

New College Nottingham Corporation

**Members' report and financial
statements**

for the year ended 31 July 2010

Contents

Operating and Financial Review	1
Statement of Corporate Governance and Internal Control	9
Statement of the responsibilities of the members of the Corporation	15
Independent auditors' report to the Corporation of New College Nottingham	16
Independent regularity report to the Corporation of New College Nottingham and the Skills Funding Agency	18
Income and expenditure account	19
Statement of historical cost surpluses and deficits	20
Statement of total recognised gains and losses	20
Balance sheet	21
Consolidated cash flow statement	22
Reconciliation of net cash flow to movement in net debt	22
Notes to the financial statements	23

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2010.

Legal Status

The New College Nottingham Corporation (**ncn**) was formed under the powers of the 1992 Further and Higher Education Act, through the dissolution of Basford Hall College and the transfer of its assets, rights and liabilities to the formerly named Clarendon College, on 1 August 1998.

The College is an exempt charity for the purposes of the Charities Act 1993 and is not liable to Corporation tax.

During the course of the year the following wholly owned subsidiary companies were wound up:

- New College Nottingham Property Services Limited
- Visions Learning Limited.

At 31 July 2010 both companies were dormant and applications for striking off were pending.

Mission

The College's vision is to be a world class College, transforming the lives of people and communities.

Implementation of Strategic Plan

The College has reviewed and updated its strategic plan for the period 2009-2012. Strategic objectives have been set under four broad headings:

- Quality;
- Human Resources;
- Finance; and
- Curriculum.

This plan includes a range of objectives and support strategies relating to the above. All Finance objectives included in the plan were met in the year to 31st July 2010.

Summary of Financial Performance in 2009-10

The College has returned an operating deficit in 2009/10 of £558k (*2008/09: 80k deficit*). Most significantly, the Income and Expenditure account has been charged with £1,346k relating to the actuarial calculation of the true cost of the Local Government Pension Scheme (LGPS). The College is legally obliged to provide staff with access to this scheme and has no control over many of the factors considered by the actuary.

However, the Skills Funding Agency's (SFA) assessment of colleges' financial performance disregards restructuring, pension finance costs and one-off capital costs and, under this measure, **ncn** made an 'underlying surplus' of £1,053k (*2008/09: £1,673k surplus*). **ncn** is regarded as one of the more financially robust colleges in the sector, with financial health being regarded as 'Good' under the Framework for Excellence.

Nevertheless, the costs associated with the LGPS seem likely to increase and this, together with other financial pressures, means that the College will need to continue to maximise income and seek further efficiencies in its operations in order to return operating surpluses moving forward in an increasingly competitive environment.

Operating and Financial Review *(continued)*

Performance Indicators

The SFA has continued to use the "Framework for Excellence" to monitor colleges' performance. This framework measures colleges in a number of different ways, including financial performance. With reference to financial health, the framework considers liquidity, borrowing and profitability and **ncn** is graded as '2-Good' under this measure. The framework also considers financial control and the College has been assessed as '1-Outstanding' in this regard.

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through its monthly management accounts as well as the completion of the annual Finance Record for the SFA. As benchmarks develop, so the College will be better placed to take appropriate action in the light of the overall performance rating.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College is funded according to the level of activity it generates each year. In 2009-10, the College enrolled 10,661 SFA / YPLA FE funded students.

The College earned over 99% of its funding from the YPLA, and delivered 108% of its adult allocation from the SFA. However, only the original allocation in respect of the latter is payable.

Curriculum developments

The College is currently reviewing its position in terms of any future capital developments to support the curriculum in the light of negligible grant support from the Government for the foreseeable future and the likely impact of the October 2010 Comprehensive Spending Review (CSR). It is clear that the Government will be reducing its funding to the FE sector and colleges must become increasingly employer focussed in order to respond to this challenge.

Nevertheless, the College continues to make significant investment in developing its building stock to support the curriculum. In addition there was continuing enhancement of ICT facilities in support of teaching delivery and student self study.

As part of the College's strategy to improve the efficiency of its estate, it was decided to relocate all provision from the Berridge Centre to other campuses. This process was carried out during the 2010 summer break and the centre was placed on sale after the year-end.

Additionally, the College completed work on the entire refurbishment of a training kitchen at Clarendon (co funded by the Savoy Educational Trust).

Operating and Financial Review *(continued)*

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal financial control, including operational and risk management which is designed to protect the College's assets and reputation. The College maintains a comprehensive risk register that is regularly reviewed by the Corporation and new and emerging risks added. Key risks included in the register are:

- Changes to the competitive landscape;
- Delivery against open and competitive tendering;
- Maintaining Financial health; and
- Recruitment of student numbers

There are uncertainties for the College moving forward:

- The Machinery of Government means that the LSC ceased to exist on 1st April 2010 and was replaced by the Skills Funding Agency (for adults) and the Young People's Learning Agency (for 16-18).
- Government funding available for the FE sector is in crisis with both the capital programme and Train to Gain being significantly affected. The continued impact of the severe curtailment of both of these programmes continued to impact upon the College in 2009/10 and beyond. In addition the Comprehensive Spending Review announced in October 2010 will result in further significant reductions in FE funding.

STAKEHOLDER RELATIONSHIPS

Staff and student involvement

The College considers good communication with its staff and students to be paramount. There are a range of formal and informal ways that news is regularly disseminated to staff and students and opportunities taken to ensure that staff and students are engaged and involved in college developments.

The College publishes regular newsletters to its staff, students and other key stakeholders. News about the College is regularly posted on the College website and staff and student intranets. There are Campus User group meetings for staff and campus based Student Boards.

In addition to the regular general news Staff Newsletter, the College also sends out a regular HR Newsletter which focuses on HR related news.

