

Scottish Charity Number: S035294
Company Number: SC262968



NEWBATTLE ABBEY COLLEGE

REPORT and FINANCIAL STATEMENTS

for the year ended 31 July 2025

NEWBATTLE ABBEY COLLEGE

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NEWBATTLE ABBEY COLLEGE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2025

Strategic Report

1 Vision and purpose

Our purpose is three-fold:

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

Our vision is that Newbattle will:

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

2 Statutory background

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

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

3 Financial objectives and review for the period

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

The College's Statement of comprehensive income for the financial period shows a surplus of £89,365 (2023/24: £5,145) and a surplus before pension adjustment of £159,365 (2023/24: surplus of £96,145). Income for the period is £2,665,970 (2023/24: £2,585,330).

Staff costs of £1,381,092 (2023/24: £1,362,566) accounted for 58% (2023/24: 57%) of the total expenditure of £2,394,543 (2023/24: £2,377,123). These figures do not include Middle Management and Support Staff Job Evaluation Costs. Other operating expenses of £900,163 (2023/24: £885,291) accounted for a further 38% (2023/24: 37%) of expenditure.

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

| | 2024/25 £ | 2023/24 £ |
|---|-----------|-----------|
| Surplus/(Deficit) before other gains and losses | 159,365 | 96,145 |
| Add back: | | |
| Middle Management and Support Staff job evaluation cost | 112,062 | 112,062 |
| Pension adjustment — Net service cost | 38,000 | 30,000 |
| Deduct: | | |
| Non-Government capital grants credited to SOCI | - | - |
| Pension adjustment — Net interest income | (108,000) | (121,000) |
| | ----- | ----- |
| Adjusted operating Position | 201,427 | 117,207 |

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4 Reserves and Cash Policy

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

The Board of Directors will ensure that the Total Relevant Reserves of the College must not, at any time, fall below £250k - currently being £665k at 31 July 2025. This excludes £775k provision for middle management and support staff job evaluation costs, which is included in the Balance Sheet provisions, (£110k), but is expected to be met by the Scottish Government.

The Board of Directors will ensure that the College has sufficient funds in all circumstances to meet its liabilities as and when they fall due and with a sufficient margin to meet unexpected expenditure that may arise from time to time. The Board of Directors will ensure that available liquidity must not, at any time, fall below the equivalent of two months' total payroll costs – currently being £238k at July 2025.

5 Background

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

Newbattle Abbey College has a proud track record of meeting the needs of adults and young people at points of transition, helping them change their lives for the better. We receive core funding from the Scottish Funding Council (SFC) as a specialist College in recognition of our unique nature and contribution. Our recurrent teaching grant and capital grant currently amounts to approximately 42% of our total income. The balance of our income is generated through a portfolio of funding and through commercial activities, the income from which is invested back into our curriculum and infrastructure to support our purpose.

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

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

6 Efficient and sustainable

The College continues to be impacted by inflationary pressures, including increasing staff and utilities costs, while the core grant from SFC remains static in cash terms. During 2024-25 the College's financial strategy continued to focus on ensuring financial security through maximising income opportunities.

In the course of the year the College submitted to SFC its business plan for increasing self-generated income in the longer term. The plans also explained the significant loss of self-generated income the College suffered as a consequence of the COVID 19 pandemic. The loss necessitated a £150,000 cash advance from SFC in 2022, due to be repaid at the end of 2024-25. In January 2025 SFC confirmed that the College could retain the £150,000 as a permanent, one-off grant, to ameliorate the loss of income during the pandemic.

The following strategic objectives for Commercial Activity were among the strategic priorities for 2024-25, agreed with the Board:

- Focus on activities with best return on investment and closest alignment to our purpose and vision;
- Invest in our accommodation and quality of service;
- Seek non-recurrent grant funded work that aligns to our purpose and vision.

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Our international business, which is our single largest income stream, remained strong and exceeded our income target of £480k for 2024-25. Other grant funding exceeded target by £26k/42%.

However, we did not realise all the budgeted increases in commercial income planned for 2024-25. We have invested in the skills to develop our income streams, and work has been done to lay a better foundation to achieve further income growth going forward. The return on investment throughout 2025-26 will be closely monitored, and appropriate action taken as required.

We have identified the need for a dedicated, fixed-term post of Education Projects Officer to drive an increase in the uptake of our accredited awards by other centres. As we have been unsuccessful in acquiring strategic support from SFC for this post, we have factored costs for the post in to our budgets up to and including 2026-27, utilising savings made through vacancy management. Again, the impact of the post will be closely monitored.

SFC funded a consultant to review our catering provision, housekeeping operations and events offer in 2024-25. The findings will inform improvements in quality and efficiency of these aspects of our operations.

More detailed option appraisals for our longer-term business model, with regard to commercial income and underpinning services, will be discussed with Board in autumn 2025.

7 High Quality and Efficient Learning

During the period of these financial statements, Newbattle Abbey College has engaged fully with the Scottish Funding Council (SFC) and the Quality Assurance Agency for Higher Education (QAA) under the new Tertiary Enhancement and Assurance Framework for colleges in Scotland.

As part of these new arrangements, the College developed a Self-Evaluation and Action Plan (SEAP), reflecting our strategic priorities and commitment to continuous improvement. We are making good progress against the agreed outcomes. Strengths identified through the SEAP process include high success rates for care-experienced learners and learners with a declared disability.

