -             | -             |
| <b>Total</b>                                  | <b>-</b>      | <b>-</b>      |

**Newbury College**  
**Notes to the Accounts (continued)**

**10 Surplus on continuing operations for the period**

The surplus on continuing operations for the year is made up as follows:

|                                  | 2014<br>£'000 | 2013<br>£'000 |
|----------------------------------|---------------|---------------|
| College's surplus for the period | 22            | 3             |
| <b>Total</b>                     | <b>22</b>     | <b>3</b>      |

**11 Tangible fixed assets**

|                                       | Land<br>£'000 | Buildings & Professional<br>Fees<br>£'000 | Equipment<br>£'000 | Total<br>£'000 |
|---------------------------------------|---------------|---|--------------------|----------------|
| <b>Cost or valuation</b>              |               |   |                    |                |
| At 1 August 2013                      | 197           | 16,957                                    | 3,035              | 20,189         |
| Additions                             | -             | 121                                       | 84                 | 205            |
| <b>At 31 July 2014</b>                | <b>197</b>    | <b>17,078</b>                             | <b>3,119</b>       | <b>20,394</b>  |
| <b>Depreciation</b>                   |               |   |                    |                |
| At 1 August 2013                      | -             | 3,283                                     | 2,390              | 5,673          |
| Charge for the year                   | -             | 298                                       | 141                | 439            |
| <b>At 31 July 2014</b>                | <b>-</b>      | <b>3,581</b>                              | <b>2,531</b>       | <b>6,112</b>   |
| <b>Net book value at 31 July 2014</b> | <b>197</b>    | <b>13,497</b>                             | <b>588</b>         | <b>14,282</b>  |
| Net book value at 31 July 2013        | 197           | 13,674                                    | 645                | 14,516         |

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

The net book value of equipment includes an amount of £4,480,000 (2012/13 £4,724,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £236,000 (2012/13 £236,000).

**Newbury College**  
**Notes to the Accounts (continued)**

**12 Debtors**

|                                      | College<br>2014<br>£'000 | College<br>2013<br>£'000 |
|--------------------------------------|--------------------------|--------------------------|
| Amounts falling due within one year: |                          |                          |
| Trade debtors                        | 341                      | 140                      |
| Other debtors                        | 294                      | 125                      |
| Prepayments and accrued income       | 154                      | 86                       |
| <b>Total</b>                         | <b><u>789</u></b>        | <b><u>351</u></b>        |

**13 Creditors: amounts falling due within one year**

|                                    | College<br>2014<br>£'000 | College<br>2013<br>£'000 |
|------------------------------------|--------------------------|--------------------------|
| Obligations under finance leases   | 244                      | 222                      |
| Payments received in advance       | 14                       | 14                       |
| Trade creditors                    | 246                      | 44                       |
| Other taxation and social security | 91                       | 98                       |
| Accruals                           | 886                      | 1,025                    |
| Amounts owed to the Funding Bodies | -                        | 49                       |
| <b>Total</b>                       | <b><u>1,481</u></b>      | <b><u>1,452</u></b>      |

**14 Creditors: amounts falling due after one year**

|                                  | College<br>2014<br>£'000 | College<br>2013<br>£'000 |
|----------------------------------|--------------------------|--------------------------|
| Obligations under finance leases | 4,480                    | 4,724                    |
| <b>Total</b>                     | <b><u>4,480</u></b>      | <b><u>4,724</u></b>      |

**15 Borrowings**

**Finance leases**

The net finance lease obligations to which the institution is committed

|                            | College<br>2014<br>£'000 | College<br>2013<br>£'000 |
|----------------------------|--------------------------|--------------------------|
| In one year or less        | 244                      | 222                      |
| Between two and five years | 1,252                    | 1,138                    |
| In five years or more      | 3,228                    | 3,586                    |
| <b>Total</b>               | <b><u>4,724</u></b>      | <b><u>4,946</u></b>      |

Finance lease obligations are secured on the assets to which they relate.