The Principal chairs regular joint meetings with the recognised trade unions, UCU, Unison and AMiE, to ensure that they are kept informed and consulted on developments across a wide range of issues which affect their members. These are called Common Interest Group meetings. In addition, there are Special Interest Group meetings held with UCU and AMiE and Unison separately to focus on issues of special interest to their membership. These meetings have contributed to improvements in employee relations across the College and significant developments in progressing changes to working practices and improvements in terms and conditions of employment.

Throughout the year ended 31 July 2010 the Corporation had two Staff Governors and two Student Governors.

Operating and Financial Review *(continued)*

Equality and Diversity Policy Statement

New College Nottingham (**ncn**) is committed to equality of opportunity for all who learn and work here. We respect and value the diversity of our staff, students, contractors, governors, visitors, and the community we serve, and strive to create a positive working and learning environment where everyone is encouraged to reach their full potential. We will work to remove conditions that place people at a disadvantage and will not tolerate discrimination or harassment on the grounds of ethnicity, nationality, gender, gender identity, marital status, family or caring responsibilities, disability, age, sexual orientation, religion or belief, class or social background, political or trade union activity, unrelated criminal convictions or any other criteria that cannot be shown to be justified.

Education plays a key role in overcoming barriers in society, and the College is committed to increasing educational opportunities for all. We serve a diverse community that includes some of the most deprived wards in Nottingham and its surrounding areas, and we strive to widen participation amongst communities, both geographical and societal, that are educationally disadvantaged or where deprivation is more likely to occur.

As a major learning and skills provider we are committed to promoting inclusion, equality and diversity – in the community, in our work with partners, as an employer and as a provider of education and training services to a diverse community.

This Policy applies to:

- Staff employed either permanently or on a temporary basis;
- Members of the Board and its standing Committees;
- On-campus, off-campus and on-line learners;
- College Nurseries;
- College Refectories;
- Off-site collaborative partners;
- Contractors and visitors to the college.

In addition the College will actively work with other partners and suppliers to ensure that they share our commitment to this policy statement.

Our Vision

The Policy sets out our approach to equality and diversity in all that we do, based on principles arising from our mission statement:

“To be a world class college, transforming the lives of people and communities.”

- To promote inclusion, equality and diversity and the opening up of life chances through the realisation of educational potential;
- To aim for higher standards in teaching and learning within the College and the improvement of the social and cultural environment.

We believe that:

- Everyone has a right to work or study at **ncn** with an equal chance to succeed and realise their potential, free from fear of discrimination or harassment;
- Promoting equality, fairness and diversity in the College benefits everyone and is everyone's responsibility.

Operating and Financial Review *(continued)*

We will:

- Embrace and celebrate diversity;
- Create a welcoming and inclusive environment;
- Remove barriers to access;
- Raise awareness of equality and diversity issues;
- Deal consistently and effectively with all forms of bullying, harassment and discrimination.

We will strive to achieve this by:

- Working to ensure equality of access and resources for all;
- Providing an environment that promotes equality and diversity and is free from bullying, harassment and discrimination;
- Preparing students to live and work in a multi-cultural society;
- Enabling and encouraging all sections of the local community to take up educational opportunities and activities;
- Working to establish a workforce that broadly reflects the local community;
- Training staff in equality and diversity issues as to their jobs;
- Setting targets, monitoring and evaluating our provision and policies;
- Complying with all current equality legislation in employment and in the provision of education and training;
- Producing action plans with targets for achieving our aims and objectives.

Roles and Responsibilities

Under this policy, every student and member of staff has a responsibility to:

- Listen to what others have to say and respect their point of view;
- Understand that it is unlawful to discriminate on the grounds of race, religion, gender, sexual orientation, or disability and that disciplinary action will be taken against those involved in bullying, harassment or discrimination on any grounds;
- Speak out, or report it, if they witness or are aware of bullying, vindictiveness, verbal or physical aggression, and not assume that it is someone else's responsibility;
- Question their own prejudices and assumptions;
- Not allow their own prejudices to affect or interfere with how they carry out their job or relate to others;
- Avoid using language and behaviour that might offend or intimidate others;
- Be sensitive to issues of cultural diversity in their work.

Breaches of this policy:

No-one should have to tolerate ignorant, disrespectful or discriminatory behaviour. The College will take action against any individual who contravenes our policy. Action may include formal disciplinary proceedings against individuals or in the case of contractors and suppliers the cancellation of contracts.

Review and monitoring

This policy will be reviewed on an annual basis by the College's Corporation.

Operating and Financial Review *(continued)*

Equal opportunities and employment of disabled people

Disability Policy Statement

ncn acknowledges that disabled people face discrimination and disadvantage. This is because of attitudes and actions based on the belief that disabled people are less able than other people. These kinds of beliefs are based on an idea that disabled people are impaired in some way, rather than recognising that it is other people's attitudes, organisations and systems in society that create barriers which prevent disabled people from having a full quality of life.

This can mean that disabled people are the subject of negative stereotypes or attitudes. They are often patronised by other people and not given the same access to the full range of services and social, work and leisure opportunities as other people. Disabled people can also face harassment, hatred and violence.

The College will strive to meet the specific needs of disabled people. In particular we will:

- Carry out our duties under legislation aimed at eliminating disability discrimination, including the Disability Discrimination Act 1995 and 2005;
- Promote positive images of disabled people and challenge attitudes that stereotype, patronise or discriminate;
- Deal effectively and consistently with harassment, discrimination or violence towards disabled people;
- Develop our services and the college environment to remove barriers that prevent disabled people from having equal access to jobs, our premises and to educational opportunities;
- Support campaigns and activities for achieving full equality for disabled people;
- Work to make the college environment a safe and welcoming place for disabled people;
- Carry out, and regularly review, our commitments under the Employment Services' *'Positive about Disabled People'* scheme;
- Aim to develop a workforce that better reflects the disability profile of the local area, especially at senior management levels and in areas where disabled people are under-represented;
- Support all disabled employees to fully develop their potential;
- Support the formation of groups, networks and services for disabled staff or students.