The SFC core teaching grant supported the following programmes in 2024-25:

- One-year full-time Access to HE (SCQF Level 6)
- One-year full-time National Certificate in Social Science (SCQF Level 6)
- One-year full-time National Certificate in Rural Skills (SCQF Level 4)
- Six-month Preparation for Learning and Work Course (SCQF Level 4)
- Discovering Woodland Learning (SCQF levels 4-6)
- Introduction to Newbattle

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

- One-year full-time HNC Social Sciences Course (SCQF Level 7), an Associate Student Scheme delivered in partnership with Queen Margaret University (QMU)
- Preparation for Next Steps in partnership with the Youth 2000 Project (SCQF levels 3-5)
- Prescribe Nature programmes in partnership with Midlothian Council
- A fast-track Forest and Outdoor Learning Award (FOLA 8) aimed at practising teachers
- Nature's Numbers in collaboration with Multiply

The College continued to build on the in-depth curriculum review carried out in 2023-24, which was driven by our strategic priority to:

- Focus on need and demand

In 2024-25, we successfully trialled a fast-track model for the Forest and Outdoor Learning Award (FOLA) at SCQF Level 8, enabling learners to complete the award over a shorter, more intensive period. This pilot demonstrated high levels of engagement and achievement, with participants then qualified and supported to deliver FOLAs at SCQF levels 2-6 within their own educational contexts.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2025

We also introduced a new Discovering Woodland Learning course, designed to provide a gentle, inclusive introduction to outdoor learning for learners at SCQF Levels 4 to 6. This course supported increased confidence and progression, particularly among learners with additional support needs and provided a supportive method for learners to experience success within the college context prior to starting on more substantial courses in 2025-26.

In addition, a revised course framework was implemented for the Preparation for Learning and Work programme, enhancing the curriculum through better integration with partner activity, and a stronger focus on developing essential and meta-skills.

Alongside these positive developments, we also noted continued shifts in demand across the curriculum. Applications for social sciences declined further in 2024-25, reflecting national trends. At the same time, the needs of our learner population continued to change, with a growing proportion requiring significant support.

As we look ahead to 2025-26 and beyond, the College will combine its successful trials, adaptive design approach, and lessons from 2024-25 to inform the next phase of curriculum planning. Our goal remains to provide high-quality, inclusive learning that reflects current demand, anticipates future needs, and supports both individual learners and wider community and workforce priorities.

8 Environmental Sustainability

Sustainability and net-zero are monitored via the strategic risk register and the Senior Management Team (SMT) has sustainability as a standing agenda item at their monthly formal meetings. The Board of Directors, via the Finance and Resource Committee and the Audit and Risk Committee, closely monitor the College's contribution to combating climate change and its journey towards net-zero. The College submits a Public Bodies Climate Change Duties (PBCCD) Report annually, as per the Climate Change (Scotland) Act 2009.

The shift to net-zero remains challenging due to the nature of the College's historic estate and its classification; ie, outwith the public sector for the purposes of net-zero grant funding. Continued capital and maintenance grant funding, including from SFC, have enabled the College to effect changes and improvements that contributed to improving energy efficiency.

Previous works include: upgrading the boiler heating and hot water systems, installation of thermostatic valves, installation of LED lighting, replaced insulation in main Building and Residences. These works are estimated to have reduced CO2 emission by 40-50% over the last eight years. However, further significant reductions will require significant capital investment.

During a recent lead roof replacement program the College took measures to manage the increased flood risk coming from the increased rain water volumes we are experiencing. To deal with the increased rainfall the College incorporated changes to the rainwater services and collection points to help disperse the additional rainwater to multiple outlets, thereby reducing the risk of further flooding from standing water.

Sustainability is embedded in learning and teaching, in particular through our Rural Skills programme and Forest College activities. We continue to support the work of partners, such as the local voluntary environmental group *River Fly on the Esk*, and host Edinburgh Council's Forest Kindergarten. The College is an active member of the Esk River Improvement Group.

9 Principal risks and uncertainties

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

1. Loss of financial stability.
2. Cyber attack.
3. Failure to maintain relevant and valued provision at sufficient activity levels.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2025

Mitigations:

Risk 1: Loss of financial stability

Three-year financial forecasts, revised annually, approved by Board; Effective annual budget setting; Ongoing review/monitoring of operating costs; Staff vacancies managed by SMT; Dedicated staffing to support increase in self-generated income; Diversification of income and engaging new customers; Strong customer relationship management with key/strategic customers; Monthly monitoring of management accounts and cash flow by SMT; Monthly monitoring of income against targets by SMT; Action taken in response to variances in income or expenditure; Quarterly finance reports to Finance & Resources Committee and to Board.

Risk 2: Cyber attack

IT security and usage policies; Information Security Policy; Network border protection and infrastructure in place with appropriate firewall configuration and a direct denial –of-service (DDOS) protection provided by JISC; Third-party IT provider (Focus Group) provides network and infrastructural support; Staff awareness of risks and cyber trends via IT Officer alerts and emails; Senior management and IT Officer maintain awareness via JISC and professional networks; Specific Cyber Security risk on Strategic Risk Register;

Oversight of IT Security by SMT and IT officer; Audit and Risk Committee and Board oversight via regular review of risk register; Preventive and detective controls, such as firewall alerts and monitoring, and anti-virus in place; Appropriate access restrictions in place within the corporate network to limit access only to authorised individuals; Risk posture of the college appropriately assessed based on the data and students in combination with the size and resources available (internal audit finding); Internal audit of cyber security in 2024.

Risk 3: Failure to maintain relevant and valued provision at sufficient activity levels.

Curriculum reviewed against changing demand as well as level of unit of resource and cost of delivery; Good engagement with key partners re access and progression routes; Marketing plans implemented and monitored; Admissions process monitored and reviewed annually.

10 Employment of disabled person and equality of opportunity

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

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

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

11 Fair Work Practices

Newbattle Abbey College is committed to fair work in line with the principles of the Fair Work Convention and associated Framework. We believe it is our responsibility to offer an effective voice, opportunity, security, fulfilment and respect to our employees.