**Newbury College**  
**Notes to the Accounts (continued)**

**16 Deferred capital grants**

|  | <b>Funding<br/>body<br/>grants<br/>£'000</b> | <b>Other<br/>grants<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--|-----------------------------------|------------------------|
| At 1 August 2013                           | 4,241  | 426                               | 4,667                  |
| Cash received                              | -  | -                                 | -                      |
| Released to income and expenditure account | (112)  | (20)                              | (132)                  |
| <b>At 31 July 2014</b>                     | <b><u>4,129</u></b>                          | <b><u>406</u></b>                 | <b><u>4,535</u></b>    |

The deferred funding body grant was set aside out of proceeds of the sale of the Oxford Road site to be used against future campus development projects on the Monks Lane site.

**17 Revaluation reserve**

|  | <b>College<br/>2014<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|--|-----------------------------------|-----------------------------------|
| At 1 August 2013                                     | 855                               | 855                               |
| Transfer from revaluation reserve to general reserve | (171)                             | -                                 |
| <b>At 31 July 2014</b>                               | <b><u>684</u></b>                 | <b><u>855</u></b>                 |

**18 Designated reserve**

|  | <b>College<br/>2014<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|--|-----------------------------------|-----------------------------------|
| At 1 August 2013   | 1,991                             | 1,991                             |
| Transfer from designated reserve to general reserve in respect of: |                                   |                                   |
| Release to general reserve   | (396)                             | -                                 |
| <b>At 31 July 2014</b>   | <b><u>1,595</u></b>               | <b><u>1,991</u></b>               |

**Newbury College**  
**Notes to the Accounts (continued)**

**19 Movement on general reserves**

|  | <b>College</b>      | <b>College</b>    |
|--|---------------------|-------------------|
|  | <b>2014</b>         | <b>2013</b>       |
|  | <b>£'000</b>        | <b>£'000</b>      |
| <b>Income and expenditure account reserve</b>                    |                     |                   |
| At 1 August 2013   | 841                 | 494               |
| Surplus retained for the year                                    | 22                  | 3                 |
| Transfer from Revaluation Reserve                                | 396                 | -                 |
| Transfer from Designated Reserve                                 | 171                 | -                 |
| Actuarial (loss)/gain in respect of pension scheme               | (405)               | 344               |
| <b>At 31 July 2014</b>   | <b><u>1,025</u></b> | <b><u>841</u></b> |
| Balance represented by:  |                     |                   |
| Pension reserve  | (3,357)             | (2,797)           |
| Income and expenditure account reserve excluding pension reserve | 4,382               | 3,638             |
| <b>At 31 July 2014</b>   | <b><u>1,025</u></b> | <b><u>841</u></b> |

**20 Reconciliation of consolidated operating Surplus to net cash inflow from operating activities**

|   | <b>2014</b>       | <b>2013</b>         |
|---|-------------------|---------------------|
|   | <b>£'000</b>      | <b>£'000</b>        |
| Surplus on continuing operations after depreciation of assets     | 22                | 3                   |
| Depreciation (notes 1 and 10)                                     | 439               | 449                 |
| Deferred capital grants released to income (note 16)              | (132)             | (132)               |
| (Loss)/profit on disposal of tangible fixed assets                | -                 | -                   |
| Interest payable (note 8)   | 340               | 349                 |
| Interest receivable (note 4)                                      | (13)              | (62)                |
| FRS 17 pension cost less contributions payable (notes 4,8 and 25) | 54                | 97                  |
| (Increase) in debtors   | (438)             | (193)               |
| Increase/(decrease) in creditors                                  | 7                 | (1,363)             |
| <b>Net cash inflow from operating activities</b>                  | <b><u>279</u></b> | <b><u>(852)</u></b> |

**21 Returns on investments and servicing of finance**

|  | <b>2014</b>         | <b>2013</b>         |
|--|---------------------|---------------------|
|  | <b>£'000</b>        | <b>£'000</b>        |
| Other interest received  | 13                  | 62                  |
| Interest element of finance lease rental payment                   | (239)               | (259)               |
| <b>Net cash inflow from returns on investment and servicing of</b> | <b><u>(226)</u></b> | <b><u>(197)</u></b> |