We recognise that disabled people can face other forms of discrimination or disadvantage because of their race, age, gender or gender identity, marital status, family circumstances, caring responsibilities or because they are lesbian, gay or bisexual. We will make sure our policies to tackle these issues include ways to address the needs of disabled people.

The College's Equality and Diversity Policy, including the above Disability Policy Statement, and its Single Equality Scheme are published in full on the College's website.

Operating and Financial Review *(continued)*

As an employer, the College is committed to ensuring disabled people are treated fairly and well, are supported at work and enabled to carry out their role effectively. The College has recently reinstated its commitment to the Employment Services' Positive About Disabled People Scheme, under which disabled applicants who meet the essential requirements of the job are guaranteed an interview. The College's application pack has been redesigned to reinforce our commitment to equality and diversity, encourage applicants to declare any disability and encourage take-up of reasonable adjustments at interview.

Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. In most cases reasonable adjustments will enable the person to stay in their existing post, however where this is not possible, redeployment and retraining are offered.

The College has a separate Disability Statement which encapsulates its commitment to ensuring equality of opportunity for disabled learners. Overall the college recruits approximately 20,000 learners per year, of whom 15% have declared that they have a disability or learning difficulty.

The College collects data about its students on enrolment and at points throughout the year. The data are used to ensure that the College is achieving its aims in relation to equality of opportunity generally, as well as in relation to disabled learners.

Through the Additional Learning Support (ALS) team, the College has a range of measures in place to ensure that disabled learners are given the support to realise their potential and succeed within the College.

Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001:

- a. As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2003/04, and the results of this formed the basis of a bid to the LSC for funding capital projects aimed at improving access.
- b. The College has appointed a dedicated team of learning advisors, who provide information, advice and arrange support where necessary for disabled students.
- c. There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in classrooms, in Learning Resource Centres, and on student laptops.
- d. The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e. The College has made a significant investment in the appointment of specialist lecturers to support disabled students and those with learning difficulties. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for disabled students and those with learning difficulties.
- f. Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g. Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

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 section one of the 'Combined Code on Corporate Governance' issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

In the opinion of the Corporation, 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 2010.

The Corporation

The members who served the Corporation during the year and up to the date of signature of this report are set out on pages 13 to 14. Claire Kay acts as 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 at least five times a year.

During 2009/10 the Corporation conducted its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees were Finance and Resources, Standards, Audit, Remuneration, Search and Safeguarding Committee. The Corporation also has an Appeals Committee and Special Committee which can be called to meet on an ad-hoc basis, neither committee met during the year. For 2010/11 all but statutory committees are in operation and the Corporation are meeting ten times per year. Public minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Clerk to the Corporation at:

ncn Principalship, No 1 Broadway, The Lace Market, Nottingham NG1 1PR

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.

The governors are able, by resolution, 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 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 & Chief Executive are separate.

Statement of Corporate Governance and Internal Control *(continued)*

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, which is responsible for the selection and nomination of new members (except for the staff and student members and the Principal) 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.

Remuneration Committee

Throughout the year ending 31 July 2010, the College's Remuneration Committee met on three occasions. The Committee's responsibilities are to make recommendations to the Board on the performance and remuneration and benefits of the Principal & Chief Executive and the other senior post-holders.

Details of remuneration for the year ended 31 July 2010 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Principal & Chief Executive and Chair) and additional non-Corporation members with audit expertise. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee met five times in the year and provides a forum for reporting by the College's internal 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 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 recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

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 & Chief Executive, 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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the Learning and Skills Council (LSC) and its successor organisations. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Statement of Corporate Governance and Internal Control *(continued)*

The purpose of the system of internal control

The system of internal control is designed to manage risk to 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 for the year ended 31 July 2010 and up to the date of approval of the annual report and financial statements.

The risk and control framework

The system of internal control is based on a framework of regular management information, administration 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 Corporation
- Regular reviews by the Corporation 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

The College has an internal audit service, which operates in accordance with requirements of the LSC / SFA / YPLA'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, the Internal Auditors provide the Corporation with an annual report on internal audit activity in the College. The report includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The College Directorate 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 College Directorate and 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 College Directorate and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Review of effectiveness

As Accounting Officer, the Principal & Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Principal & Chief Executive's 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 and of the work of the Audit and Risk Management sub group of the College Directorate
- Comments made by the College's financial statements auditors in their management letter and other reports.

The Principal & Chief Executive has also been advised of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and plans to address weaknesses and ensures continuous improvement of the systems is undertaken.

Statement of Corporate Governance and Internal Control *(continued)*


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 year ending 31 July 2010 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

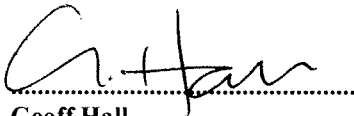
Going Concern

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 they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 15 December 2010 and signed on its behalf by:



.....
David Nelson
Chair of the Corporation



.....
Geoff Hall
Principal and Chief Executive

Members of the corporation

The members who served the Corporation during the year were as follows:

Name	Date of appointment	Term of office	Resignation	Current Committee membership
Mrs Anne Adams* Independent member	1 Aug 07	4 years		Chair Remuneration (Chair) Finance and Resources (Chair) Search
Mr Geoff Hall Principal	1 Jan 04	N/A		Finance and Resources Search Standards
Mr Richard Brackebury Independent member	25 Mar 09	4 years		Finance and Resources
Mr Delroy Brown Independent member	16 Dec 06	3 years		Standards
Mrs Lucy Dudge Independent member	1 Aug 09	3 years		Audit (Chair)
Mr Nigel Hallam Independent Member	25 Mar 09	4 years		Audit
Mr Brian Hambidge Staff member	1 Aug 07	3 years	31 Jul 10	Standards
Ms Karen Harrison Independent member	1 Aug 09	4 years		Audit
Prof Marianne Howarth Independent member	8 Oct 08	4 years		Vice Chair Standards (Chair) Remuneration Audit
Mr Thulani Mofife Independent member	1 Aug 09	4 years		
Clir Mick Newton Independent member	10 Oct 07	4 years	19 May 10	Standards