The College responds to the Five Dimension of Fair Work in the following ways:

Effective Voice

- The College is a signatory to the National Recognition and Procedures Agreement (NRPA) and is working with support staff and lecturer unions to agree Local RPAs.
- College management meet formally and informally with Trade Union representatives, where they are elected, and with full-time Union officials.
- Monthly staff meetings are held at which the Principal, senior management and other staff provide information and updates on operational matters, finances and sector-wide matters impacting the College, and at which all staff take the opportunity to engage in discussion. The Principal provides email updates on these matters throughout the year.
- Minutes of the Senior Management Team's formal meetings are available to all staff.

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- There are staff representatives on all of the College's management committees – Health and Safety, Curriculum and Student Experience, Business Development and Marketing, and Equality, Diversity and Inclusion. Minutes are available to all staff.
- A Staff Reference Group, comprising representatives from across the College, meets regularly with the Principal.
- The latest staff engagement survey was carried out in 2024-25. 71% of staff responded to the survey and a report of the findings was made available to all staff. Actions based on the findings were agreed with staff and progress is monitored via the staff reference group and at staff meetings.
- Operational teams hold regular meetings.
- All staff have an annual review with their line manager.
- There are two elected staff representatives on the Board of Directors.
- All staff are invited to a lunch with the Board of Directors at least once every Academic Year.

Opportunity

- The College promotes and embraces diversity and is committed to ensuring equality of opportunity. We aim to build a staff team that represents a variety of backgrounds, characteristics and perspectives.
- The College analyses its workforce profile annually and collects equality data through its recruitment process to identify any barriers or areas for action.
- A Mainstreaming Equality Report, including an analysis of our staff profile and gender pay gap, is published every four years and progress against the outcomes reported every two years.
- A flexible approach is taken to enable all staff, regardless of life stage, health, disability or caring responsibilities, to maximise their contribution. This includes agreeing flexible start/finish times and working from home where practicable and possible.
- Physical adjustments are made, as far as reasonably possible, to enable staff with distinctive needs to fulfil their roles.

Security

- The College implements increases to the Real Living Wage several months in advance of mandatory deadlines.
- The College does not use 'zero hours contracts' as defined by ACAS, nor do we use 'fire and re-hire' practices.
- As a signatory to the NRPA, pay and conditions are negotiated and determined nationally. The College implements all circulars issued by the National Joint Negotiating Committee (NJNC) joint secretaries.
- All staff have access to advice and guidance from our HR Officer.

Fulfilment

- We aim for all of our staff to feel empowered and fulfilled in their work, and this is explicit in our College values.
- Development needs are identified in discussion with line managers, and through formal annual reviews, and the College responds by providing/arranging training and development accordingly.
- Work goals and objectives are agreed between staff and their line managers.
- As a very small College, we recognise that progression opportunities may be limited, however, we seek to promote/recruit internally whenever possible.
- Lecturing staff are provided the opportunity to undertake a Teaching Qualification in FE in line with their terms and conditions, funded by the College including remission from teaching.

Respect

- Our Dignity and Respect Policy was created with staff consultation and active input. It sets out the College's commitment to fostering a culture where all staff, students, and visitors are treated with dignity and respect.

NEWBATTLE ABBEY COLLEGE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2025

- The Policy supports the College's strategic vision by embedding its core values—Caring, Inclusive, Empowering, Collaborative, and Forward-Thinking—into everyday practice. It reinforces the College's dedication to respect as the foundation for how we work together and make decisions.
- The College values diversity and aims to provide an environment that is inclusive, supportive and free from offensive, threatening, humiliating, or intimidating behaviour.

12 Prompt payment to suppliers

The College endeavours to comply with the CBI Prompt Payment Code of paying its suppliers within 30 days of invoice unless the invoice is contested. Over 98% of such invoices were settled within the 30 day period in 2024-25. All disputes and complaints are handled as quickly as possible.

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

13 Trade Union Officials

The College recognises all Trade Unions that are party to the National Recognition and Procedure Agreement (NRPA). Discussions continue with EIS-FELA and Unison on establishing Local RPAs with both unions. The LRPs will include a formal agreement on facilities time.

The College does not currently have any local support staff union representatives.

The College currently employs nine Lecturers, totalling 4.9 FTE. It provides 3 hours per week teaching remission for the local EIS-FELA union branch representative to undertake their duties. This remission equates to 2.8% of the College's teaching resource and 0.64% of the total staff pay bill (2.8% of the teaching staff pay bill).

14 Professional advisors

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

15 Board of Directors

At the time of writing, the Board of Directors has 14 members (53% male: 47% female). The full Board of Directors met seven times during 2024-25 and held two Board Development sessions. Each of its Committees met regularly. The Committees are: Chairs', Audit & Risk, Learning & Teaching, Finance & Resources, and Remuneration. The responsibilities of a Nominations Committee are fulfilled by the Chairs' Committee as required.

| | | Start Date | End Date |
|-----------------|-----------------------------------|---------------|---------------|
| Gary Husband | Chair | 26 Sept 2019 | 30 March 2028 |
| Aislinn Wood | Independent Member | 21 March 2024 | 20 March 2028 |
| Alyson Tobin | Independent Member | 21 March 2024 | 20 March 2028 |
| Andy McGoff | Independent Member and Vice Chair | 24 Sept 2020 | 24 Sept 2027 |
| Colin Pritchard | Independent Member | 31 March 2023 | 30 March 2027 |
| David Hamer | Independent Member | 25 March 2021 | 15 Feb 2025 |
| Denise McNulty | Teaching Staff Member | 28 Sept 2023 | 23 Aug 2024 |
| Dorothy Welch | Independent Member | 29 Nov 2016 | 24 Nov 2024 |
| George Currie | Support Staff Member | 21 Oct 2024 | 20 Oct 2028 |
| Howell Davies | Independent Member | 1 Oct 2024 | 30 Sept 2028 |