**Newbury College**  
**Notes to the Accounts (continued)**

**22 Capital expenditure and financial investment**

|   | 2014<br>£'000       | 2013<br>£'000       |
|---|---------------------|---------------------|
| Purchase of tangible fixed assets   | (205)               | (520)               |
| Sales of tangible fixed assets  | -                   | -                   |
| <b>Net cash outflow from capital expenditure and financial investment</b> | <b><u>(205)</u></b> | <b><u>(520)</u></b> |

**23 Financing**

|  | 2014<br>£'000       | 2013<br>£'000      |
|--|---------------------|--------------------|
| Debt due beyond a year:                          |                     |                    |
| Deferred Capital Grants Received                 | -                   | 176                |
| Repayment of amounts borrowed                    | -                   | -                  |
| Capital element of finance lease rental payments | (245)               | (222)              |
| <b>Net cash inflow/(outflow) from financing</b>  | <b><u>(245)</u></b> | <b><u>(46)</u></b> |

**24 Analysis of changes in net funds**

|                           | At 1<br>August<br>2013<br>£'000 | Cash<br>flows<br>£'000 | Other<br>changes<br>£'000 | At 31<br>July 2014<br>£'000 |
|---------------------------|---------------------------------|------------------------|---------------------------|-----------------------------|
| Cash in hand, and at bank | 2,460                           | (374)                  | -                         | 2,086                       |
|                           | <u>2,460</u>                    | <u>(374)</u>           | <u>-</u>                  | <u>2,086</u>                |
| Finance leases            | (4,946)                         | 222                    | -                         | (4,724)                     |
| Current asset investments | -                               | -                      | -                         | -                           |
| <b>Total</b>              | <b><u>(2,486)</u></b>           | <b><u>(152)</u></b>    | <b><u>-</u></b>           | <b><u>(2,638)</u></b>       |

## Newbury College

### Notes to the Accounts (continued)

#### 25 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The Royal Borough of Windsor. Both are defined-benefit schemes.

| <b>Total pension cost for the year</b>                                  | <b>2014<br/>£'000</b> | <b>2013<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Teachers Pension Scheme: contributions paid                             | 198                   | 219                   |
| Local Government Pension Scheme:  |                       |                       |
| Contributions paid  | 243                   | 214                   |
| FRS 17 charge   | 54                    | 97                    |
| Charge to the Income and Expenditure Account (staff costs)              | 297                   | 311                   |
| Enhanced pension charge to Income and Expenditure Account (staff costs) | -                     | -                     |
| <b>Total Pension Cost for Year</b>                                      | <b>495</b>            | <b>530</b>            |

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2010.

Contributions amounting to £16,703 (2013: £17,651) were payable to the scheme and are included in creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### The Teachers' Pension Budgeting and Valuation

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

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

## **Newbury College**

### **Notes to the Accounts (continued)**

#### **25 Pension and similar obligations**

##### **Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

##### **Scheme Changes**

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

The pension costs paid to TPS in the year amounted to £198,433 (2013: £218,874).

**Newbury College**  
**Notes to the Accounts (continued)**

**25 Pension and similar obligations (continued)**

**FRS 17**

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by West Berkshire Local Authority . The total contribution made for the year ended 31 July 2014 was £333,000, of which employer's contributions totalled £243,000 and employees' contributions totalled £90,000. The agreed contribution rates for future years are 17.3 per cent for employers and range from 5.5% to 7.5% for employees.