Name	Date of appointment	Term of office	Resignation	Current Committee membership
Ms Carol Parkinson Independent member	9 Mar 07	3 years		Search (Chair) Standards
Mr David Nelson* Independent Member	1 Aug 09	3 years		Vice Chair (from 17 March 10) Standards Finance and Resources (from 16 Dec 09) Remuneration (from 17 March 10) Finance and Resources
Mr Tim Richmond Independent member	5 Mar 08	3 years	16 Dec 09	
Miss Ellie Sewell Student member	1 Aug 09	1 year	31 Jul 10	Standards
Miss Carla Stemate Student member	1 Aug 09	1 year	31 Jul 10	Standards
Mr Ralph Tonge Staff member	1 Aug 07	3 years		Search

The members who served the Corporation since the year end are as follows:

Name	Date of appointment	Term of office	Date of resignation	Committees served
Phoebe Benta	1 Aug 10	1 year		None
Alison Leverton	1 Aug 10	1 year		None
Susan Clague	1 Aug 10	4 years		None
Mike Willis	1 Aug 10	3 years		None
James Lacey	18 Sep 10	4 years		None

*Mrs Anne Adams is on leave of absence from the Chair between 20th October 2010 and 19th January 2011, during which time Mr David Nelson will act as the Chair of the Corporation.

Statement of the responsibilities of the members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the Chief Executive of Skills Funding 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 and with the Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

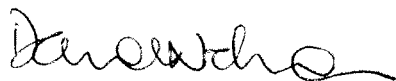
In preparing the financial statements, the Corporation is required to:

- 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; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to 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 to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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 LSC and the Skills Funding Agency are used only in accordance with the Financial Memorandum with the LSC and the Chief Executive of Skills Funding and any other conditions that the LSC and the Chief Executive of Skills Funding may from time to time prescribe. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and 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 LSC and the Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 15 December 2010 and signed on its behalf by:



David Nelson
Chair

Independent auditors' report to the Corporation of New College Nottingham

We have audited the College financial statements ("the financial statements") of New College Nottingham for the year ended 31 July 2010 which comprise the income and expenditure account, the balance sheet, the statement of total recognised gains and losses, the cash flow statement and the related notes. These financial statements have been prepared under accounting policies set out therein.

This report is made solely to the Corporation, as a body, in accordance with statutory requirements. 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 New College Nottingham and Auditors

The College Corporation's responsibilities for preparing the Members' Report and financial statements in accordance with the Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency and the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law, and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 15.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' Report and the Statement of Corporate Governance and Internal Control and consider the implications for our report if we become aware of any apparent misstatement within them or material inconsistencies with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the College's Corporation in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2010 and of the College's deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with the 2009/10 Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency and the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.



M. J. Rowley
for and on behalf of **KPMG LLP**
Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

15 December 2010

Independent regularity report to the Corporation of New College Nottingham and the Chief Executive of Skills Funding

In accordance with the terms of our engagement letter dated 18 April 2006 and further to the requirements of the Chief Executive of Skills Funding, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of New College Nottingham ('the College') during the year ended 31 July 2010 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the Chief Executive of Skills Funding. Our review work has been undertaken so that we might state to the Corporation and the Chief Executive of Skills Funding those matters we are required to state to it in a 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 and the Chief Executive of Skills Funding, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of New College Nottingham and Auditors

The College's Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

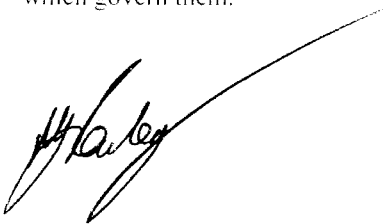
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. We report to you whether, in our opinion, in all material respects, expenditure disbursed and income received during the year ended 31 July 2010 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In our opinion, in all material respects, the expenditure disbursed and income received during the year ended 31 July 2010 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



M. J. Rowley
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

15 December 2010

Income and expenditure account

for the year ended 31 July 2010

	<i>Note</i>	2010 £000	2009 £000
Income			
Funding Council Income	2	41,769	40,525
Tuition fees and education contracts	3	4,509	4,879
Research Grants and contracts	4	445	469
Other income	5	2,727	2,891
Investment income	6	10	154
		<hr/>	<hr/>
Total income		49,460	48,918
		<hr/> <hr/>	<hr/> <hr/>
Expenditure			
Staff costs	7	33,591	32,140
Other operating expenses	9	13,062	13,440
Depreciation	13	2,304	2,211
Interest payable	10	1,062	979
		<hr/>	<hr/>
Total expenditure		50,019	48,770
		<hr/> <hr/>	<hr/> <hr/>
(Deficit) / surplus on continuing operations after depreciation of assets at valuation and before tax		(559)	148
		<hr/>	<hr/>
Property strategy costs		-	(478)
Grant support for property strategy costs		-	250
Profit on disposal of assets		1	-
		<hr/>	<hr/>
Taxation	11	-	-
		<hr/>	<hr/>
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax	12	(558)	(80)
		<hr/> <hr/>	<hr/> <hr/>

The income and expenditure account is prepared in respect of continuing activities.