NEWBATTLE ABBEY COLLEGE
DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2025

| | | | |
|-----------------|----------------------------|---------------|-------------------------|
| Iain Reid | Independent Member | 26 Nov 2024 | 26 Nov 2028 |
| Jane Grant | Independent Member | 21 March 2024 | 20 March 2028 |
| Lee Ryan | Student Member | 1 Oct 2024 | 12 June 2025 |
| Margaret McLean | Independent Member and SIM | 31 March 2023 | 30 March 2027 |
| Roddy Henry | Principal | 1 Nov 2021 | Until resigns from post |
| Salima Gumede | Student Member | 1 Oct 2024 | 12 June 2025 |
| Simon Hoult | Independent Member | 15 June 2023 | 26 Sept 2025 |
| Stuart Moir | Independent Member | 25 March 2021 | 25 March 2028 |
| Susanne Schulz | Independent Member | 1 Oct 2024 | 30 Sept 2028 |
| Zoi Zompopolou | Teaching Staff Member | 1 Nov 2024 | 31 Oct 2028 |

16 Board of Directors

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

There were no transactions during the year with non-public bodies in which a member of the Board of Directors has an interest which in aggregate exceeded £5,000 (2024: None)

Dr Gary Husband
Chair, Board of Directors



NEWBATTLE ABBEY COLLEGE

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2025

Introduction

The College is committed to exhibiting best practice in all aspects of corporate governance. The College complies with all the principles of the revised 2022 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2025.

Board of Directors

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

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

The Audit & Risk Committee met three times in 2024-25 to monitor the accounting policies, internal controls and financial reporting. The duties of the Audit & Risk Committee also include keeping under review the scope and costs of external and internal audits and the nature and extent of non-audit services provided by the external auditors.

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

For 2024-25 the College again appointed BDO as the College's Internal Auditors. The College's internal auditors undertake internal audit work on the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to management and the Audit and Risk Committee.

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

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

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

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

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

Corporate strategy

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

NEWBATTLE ABBEY COLLEGE

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2025

Board's statement of internal control

The College's Governing body, the Board of Directors, is responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and no absolute assurance against material misstatement or loss.

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

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

The Board of Directors is of a view that there is an ongoing process for identifying and managing the College's significant risk and that has been in place throughout the year ended 31 July 2025 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

Attendance at Board and Committee Meetings

| | Board (including development sessions) | Learning & Teaching | Finance & Resources | Audit & Risk | Chairs' | Remuneration | |
|-----------------|---|---------------------------|------------------------|-----------------|---------|--------------|-----|
| Gary Husband | 9/9 | | | | 3/4 | | 1/1 |
| Aislinn Wood* | 2/2 | | | 2/2 | | | |
| Alyson Tobin | 9/9 | | 4/4 | | 2/2 | | |
| Andy McGoff | 9/9 | | | 4/4 | 2/4 | | 1/1 |
| Colin Pritchard | 3/9 | | 2/4 | | | | |
| David Hamer | 3/5 | | | 1/2 | | | |
| Denise McNulty | NA | NA | | | | | |
| Dorothy Welch | 2/3 | | 2/2 | | 2/2 | | 1/1 |
| George Currie | 6/8 | | 3/3 | | | | |
| Howell Davies | 8/9 | | 3/3 | | | | |
| Iain Reid | 5/6 | | 2/2 | | | | |
| Jane Grant | 6/9 | 3/4 | | | | | |
| Lee Ryan | 7/8 | 2/3 | | | | | |
| Margaret McLean | 9/9 | | | 4/4 | 4/4 | | 1/1 |
| Roddy Henry | 9/9 | 3/4 | 4/4 | | 3/4 | | |
| Salima Gumede | 5/8 | 3/3 | | | | | |
| Simon Hoult | NA | NA | | | | | |
| Stuart Moir | 6/9 | 4/4 | | | 2/4 | | 0/1 |
| Susanne Schulz | 4/8 | 1/3 | | | | | |
| Zoi Zompopolou | 5/7 | 3/3 | | | | | |

*Maternity Leave for part of year

NEWBATTLE ABBEY COLLEGE
CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2025

Going Concern

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

At year-end 31st July 2025 net assets of the College show a deficit position as a result of the middle management and support staff job evaluation exercise. As stated in note 20 (page 33) it is clear that responsibility for funding the job evaluation exercise now rests with the Scottish Government, therefore not affecting going concern.



Dr Gary Husband
Chair, Board of Directors

NEWBATTLE ABBEY COLLEGE
STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 JULY 2025

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

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

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

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

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

In so far as the Directors are aware:

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



Dr Gary Husband
Chair, Board of Directors

4 December 2025

NEWBATTLE ABBEY COLLEGE
Independent Auditor's Report to the Directors
For the period ended 31 July 2025

Opinion

We have audited the financial statements of Newbattle Abbey College for the year ended 31 July 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2025 and of its incoming resources and application of the resources of the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Respective responsibilities of directors

As explained more fully in the director's responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the college or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the college through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias;
- Performing analytical procedures to identify any unexpected movements which may indicate irregularities and substantiated the explanations given for these movements;
- Reviewing the accounting policies and the application of these policies to ensure compliance with the standard and consistency of application;
- Specific consideration was given to transactions with related parties.