**FRS 17**

| <b>Principal Actuarial Assumptions</b>               | <b>At 31 July<br/>2014</b> | <b>At 31 July<br/>2013</b> |
|--|----------------------------|----------------------------|
| Rate of increase in salaries                         | 2.45%                      | 4.55%                      |
| Rate of increase for pensions in payment / inflation | 2.45%                      | 2.60%                      |
| Discount rate for scheme liabilities                 | 4.30%                      | 4.80%                      |
| Inflation assumption (CPI)                           | 2.45%                      | 2.60%                      |
| Commutation of pensions to lump sums                 | 50%                        | 50%                        |

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

|                             | <b>At 31 July<br/>2014</b> | <b>At 31 July<br/>2013</b> |
|-----------------------------|----------------------------|----------------------------|
| <i>Retiring today</i>       |                            |                            |
| Males                       | 22.70                      | 23.10                      |
| Females                     | 26.00                      | 25.70                      |
| <i>Retiring in 20 years</i> |                            |                            |
| Males                       | 24.90                      | 25.10                      |
| Females                     | 28.30                      | 27.60                      |

**Newbury College**  
**Notes to the Accounts (continued)**

**25 Pension and similar obligations**

**Local Government Pension Scheme (Continued)**

The college's estimated share of the assets and liabilities in the scheme and the expected rates of return were:

|                                     | Long-term<br>rate of<br>return<br>expected<br>at 31 July | Value at 31<br>July 2014<br><br>£'000 | Long-term<br>rate of<br>return<br>expected<br>at 31 July | Value at 31<br>July 2013<br><br>£'000 |
|-------------------------------------|--|---------------------------------------|--|---------------------------------------|
| Equities                            | 6.80%  | 1,765                                 | 6.80%  | 1,948                                 |
| Gilts                               | 3.40%  | 44                                    | 3.40%  | 46                                    |
| Bonds                               | 4.00%  | 599                                   | 4.30%  | 928                                   |
| Property                            | 5.70%  | 504                                   | 4.90%  | 464                                   |
| Cash                                | 3.20%  | 144                                   | 50.00%   | 46                                    |
| Alternate Assets                    | 5.20%  | 1,104                                 | 5.00%  | 1,206                                 |
| <b>Total market value of assets</b> |  | <b>4,160</b>                          |  | <b>4,638</b>                          |
| Present value of scheme liabilities |  |                                       |  |                                       |
| - Funded                            |  | (7,384)                               |  | (7,271)                               |
| - Unfunded                          |  | (133)                                 |  | (164)                                 |
| Related deferred tax liability      |  | 0                                     |  | 0                                     |
| <b>Deficit in the scheme</b>        |  | <b>(3,357)</b>                        |  | <b>(2,797)</b>                        |

**Analysis of the amount charged to income and expenditure account**

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Employer service cost (net of employee contributions) | 294           | 295           |
| Past service cost                                     | 0             | 0             |
| <b>Total operating charge</b>                         | <b>294</b>    | <b>295</b>    |

**Analysis of pension finance costs**

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| Expected return on pension scheme assets | 260           | 190           |
| Interest on pension liabilities          | (361)         | (280)         |
| <b>Pension finance income costs</b>      | <b>(101)</b>  | <b>(90)</b>   |

**Amount recognised in the statement of total recognised gains and losses (STRGL)**

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Actuarial gains/(losses) on pension scheme assets                                 | (825)         | 188           |
| Change in financial and demographic assumptions underlying the scheme liabilities | 420           | 156           |
| <b>Actuarial gain/(loss) recognised in STRGL</b>                                  | <b>(405)</b>  | <b>344</b>    |

**Newbury College**  
**Notes to the Accounts (continued)**

**25 Pension and similar obligations**

**Local Government Pension Scheme (Continued)**

**Movement in deficit during year**

|   | <b>2014</b>           | <b>2013</b>           |
|---|-----------------------|-----------------------|
|   | <b>£'000</b>          | <b>£'000</b>          |
| Deficit in scheme at 1 August 2013                    | (2,797)               | (2,954)               |
| <b>Movement in year:</b>                              |                       |                       |
| Employer service cost (net of employee contributions) | (294)                 | (295)                 |
| Employer contributions                                | 231                   | 236                   |
| Contribution in respect of unfunded benefits          | 9                     | 9                     |
| Past service cost                                     | -                     | -                     |
| Net interest/return on assets                         | (101)                 | (90)                  |
| Curtailments and settlements                          | -                     | (47)                  |
| Actuarial gain or loss                                | (405)                 | 344                   |
| <b>Deficit in scheme at 31 July 2014</b>              | <b><u>(3,357)</u></b> | <b><u>(2,797)</u></b> |