**Statement of historical cost surpluses and deficits
for the year ended 31 July 2010**

	<i>Note</i>	2010	2009
		£000	£000
Deficit on continuing operations before taxation		(558)	(80)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	254	254
Historical cost (deficit) / surplus for the year before taxation		(304)	174
Historical cost (deficit) / surplus for the year after taxation		(304)	174

**Statement of total recognised gains and losses
for the year ended 31 July 2010**

	2010	2009
	£000	£000
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax	(558)	(80)
Actuarial gain / (loss) in respect of pensions	1,532	(316)
Total recognised gains / (losses) relating to the year	974	(396)
Reconciliation		
Opening reserves	12,769	13,165
Total recognised gains / (losses) for the year	974	(396)
Closing reserves	13,743	12,769

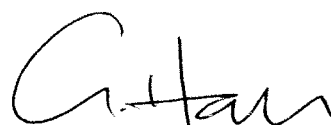
Balance sheet
as at 31 July 2010

	<i>Note</i>	2010 £000	2009 £000
Fixed assets			
Tangible assets	<i>13</i>	53,398	53,703
		<hr/>	<hr/>
		53,398	53,703
		<hr/>	<hr/>
Current assets			
Assets held for re-sale		59	-
Debtors	<i>15</i>	1,735	2,178
Cash at bank and in hand		2,091	5,035
		<hr/>	<hr/>
		3,885	7,213
Creditors: Amounts falling due within one year	<i>16</i>	(4,514)	(8,416)
		<hr/>	<hr/>
Net current liabilities		(629)	(1,203)
		<hr/>	<hr/>
Total assets less current liabilities		52,769	52,500
Creditors: Amounts falling due after more than one year	<i>17</i>	(5,042)	(5,238)
Net assets excluding pension liability		47,727	47,262
Net pension liability		(18,613)	(18,836)
		<hr/>	<hr/>
Net assets including pension liability		29,114	28,426
		<hr/>	<hr/>
Deferred capital grants	<i>19</i>	15,371	15,657
Reserves			
Revaluation reserve	<i>20</i>	12,930	13,184
Income and expenditure account excluding pension reserve	<i>21</i>	19,426	18,421
Pension reserve	<i>21</i>	(18,613)	(18,836)
		<hr/>	<hr/>
TOTAL		29,114	28,426
		<hr/>	<hr/>

The financial statements on pages 19 to 45 were approved by the Corporation on 15th December 2010 and were signed on its behalf by:



David Nelson
Chair of the Corporation



Geoff Hall
Principal & Chief Executive

Cash flow statement
for the year ended 31 July 2010

	<i>Note</i>	2010 £000	2009 £000
Cash flow from operating activities	23	2,098	1,770
Returns on investments and servicing of finance	24	5	4
Capital expenditure and financial investment	25	(1,887)	(1,106)
		<hr/>	<hr/>
Cash inflow before use of liquid resources and financing		216	668
Management of liquid resources	26	-	5,435
Financing	27	(3,160)	(1,642)
		<hr/>	<hr/>
(Decrease) / increase in cash		(2,944)	4,461
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net debt

		2010 £000	2009 £000
(Decrease) / increase in cash in the year		(2,944)	4,461
Cash outflow to liquid resources		-	(5,435)
Change in net debt resulting from cash flows		3,160	1,642
		<hr/>	<hr/>
Movement in the year		216	668
Net debt at 1 August	28	(3,195)	(3,863)
		<hr/>	<hr/>
Net debt at 31 July	28	(2,979)	(3,195)
		<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(forming part of the financial statements)*

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 2007 statement of recommended practice (SORP): Accounting for Further and Higher Education and in accordance with applicable accounting standards. They conform to guidance published jointly by the Skills Funding Agency and Young People's Learning Agency, in the Accounts 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

Funding body income is recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Learner responsive funding for 16-18 year olds is not normally subject to reconciliation and is therefore not subject to contract adjustments. Adult Learner Responsive and Employer Responsive funding elements are normally adjusted for in year, as income receivable in these areas is based on what has been earned, constrained by the maximum contract value agreed with the appropriate funding body.

Other discrete LSC and its successor organisations funds received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the LSC and its successor organisations.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the LSC and its successor organisations (see note 32).

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

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 paid.

Grants from the LSC and its successor organisations received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Notes *(continued)*

1 Statement of accounting policies *(continued)*

Maintenance of premises

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to the income and expenditure account in the year in which they arise.

Agency arrangements

The College acts as an agent in the collection and payment of learner support funds, adult learning grants, etc. Related income received from the Learning and Skills Council / Skills Funding Agency and subsequent disbursements to students and other further education colleges are excluded from the income and expenditure account (and are shown separately in note 32), 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 two members of staff dedicated to the administration of Learner Support Fund applications and payments.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Department of Education Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). 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 charged as incurred. Contributions to the TPS scheme are charged to the income and expenditure account 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.

The assets of the LGPS are measured using closing market values. 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 the 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. Further details of the pension schemes are given in note 22.

Notes (continued)

1 Statement of accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life and on a straight-line basis to the College of 20 to 50 years except where specific circumstances make this inappropriate. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

On adoption of FRS 15, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11. Where land and buildings are acquired with the aid of specific grants they are capitalised 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 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 not capitalised as part of the cost of those assets.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the year of acquisition unless forming part of a specific capital project. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

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

General equipment	7 years
Motor vehicles	4 years
Computer equipment	3 years

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.

Leased assets

Costs in respect of operating leases are charged to the income and expenditure account on a straight-line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright.

The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Notes (continued)

1 Statement of accounting policies (continued)

The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Current asset investments, which may include listed investments, are stated in the balance sheet at the lower of their original cost and net realisable value.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Taxation

As an exempt charity the College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents. The College is exempted from levying VAT on most of the services it provides to students. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. The subsidiary companies are registered for VAT and are subject to corporation tax.

Liquid resources

Liquid resources include sums on short-term deposits.

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.