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

Use of our report

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



Jeremy Chittleburgh

**For and on behalf of
CT Audit Limited
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL**

Date: 10 December 2025

NEWBATTLE ABBEY COLLEGE

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 July 2025

| | Notes | 2025 | 2024 |
|--|--------------|------------------|------------------|
| | | £ | £ |
| Income | | | |
| Funding body grants | 2 | 1,419,648 | 1,345,519 |
| Tuition fees and education contracts | 3 | 617,029 | 565,657 |
| Other grants and contracts | 4 | 89,687 | 103,081 |
| Other income | 5 | 427,504 | 447,615 |
| Investment income | 6 | <u>112,102</u> | <u>123,458</u> |
| Total income | | <u>2,665,970</u> | <u>2,585,330</u> |
| Expenditure | | | |
| Staff costs | 7 | 1,493,154 | 1,474,628 |
| Other operating expenses | 8 | 900,163 | 885,291 |
| Depreciation and amortisation | | 113,288 | 129,266 |
| Interest and other finance costs | | - | - |
| Total expenditure | | <u>2,506,605</u> | <u>2,489,185</u> |
| Surplus/(Deficit) before other gains & losses | | 159,365 | 96,145 |
| Actuarial (loss)/gain in respect of pension scheme | 16 | (70,000) | (91,000) |
| Total comprehensive income for the year | | <u>89,365</u> | <u>5,145</u> |

The statement of comprehensive income includes all gains and losses recognised in the year.

All income and expenditure included in the statement derive from continuing activities.

The notes on pages 20 to 33 form part of these financial statements.

NEWBATTLE ABBEY COLLEGE

COLLEGE STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2025

| | Total Unrestricted Reserves |
|--|------------------------------------|
| | £ |
| Balance at 31 July 2023 | (204,509) |
| Surplus from the Statement of Comprehensive Income | 96,145 |
| Other comprehensive income | <u>(91,000)</u> |
| Balance at 31 July 2024 | <u>(199,364)</u> |
| Surplus from the Statement of Comprehensive Income | 159,365 |
| Other comprehensive income | <u>(70,000)</u> |
| Balance at 31 July 2025 | <u>(109,999)</u> |

The notes on pages 20 to 33 form part of these financial statements.

BALANCE SHEET

As at 31 July 2025

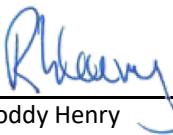
| | Notes | 2025 | 2024 |
|---|-------|--------------------|--------------------|
| | | £ | £ |
| Non-current assets | | | |
| Tangible fixed assets | 9 | 1,024,842 | 1,124,436 |
| Intangible fixed assets | 10 | 9,147 | - |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Stocks | 11 | 4,000 | 4,000 |
| Trade and other receivables | 12 | 129,456 | 130,782 |
| Cash and cash equivalents | | <u>625,017</u> | <u>649,176</u> |
| | | 758,473 | 783,958 |
| Creditors: Amounts falling due within one year | 13 | <u>(549,363)</u> | <u>(814,717)</u> |
| Net current liabilities | | <u>209,110</u> | <u>(30,759)</u> |
| Total net assets | | 1,243,099 | 1,093,677 |
| Creditors: Amounts falling due after one year | 14 | (578,003) | (630,008) |
| Provision for liabilities | 14 | <u>(775,095)</u> | <u>(663,033)</u> |
| | | <u>(1,353,098)</u> | <u>(1,293,041)</u> |
| Pension asset | 16 | <u>-</u> | <u>-</u> |
| Total net assets | | <u>(109,999)</u> | <u>(199,364)</u> |
| Unrestricted Reserves | | | |
| Income and expenditure account | | <u>(109,999)</u> | <u>(199,364)</u> |
| Total Reserves | 15 | <u>(109,999)</u> | <u>(199,364)</u> |

The financial statements were approved by the Board of Directors on 4 December 2025 and signed on its behalf by:



Dr Gary Husband

Chair, Board of Directors



Roddy Henry

Principal and Chief Executive

The notes on pages 20 to 33 form part of these financial statements.

NEWBATTLE ABBEY COLLEGE

CASH FLOW STATEMENT

for the year ended 31 July 2025

| | Notes | 2025 | 2024 |
|--|-------|-----------|-----------|
| | | £ | £ |
| Cash flow from operating activities | | | |
| Surplus/(Deficit) for the year | | 155,263 | 93,687 |
| Adjustment for non-cash items | | | |
| Depreciation | | 112,635 | 129,266 |
| Amortisation | | 653 | - |
| Decrease/(increase) in stocks | | - | - |
| Decrease/(increase) in debtors | | 1,326 | (10,232) |
| (Decrease)/increase in creditors | | (205,297) | 200,713 |
| Loss on disposal of fixed assets | | 3,572 | - |
| Pension cost less contributions payable | | (446,000) | 213,000 |
| Actuarial movement on pension scheme | | 376,000 | (304,000) |
| | | (157,111) | 228,747 |
| Net cash (outflow)/inflow from operating activities | | (1,848) | 322,434 |
| Cash flows from investing activities | | | |
| Investment income | | 4,102 | 2,458 |
| Purchase of fixed assets | | (26,413) | (62,610) |
| | | (22,311) | (60,152) |
| Cash flows from financing activities | | | |
| Repayment of amounts borrowed | | - | - |
| Interest paid | | - | - |
| Interest element of finance lease rental payments | | - | - |
| Increase in cash and cash equivalents in the year | | (24,159) | 262,282 |
| Cash and cash equivalents at the beginning of the year | | 649,176 | 386,894 |
| Cash and cash equivalents at the end of the year | | 625,017 | 649,176 |
| Relating to: | | | |
| Cash at bank and in hand | | 625,017 | 649,176 |

The notes on pages 20 to 33 form part of these financial statements.

NEWBATTLE ABBEY COLLEGE
NOTES to the FINANCIAL STATEMENTS
For the year ended 31 July 2025

1. Accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE/HE SORP) and in accordance with Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

Basis of accounting

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

Going concern

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

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

At year-end 31st July 2025 net assets of the college show a deficit position as a result of the middle management and support staff job evaluation exercise. As stated in note 20 (page 33) it is clear that responsibility for funding the job evaluation exercise now rests with the Scottish Government, therefore not affecting going concern.