**Asset and Liability Reconciliation**

|   | <b>2014</b>         | <b>2013</b>         |
|---|---------------------|---------------------|
|   | <b>£'000</b>        | <b>£'000</b>        |
| <b>Reconciliation of Liabilities</b>          |                     |                     |
| <b>Liabilities at start of period</b>         | <b>7,435</b>        | <b>7,060</b>        |
| Service cost                                  | 294                 | 295                 |
| Interest cost                                 | 361                 | 280                 |
| Employee contributions                        | 86                  | 81                  |
| Liabilities assumed in a business combination | -                   | -                   |
| Actuarial (gain)/loss                         | (420)               | (156)               |
| Benefits paid                                 | (230)               | (163)               |
| Curtailments and settlements                  | -                   | 47                  |
| Unfunded Payments                             | (9)                 | (9)                 |
| <b>Liabilities at end of period</b>           | <b><u>7,517</u></b> | <b><u>7,435</u></b> |
| <b>Reconciliation of Assets</b>               |                     |                     |
| <b>Assets at start of period</b>              | <b>4,638</b>        | <b>4,106</b>        |
| Expected return on assets                     | 260                 | 190                 |
| Actuarial gain/(loss)                         | (825)               | 188                 |
| Employer contributions                        | 240                 | 245                 |
| Employee contributions                        | 86                  | 81                  |
| Benefits paid                                 | (239)               | (172)               |
| <b>Assets at end of period</b>                | <b><u>4,160</u></b> | <b><u>4,638</u></b> |

The estimated value of employer contributions for the year ended 31st July 2015 is £244,000.

**Newbury College**  
**Notes to the Accounts (continued)**

**25 Pension and similar obligations**

**Local Government Pension Scheme (Continued)**

**History of experience gains and losses**

|  | 2014  | 2013  | 2012  | 2011  | 2010  |
|--|-------|-------|-------|-------|-------|
| Difference between the expected and actual return on assets: |       |       |       |       |       |
| Amount £'000   | 4160  | 4,638 | 4,106 | 3,956 | 3,667 |
| Experience gains and losses on scheme liabilities:           |       |       |       |       |       |
| Amount £'000   | 7,517 | 7,435 | 7,060 | 5,848 | 5,369 |
| Total amount recognised in STRGL:                            |       |       |       |       |       |
| Amount £'000   | 7,517 | 7,435 | 7,060 | 5,848 | 5,369 |

**26 Financial commitments**

At 31 July the College had annual commitments under non-cancellable operating leases as

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| Land and buildings                           |               |               |
| Expiring within one year                     | 12            | 12            |
| Expiring within two and five years inclusive | 17            | 29            |
| Expiring in over five years                  | -             | -             |
|  | <u>29</u>     | <u>41</u>     |
| Other  |               |               |
| Expiring within one year                     | 6             | 6             |
| Expiring within two and five years inclusive | 12            | 15            |
| Expiring in over five years                  | -             | 3             |
|  | <u>18</u>     | <u>24</u>     |

**27 Related party transactions**

Owing to the nature of the College's operations and the composition of the board of governors 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 governors 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.

**Newbury College**  
**Notes to the Accounts (continued)**

**28 Amounts disbursed as agent**

**Learner support funds**

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| Funding body grants – hardship support               | 173           | 283           |
| Funding body grants – childcare                      | 138           | 23            |
| Funding body grants – residential bursaries          | 22            | 15            |
| Other Funding bodies grants                          | -             | 2             |
| Interest earned                                      | -             | 5             |
|  | <u>333</u>    | <u>328</u>    |
| Disbursed to students                                | (282)         | (260)         |
| Staffing   | (35)          | (38)          |
| Administration costs                                 | (14)          | (7)           |
| Audit fees   | -             | (3)           |
| Amount consolidated in financial statements          | -             | (20)          |
|  | <u>2</u>      | <u>0</u>      |
| Balance unspent as at 31 July, included in creditors | <u>2</u>      | <u>0</u>      |

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.