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Notes (continued)

2 Funding Council grants

	LSC and successor bodies	HEFCE	TOTAL 2010 £000	TOTAL 2009 £000
Recurrent grant	32,484	2,449	34,933	33,501
Work Based Learning	1,516		1,516	1,496
Train to Gain	2,977		2,977	3,672
Releases of deferred capital grants				
Buildings (note 19)	135	9	144	135
Equipment (note 19)	130	131	261	169
LSF	592		592	593
Excellence Challenge / Aim Higher	191		191	135
Six Month Offer	36		36	-
Golden Hellos	54		54	50
Other funds	1,065		1,065	774
	<u>39,180</u>	<u>2,589</u>	<u>41,769</u>	<u>40,525</u>

The College is the lead partner in a consortium to deliver Train to Gain in the East Midlands region. The income shown above represents that earned by the College in its capacity both as a provider and as the consortium lead. Total income claimed in the year under this arrangement and the related payments to partners was as follows:

	2010 £000	2009 £000
Train To Gain income	2,977	3,672
Payments to non college partners	(1,450)	(1,545)
Payments to FE College partners	-	(124)
	<u>1,527</u>	<u>2,003</u>

3 Tuition Fees and Education contracts

	2010 £000	2009 £000
UK and European Union students	2,091	2,227
Non-European Union students	351	625
UK Higher Education students	1,314	1,228
	<u>3,756</u>	<u>4,080</u>
Total fees paid by or on behalf of individual students		
Local Education Authority (LEA)	485	398
Higher education (HE) income	268	401
	<u>4,509</u>	<u>4,879</u>

Notes *(continued)*

4 Research Grants and Contracts

	2010	2009
	£000	£000
Other grants and contracts	445	469
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	445	469
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

5 Other income

	2010	2009
	£000	£000
Catering and residence operations	929	817
Other income generating activities	890	909
Releases from deferred capital grants (non LSC and successor bodies)	286	416
Other income	622	749
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	2,727	2,891
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

6 Investment income

	2010	2009
	£000	£000
Income from investments	10	154
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	10	154
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

Notes (continued)

7 Staff numbers and costs

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

	2010 Number	2009 Number
Teaching departments - teaching staff	584	572
Teaching departments - other staff	51	85
Teaching support services	29	30
Other support services	151	153
Administration and central services	222	205
Premises	47	44
Catering	25	24
	1,109	1,113
	1,109	1,113

The numbers above do not include estimates of the staff numbers employed through contracting out arrangements

	2010 £000	2009 £000
Wages and salaries	27,780	26,736
Social security costs	1,994	1,900
Other pension costs	3,187	3,219
Restructuring costs	266	84
Contracted out lecturing services	364	201
	33,591	32,140
	33,591	32,140

	2010 £000	2009 £000
<i>Staff costs for the above persons were as follows:</i>		
Teaching departments - teaching staff	16,346	15,947
Teaching departments - other staff	2,677	2,060
Teaching support services	700	720
Other support services	3,846	4,067
Administration and central services	7,483	6,838
Premises	1,172	1,118
Catering and Residences	382	428
Staff restructuring	266	84
FRS 17 retirement benefits charge	355	677
	33,227	31,939
Payroll sub-total	33,227	31,939
Contracted out lecturing services	364	201
	33,591	32,140
	33,591	32,140

Notes *(continued)*

7 Staff numbers and costs *(continued)*

	2010	2009
	£000	£000
Employment costs for staff on permanent contracts	31,629	27,219
Employment costs for staff on short-term and temporary contracts	977	3,960
Restructuring costs	266	84
Contracted out lecturing services	364	201
FRS 17 retirement benefits charge	355	676
	33,591	32,140
	33,591	32,140

A general pay award of 1.5% with effect from 1 August 2009 was made and was approved by the Corporation.

The number of staff, including senior post-holders and the Principal, who received emoluments in the following ranges, are as follows.

	Number of Senior post- holders 2010	Number of other staff 2010	Number of Senior post- Holders 2009	Number of other staff 2009
£60,001 to £70,000	-	3	-	1
£70,001 to £80,000	-	6	-	9
£80,001 to £90,000	-	3	-	-
£90,001 to £100,000	-	-	-	1
£100,001 to £110,000	-	2	1	-
£110,001 to £120,000	1	-	-	-
£170,001 to £180,000	-	-	1	-
£180,001 to £190,000	1	-	-	-

The total number of senior post-holders in the year has been disclosed in accordance with the Skills Funding Agency guidance and reflects the changes to the structure in the year including interim acting up arrangements and changes to staff in post. At 31 July 2010 there were 2 senior post-holders. The total number of higher paid other staff are only reported above a threshold of total emoluments of £60,000 per year.

Notes *(continued)*

8 Emoluments of senior post-holders and members

	2010	2009
	Number	Number
The number of senior post-holders including the Principal was:	2	2
<hr style="border-top: 1px solid black;"/>		
Senior post-holders' emoluments are made up as follows:		
	£	£
Salaries	259,531	281,041
Benefits in kind	1,382	750
Pension contributions	36,506	34,699
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	297,419	316,490
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

Two senior post holders were in office at 31st July 2010. During the 08-09 year there were two interim post holders, leaving their posts in August 2008 and March 2009 respectively.

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

	2010	2009
	£	£
	Total	Total
Salaries	158,905	156,584
Benefits in kind	658	750
Pension contributions	22,565	18,999
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total	182,128	176,333
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

The pension contributions of the Principal and senior post-holders are in respect of employer's contributions either to the Local Government or Teachers' Pension Scheme and are paid at the same rate as for other employees; the Principal's personal pension contribution is at the highest rate.

Pay awards to senior post holders, including the Principal, are approved by the Corporation on the recommendation of the Remuneration Committee. The Principal's pay was last reviewed, using independent benchmarking information, in January 2009 in accordance with Corporation policy - which is to review senior post-holder remuneration every two years. The Corporation's pay policy for senior post holders in 2009/10 was to match the upper decile of large colleges. The Corporation undertook a review of the appropriateness of this pay policy in July 2010 and agreed some guiding principles to be developed into a revised pay policy during 2010/11. Cost of living increases to the Principal's pay have been applied in line with the pay award for all staff which was 1.5% (2009: 3.2%). The salary amount for the Principal stated in the above table includes the cash benefit of a car allowance of £2,292 (2009: £5,525). As part of the review of the pay policy, the cash benefit of a car allowance was incorporated into the salary, this occurred five months into the 09-10 academic year.