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

Recognition of income

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

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

NEWBATTLE ABBEY COLLEGE
NOTES to the FINANCIAL STATEMENTS
For the year ended 31 July 2025

1. Accounting policies (continued)

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

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

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

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

Short term employment benefits

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

Non-current assets - Tangible fixed assets

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

Land and buildings

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

- Improvement to property - 4% straight line.

Intangible Assets

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

- Website costs – 20% straight line

NEWBATTLE ABBEY COLLEGE
NOTES to the FINANCIAL STATEMENTS
For the year ended 31 July 2025

1. Accounting policies (continued)

Equipment

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

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

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

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

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

Donated assets

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Taxation

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

NEWBATTLE ABBEY COLLEGE
NOTES to the FINANCIAL STATEMENTS
For the year ended 31 July 2025

1. Accounting policies (continued)

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

Provisions and contingent liabilities

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

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

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

• **Tangible fixed assets**

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

• **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2024 has been used by the actuary in valuing the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS
for the year ended 31 July 2025

| 2. Funding body grants | 2025 | 2024 |
|--|------------------|------------------|
| | £ | £ |
| Recurrent grant | | |
| Scottish Funding Council | 1,364,917 | 1,285,230 |
| Specific grants | | |
| Educational Maintenance Allowance income | 2,727 | 8,285 |
| Release of government capital grants | 52,004 | 52,004 |
| | 1,419,648 | 1,345,519 |
| 3. Tuition fees and education contracts | | |
| | 2025 | 2024 |
| | £ | £ |
| Further education | 617,029 | 565,657 |
| 4. Other grants and contracts | | |
| | 2025 | 2024 |
| | £ | £ |
| Project income | | |
| Digital Poverty | - | 5,000 |
| Natures Numbers | 5,309 | - |
| Wildlife & Woodland | 34,860 | - |
| QAA Step | 3,400 | |
| Grow | 9,649 | |
| NOLB | 10,619 | |
| Trustee project income | - | 25,000 |
| LEP Grant (Y2k) | - | 30,915 |
| Mental Health & Wellbeing | - | 9,870 |
| Other income | 250 | - |
| Flexible Workforce Development Fund | - | 1,991 |
| Cycling Scotland | - | 8,179 |
| Prescribe Nature Women's Aid | - | 9,326 |
| Prescribe Nature SPF | 25,600 | 12,800 |
| | 89,687 | 103,081 |
| 5. Other income | | |
| | 2025 | 2024 |
| | £ | £ |
| Board and accommodation | 37,232 | 46,655 |
| Catering income | 11,973 | 12,120 |
| Rental income | 198,844 | 204,124 |
| Other income | 179,455 | 184,716 |
| | 427,504 | 447,615 |

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS
for the year ended 31 July 2025

| | 2025 | 2024 |
|---|-----------------------|-----------------------|
| | £ | £ |
| 6. Investment income | | |
| Other investment income | 4,102 | 2,458 |
| Net return on pension liability (note 16) | <u>108,000</u> | <u>121,000</u> |
| | <u><u>112,102</u></u> | <u><u>123,458</u></u> |

7. Staff costs

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

| | 2025 | 2024 |
|--------------------------|------------------|------------------|
| | No. | No. |
| Learning and teaching | 12 | 10 |
| Administration and other | 16 | 13 |
| Facilities | 4 | 4 |
| Housekeeping | 4 | 5 |
| Catering | <u>9</u> | <u>8</u> |
| | <u><u>45</u></u> | <u><u>40</u></u> |

| | 2025 | 2024 |
|---------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Staff costs for the above persons | | |
| Wages and salaries | 1,056,772 | 1,052,643 |
| Social Security costs | 102,617 | 102,553 |
| Other pension costs | 183,703 | 177,370 |
| Provision for job evaluation exercise | 112,062 | 112,062 |
| Pension cost (note 16) | <u>38,000</u> | <u>30,000</u> |
| | <u><u>1,493,154</u></u> | <u><u>1,474,628</u></u> |

Analysed:

| | 2025 | 2024 |
|---------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Learning & teaching | 369,210 | 429,051 |
| Administration and other | 557,040 | 522,021 |
| Facilities | 151,911 | 132,162 |
| Housekeeping | 100,436 | 97,322 |
| Catering | 164,495 | 152,010 |
| Provision for job evaluation exercise | 112,062 | 112,062 |
| Pension cost (note 16) | <u>38,000</u> | <u>30,000</u> |
| | <u><u>1,493,154</u></u> | <u><u>1,474,628</u></u> |

Salary costs for 2023/24 included amounts accrued for the national pay claims, settled in June (support staff) and August (lecturing staff) 2024.

NEWBATTLE ABBEY COLLEGE**NOTES to the FINANCIAL STATEMENTS**
for the year ended 31 July 2025**7. Staff costs (continued)****Key management personnel**

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

Emoluments of Key management personnel

| | 2025 | 2024 |
|--|---------------|---------------|
| | No | No |
| The number of key management personnel was | 3 | 3 |
| Key management personnel compensation is made up as follows: | | |
| Salaries | 200,404 | 194,149 |
| Employers National Insurance | 25,198 | 23,134 |
| Employer's pension contributions | <u>45,163</u> | <u>41,269</u> |
| | 270,765 | 258,552 |

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

| | Key management personnel | |
|----------------------------------|---------------------------------|---------------|
| | 2025 | 2024 |
| | No | No |
| £60,001 to £70,000 p.a. | 1 | 1 |
| £70,001 to £80,000 p.a. | 1 | 1 |
| Senior Post-holder's emoluments | 2025 | 2024 |
| | £ | £ |
| Principal salary gross | 79,875 | 78,375 |
| Employer's pension contributions | <u>20,767</u> | <u>18,980</u> |
| | 100,642 | 97,355 |