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

Notes (continued)

9 Other operating expenses

	2010	2009
	£000	£000
Teaching departments	1,104	1,092
Teaching support services	227	240
Other support services	907	901
Administration and central services	2,159	2,129
General education expenditure	1,698	1,976
Premises costs	2,423	2,471
- running costs		
- maintenance	665	523
- rents and leases	995	930
Other income generating expenses	305	340
Catering and residence operations	284	246
Franchise payments	2,295	2,592
	13,062	13,440
<i>Other operating expenses include:</i>		
External Auditors' remuneration - financial statements audit	32	50
External Auditors' remuneration - other services relating to taxation	12	7
Internal Auditors' remuneration - internal audit	42	44
Internal auditors' remuneration - other services	-	-
Hire of plant and machinery - operating leases	203	229

10 Interest payable

	2010	2009
	£000	£000
<i>On bank loans, overdraft and other loans:</i>		
Repayable within five years, not by instalments	5	150
	5	150
Pension finance costs	1,057	829
	1,062	979

11 Taxation

The members do not believe the College was liable for any corporation tax arising out of its activities during either year.

12 Deficit on continuing operations for the year

	2010	2009
	£000	£000
College's deficit for the year	(558)	(63)
Deficit generated by subsidiary undertakings	-	(17)
	(558)	(80)

Notes (continued)

13 Tangible fixed assets

	Freehold land and Buildings £000	Equipment £000	Total £000
<i>Cost or valuation:</i>			
At 1 August 2009	67,568	22,755	90,323
Additions	1,060	999	2,059
Disposals	-	(25)	(25)
Transfer to Current Assets	(984)	-	(984)
	-----	-----	-----
At 31 July 2010	67,644	23,729	91,373
	-----	-----	-----
<i>Accumulated depreciation:</i>			
At 1 August 2009	16,026	20,595	36,621
Charge for year	1,303	1,001	2,304
Elimination in respect of disposals	-	(25)	(25)
Transfer to Current Assets	(925)	-	(925)
	-----	-----	-----
At 31 July 2010	16,404	21,571	37,975
	-----	-----	-----
<i>Net book value:</i>			
At 31 July 2010	51,240	2,158	53,398
	=====	=====	=====
<i>Net book value:</i>			
At 31 July 2009	51,542	2,160	53,703
	=====	=====	=====
Inherited	12,872	-	12,872
Financed by capital grant	14,992	379	15,371
Other	23,376	1,779	25,155
	-----	-----	-----
	51,240	2,158	53,398
	=====	=====	=====

The transitional rules set out in FRS 15 *Tangible Fixed Assets* have been applied. Accordingly the book values at incorporation have been retained.

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £4,793,000 (2009: £4,928,000) have been partly financed from exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the LSC, to surrender the proceeds.

Notes (continued)

13 Tangible fixed assets (continued)

Land and buildings includes land valued at £7,112,891 (2009: £7,121,591) which is not depreciated.

Within cost or valuation of land and buildings is an amount of £16,620,000 relating to the development of the Adams campus which was completed in September 1998. The development was undertaken by Adams Campus Limited (a special purpose company related to Morrison Construction) and the College has made payments to them in respect of expenditure relating to the scheme for which the College has received grant funding from the National Heritage Memorial Fund and European Regional Development Fund. Under the provisions of FRS 5, the fixed asset and associated grant funding have been included within the financial statements of the College - reflecting 'the substance' of the transaction as opposed to its 'legal form'. The sum equivalent to the difference between the construction cost and the grant funding has been expended by the College (£1,197,000) and Adams Campus Ltd (£6,168,000). The College has entered into an agreement with Adams Campus Ltd under which the College will pay an availability charge relating to the occupancy of the building and which includes a debt service element of £795,000 per annum (see note 17).

14 Investments

The College owns 100% of the issued ordinary £1 shares of New College Nottingham Property Services Limited and Visions Learning Limited. Both companies are incorporated in England and Wales and have been dormant throughout the year ending 31 July 2010.

	2010 £	2009 £
Investment in subsidiary companies at cost	4	4

15 Debtors

	2010 £000	2009 £000
Trade debtors	484	796
Other debtors	81	109
Prepayments and accrued income	1,229	1,273
	<u>1,794</u>	<u>2,178</u>

Notes (continued)

16 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Bank Loans and overdrafts	-	3,000
Notional obligation (see note 17)	179	160
Payments received on account *	378	1,117
Trade creditors	1,343	978
Other creditors including taxation and social security	970	1,014
Accruals and deferred income	1,644	2,147
	4,514	8,416
	4,514	8,416

*Includes £119k (2009: £167k) in relation to capital grant received from the LSC and successor bodies in respect of the Centre of Vocational Excellence in Construction.

17 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Notional obligation (see below)	4,891	5,070
Accruals and deferred income	151	168
	5,042	5,238
	5,042	5,238

With effect from 3 October 1997, the College has an obligation to pay an availability charge between 3 September 1999 and 3 September 2023 to Adams Campus Limited in respect of the Adams building. The availability charge contains a debt service element of £795,000 per annum in respect of the cost of construction not met by grant funding or the College directly. In respect of the costs incurred up to the year end, there is a notional obligation on the College of £4,891,000 (2009: £5,070,000).

18 Analysis of other borrowings of the College

Bank loans and overdrafts

	2010 £000	2009 £000
<i>Banks loans and overdrafts are repayable as follows:</i>		
Within one year	-	3,000
	-	3,000
	-	3,000

During 2006/07 the College refinanced its bank loans with a revolving credit facility at variable rates of interest for up to £7,000,000 secured on a portion of the freehold land and buildings of the College. This arrangement expired on 23rd July 2010.