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

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

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS
for the year ended 31 July 2025

| | 2025 | 2024 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| 8. Other operating expenses | | |
| Teaching costs | 19,463 | 24,332 |
| Residences and catering | 144,042 | 147,772 |
| Premises costs | 442,869 | 461,764 |
| Administration and central services | 293,789 | 251,423 |
| | 900,163 | 885,291 |

| | 2025 | 2024 |
|----------------------------------|-------------|-------------|
| | £ | £ |
| Other operating expenses include | | |
| Auditors' remuneration: | | |
| External audit | 15,585 | 20,528 |
| Internal audit | 15,789 | 8,471 |

| 9. Tangible fixed assets | Improvements | Plant and | Computers | Donated | Total |
|---------------------------------|---------------------|------------------|------------------|----------------|------------------|
| | to property | machinery | | Assets | |
| Cost or valuation | £ | £ | £ | £ | £ |
| At 1 August 2024 | 1,902,946 | 119,403 | 333,481 | 12,220 | 2,368,050 |
| Additions | 6,875 | 9,738 | - | - | 16,613 |
| Disposals | (4,390) | (38,121) | (187,181) | (12,220) | (241,912) |
| As at 31 July 2025 | 1,905,431 | 91,020 | 146,300 | - | 2,142,751 |
| Depreciation | | | | | |
| At 1 August 2024 | 846,170 | 84,191 | 301,033 | 12,220 | 1,243,614 |
| Depreciation on disposals | (3,528) | (35,831) | (186,761) | (12,220) | (238,340) |
| Charge for the year | 76,304 | 7,331 | 29,000 | - | 112,635 |
| As at 31 July 2025 | 918,946 | 55,691 | 143,272 | - | 1,117,909 |
| Net book value | | | | | |
| At 31 July 2025 | 986,485 | 35,329 | 3,028 | - | 1,024,842 |
| At 31 July 2024 | 1,056,776 | 35,212 | 32,448 | - | 1,124,436 |

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

| 10. Intangible fixed assets | Website | Total |
|------------------------------------|----------------|--------------|
| | £ | £ |
| Cost or valuation | | |
| At 1 August 2024 | - | - |
| Additions | 9,800 | 9,800 |
| As at 31 July 2025 | 9,800 | 9,800 |
| Amortisation | | |
| At 1 August 2024 | - | - |
| Charge for the year | 653 | 653 |
| | 653 | 653 |
| Net book value | | |
| At 31 July 2025 | 9,147 | 9,147 |
| At 31 July 2024 | - | - |

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS
for the year ended 31 July 2025

11. Stocks

| | 2025 | 2024 |
|--|--------------|--------------|
| | £ | £ |
| Stocks (fuel, stationery and foodstuffs) | <u>4,000</u> | <u>4,000</u> |

12. Debtors: amounts falling due within one year

| | 2025 | 2024 |
|--------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Trade receivables | 11,226 | 24,811 |
| Prepayments and accrued income | 116,774 | 105,907 |
| Sundry debtors | <u>1,456</u> | <u>64</u> |
| | <u>129,456</u> | <u>130,782</u> |

13. Creditors: amounts falling due within one year

| | 2025 | 2024 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Trade payables | 54,158 | 64,847 |
| Accruals | 87,499 | 148,362 |
| Other taxation and social security | 51,347 | 91,856 |
| Sundry creditors | 112,472 | 119,355 |
| Deferred income | 133,415 | 261,911 |
| Deferred income - Government capital grants | 107,735 | 138,532 |
| VAT | <u>2,737</u> | <u>(10,146)</u> |
| | <u>549,363</u> | <u>814,717</u> |

14. Creditors: amounts falling due after more than one year

| | 2025 | 2024 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Deferred income - Government capital grants | 578,003 | 630,008 |
| Provision for job evaluation cost | <u>775,095</u> | <u>663,033</u> |
| | <u>1,353,098</u> | <u>1,293,041</u> |

As per guidance from the Scottish Funding Council, a provision has been recognised in respect to the National Bargaining support staff and middle management job evaluation costs.

15. Reserves

| | 1 August | | | | Actuarial | 31 July |
|--------------------------------|------------------|------------------|--------------------|--------------------|------------------|---------|
| | 2024 | | Income | Expenditure | | |
| | £ | £ | £ | £ | | |
| Income and expenditure account | (199,364) | 2,665,970 | (2,506,605) | (70,000) | (109,999) | |
| Total Reserves | (199,364) | 2,665,970 | (2,506,605) | (70,000) | (109,999) | |

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS **for the year ended 31 July 2025**

16. Pension commitments

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the schemes were at 31 March 2024 for LPF and 20 October 2024 for STSS.

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

| | 2025 | 2024 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Contributions to STSS | 110 | 111 |
| Contributions to LTF | 80 | 63 |

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

| 2024/25 | STSS | LPF |
|-------------------------------|-------------|------------|
| 1 August 2024 - 31 March 2025 | 26.00% | 13.90% |
| 1 April 2025 - 31 July 2025 | 26.00% | 13.90% |
| <hr/> | | |
| 2023/24 | STSS | LPF |
| 1 August 2023 - 31 March 2024 | 23.00% | 13.90% |
| 1 April 2024 - 31 July 2024 | 26.00% | 13.90% |

Scottish Teachers' Superannuation Scheme (Teaching Staff)

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

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

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

Local Government Pension Scheme (Administrative Staff)

The Lothian Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2025 was £114,000 (2024: £89,000) of which employer's contributions totalled £80,000 (2024: £63,000) and employees' contributions totalled £34,000 (2024: £26,000). The agreed contribution rates for future years are 13.9% to 31st March 2026 and between 5.5% to 12% for employees.

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS
for the year ended 31 July 2025

16. Pension commitments (continued)

Principal Actuarial assumptions

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

| | 2025 | 2024 |
|---------------------------------|---------------|---------------|
| | % p.a. | % p.a. |
| Inflation/Pension increase rate | 2.80 | 2.75 |
| Salary increase rate | 3.50 | 3.45 |

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

| | Males | Females |
|--------------------|-------------------|-------------------|
| | No. | No. |
| Current pensioners | 20.3 years | 24.8 years |
| Future pensioners | <u>19.9 years</u> | <u>24.4 years</u> |

The net pension asset was

| | 2025 | 2024 |
|-------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Estimated employer assets | 5,606 | 5,343 |
| Present value of scheme liabilities | <u>(2,962)</u> | <u>(3,145)</u> |
| Net pension asset | <u>2,644</u> | <u>2,198</u> |

| | 2025 | 2024 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Opening fair value of scheme assets | 5,343 | 5,168 |
| Expected return on assets | 264 | 261 |
| Contributions by members | 34 | 26 |
| Contributions by employer | 83 | 65 |
| Actuarial gains/(losses) | 17 | (59) |
| Estimated benefits paid | <u>(135)</u> | <u>(118)</u> |
| | <u>5,606</u> | <u>5,343</u> |

Reconciliation of defined benefit obligation:

| | 2025 | 2024 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Opening defined benefit obligation | 3,145 | 2,757 |
| Current service cost | 121 | 95 |
| Interest cost | 156 | 140 |
| Contributions by members | 34 | 26 |
| Actuarial (gains)/losses | <u>(359)</u> | <u>245</u> |
| Estimated benefits paid | <u>(135)</u> | <u>(118)</u> |
| | <u>2,962</u> | <u>3,145</u> |

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS
for the year ended 31 July 2025

16. Pension commitments (continued)

| History of experience gains and losses for the years ended 31 July | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Scheme assets | 5,606 | 5,343 |
| Defined benefit obligations | (2,962) | (3,145) |
| Surplus/(deficit) | 2,644 | 2,198 |
| Experience adjustments on scheme assets | 17 | (59) |
| Experience adjustments on scheme liabilities | 359 | (245) |
| | 2025 £'000 | 2024 £'000 |
| Current service costs | 121 | 95 |
| Past service cost | - | - |
| Total operating charge | 121 | 95 |
| Less: Contributions paid | (83) | (65) |
| Current service cost provision | 38 | 30 |
| Amount charged to operating costs (Note 6): | 2025 £'000 | 2024 £'000 |
| Expected return on employer assets | 264 | 261 |
| Interest on pension scheme liabilities | (156) | (140) |
| | 108 | 121 |
| Analysis of the amount recognised in Statement of Comprehensive Income | 2025 £'000 | 2024 £'000 |
| Changes in value of scheme assets: Actuarial (losses)/gains | 17 | (59) |
| Changes in defined benefit obligations: Actuarial gains/(losses) | 359 | (245) |
| Actuarial gain/(loss) recognised in Statement of Comprehensive Income | 376 | (304) |
| Movement in surplus during the year: | 2025 £'000 | 2024 £'000 |
| Surplus/(deficit) at beginning of year | 2,198 | 2,411 |
| Movement in year: | | |
| Current service cost | (121) | (95) |
| Past service cost | - | - |
| Employer contributions | 83 | 65 |
| Net return on financing and assets | 108 | 121 |
| Actuarial gains | 376 | (304) |
| Surplus at end of year | 2,644 | 2,198 |

The estimated employer's contributions for the year to 31 July 2026 are £80,000

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

NEWBATTLE ABBEY COLLEGE**NOTES to the FINANCIAL STATEMENTS****for the year ended 31 July 2025****17. Related Party transactions**

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

No director has received any remuneration or waived payments from the College during the year (2024: £Nil), except the college principal.

The total expenses paid to or on behalf of the directors during the year was £nil (2024: £9, one director). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending director meetings and events in their official capacity.

During the year £59,411 (2024: £67,212) of tuition fees were received from Queen Margaret University, with £3,601 deferred at year end (2024: £4,201). Moreover, £1,449(2024: £nil) of rental income was received from Cameron McKenna Nabarro Olswang LLP, which is a related party through Margaret McLean.

18. Rental income from operating leases

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

| | 2025 | 2024 |
|--------------------|---------------|---------------|
| | £ | £ |
| less than one year | <u>24,710</u> | <u>22,846</u> |

NEWBATTLE ABBEY COLLEGE

NOTES to the FINANCIAL STATEMENTS

for the year ended 31 July 2025

19. Bursaries and other student support funds

| | FE Bursary | EMAs | Other | 2025 | 2024 |
|--------------------------------------|-------------------|-------------|--------------|---------------|---------------|
| | £ | £ | £ | £ | £ |
| Balance brought forward | 78,735 | - | 4,237 | 82,972 | 23,940 |
| Allocation received in year | 351,256 | 3,720 | 7,856 | 362,832 | 377,381 |
| Expenditure | (254,740) | (3,720) | (4,776) | (263,236) | (270,821) |
| Repaid to Funding body as clawback | (91,193) | - | (1,398) | (92,591) | (47,528) |
| Funded through general reserves | 12,250 | - | (2,839) | 9,411 | - |
| Adjustment to clawback in prior year | | | | | |
| | 96,308 | - | 3,080 | 99,388 | 82,972 |

Represented by:

| | | |
|---------------------------------------|--------|--------|
| Repayable to Funding body as clawback | 99,388 | 82,972 |
| Retained by College for students | - | - |

20. Middle Management and Support Staff Job Evaluation Exercise

The 2023-24 FE Accounts Direction recommended that the costs of the middle management and support staff job evaluation exercise should be treated as a cost in the Accounts each year, with a provision on the Balance Sheet. It is important to note that this is a technical accounting adjustment only. The Scottish Government remains clear that responsibility for job evaluation funding commitments rests with it until the process is complete.