Notes *(continued)*

19 Deferred capital grants

	LSC& successor bodies £000	Other Grants £000	Total £000
At 1 August 2009			
Land and buildings	4,925	10,091	15,016
Equipment	356	285	641
Cash receivable			
Land and buildings	18	387	405
Released to income and expenditure account			
Land and buildings	(135)	(294)	(429)
Equipment	(130)	(132)	(262)
At 31 July 2010	5,034	10,337	15,371
At 31 July 2010			
Land and buildings	4,808	10,184	14,992
Equipment	226	153	379
	5,034	10,337	15,371

20 Revaluation reserve

	2010 £000	2009 £000
At 1 August	13,184	13,438
Transfer from revaluation reserve to income and expenditure reserve	(254)	(254)
At 31 July	12,930	13,184

Notes *(continued)*

21 Movement on general reserves

	2010	2009
	£000	£000
Income and expenditure account reserve		
At 1 August	(415)	(273)
Deficit on continuing operations after depreciation of assets at valuation & tax	(558)	(80)
Transfer from revaluation reserve to income and expenditure account	254	254
Actuarial gain / (loss) in respect of pension scheme	1,532	(316)
	<hr/>	<hr/>
At 31 July	813	(415)
	<hr/> <hr/>	<hr/> <hr/>
 Represented by;		
	2010	2009
	£000	£000
Pension Reserve	(18,613)	(18,836)
Income & expenditure reserve excluding pension reserve	19,426	18,421
	<hr/>	<hr/>
At 31 July	813	(415)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

22 Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The total pension cost for the year was £3,187,000 (2009: £3,219,000).

Teachers' Pension Scheme

The Teachers' Pension Scheme 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.

Total pension cost for the year	2010	2009
	£000	£000
Teachers Pension Scheme: contributions paid	1,560	1,575
Local Government Pension Scheme:		
Contributions paid	1,272	958
FRS 17 charge	355	686
	<hr/>	<hr/>
Total Pension Cost	3,187	3,219
	<hr/> <hr/>	<hr/> <hr/>

SSAP 24

The pensions costs are assessed no less than every four years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuations	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5%
Salary scale increases per annum	3.2%
Market value of assets at date of last valuation	£163,240 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	55.37%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employers' contributions to 14.1% for employers and there will also be an increase in the employees rate from 6.0% to 6.4% at this time. For the period from 1 August 2009 to 31 July 2010 the employer contribution rate was 14.1%. The employee contribution rate was 6.4% for the same period

FRS 17

Under the definitions set out in Financial Reporting Standard 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 FRS 17 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 deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

Notes (continued)

22 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS 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 2010 was £1.833 million of which employer contributions totalled £1,258,804 and employees' contributions totalled £574,287. The agreed contribution rate is 14.2% for employers and 5.5%-7.5% for employees from 1 April 2005.

SSAP 24

The pensions costs are assessed every year in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2007
Actuarial method	Projected Unit
Investment returns per annum	2.7%
Pension increases per annum	2.7%
Salary scale increases per annum	4.7%
Market value of assets at date of last valuation	£2,417 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	83.3%

FRS 17

The following information is based upon a full actuarial valuation of the fund as at 31 March 2007 updated to 31 July 2010 by a qualified independent actuary.

Principal Actuarial Assumptions

	31 July 2010	31 July 2009	31 July 2008
Inflation	2.7%	3.6%	3.8%
Rate of increase in salaries	4.7%	5.1%	5.3%
Rate of increase in pensions	2.7%	3.6%	3.8%
Discount rate for liabilities	5.4%	6.0%	5.9%

On advice from our actuaries we have assumed that 50% of employees retiring after 6 April 2007 will take advantage of the option to commute part of their future annual pension to a lump sum payment on retirement.

The estimated College share in the scheme and the expected rates of return were:

	2010		2009		2007	
	Long term rate of return expected at 31 July 2010	Value at 31 July 2010 £'000	Long term rate of return expected at 31 July 2009	Value at 31 July 2009 £'000	Long term rate of return expected at 31 July 2007	Value at 31 July 2007 £'000
Equities	7.3%	15,803	7.2%	12,650	7.5%	12,078
Bonds	4.3%-5.4%	3,066	4.5%-6%	4,237	4.8% - 5.9%	2,925
Property	5.3%	3,302	6.2%	2,207	6.5%	3,321
Cash	3.0%	1,415	3.0%	1,202	5.0%	1,443
Total market value of assets		<u>23,586</u>		<u>20,296</u>		<u>19,767</u>

Notes *(continued)*

22 Pensions and similar obligations *(continued)*

	2010 £000	2009 £000	2008 £000
College's estimated asset share	23,586	20,296	19,767
Present value of scheme liabilities	(41,139)	(37,999)	(35,703)
	<hr/>	<hr/>	<hr/>
Deficit in the scheme	(17,553)	(17,703)	(15,936)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The actuary has assumed that 50% of members commute part of their pension in line with the revised benefits structure of the scheme.

Analysis of the amount charged to the income and expenditure account

	2010 £000	2009 £000
Employer service cost (net of employee contributions)	355	677
	<hr/>	<hr/>
Total operating charge	355	677
	<hr/> <hr/>	<hr/> <hr/>

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

	At 31 July 2010	At 31 July 2009
<i>Retiring today</i>		
Males	21.7	20.3
Females	24.5	24.0
<i>Retiring in 20 years</i>		
Males	22.7	21.3
Females	25.5	25.0

Notes *(continued)*

22 Pensions and similar obligations *(continued)*

	2010 £'000	2009 £'000
Reconciliation of Liabilities		
Liabilities at start of period	37,999	35,703
Service cost	1,649	1,709
Interest cost	2,315	2,175
Employee contributions	574	539
Actuarial loss / (gain)	1,511	(2,252)
Benefits paid	(1,027)	125
Past Service cost	(1,918)	-
Curtailements and settlements	36	-
	<hr/>	<hr/>
Liabilities at end of period	41,139	37,999
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Assets		
Assets at start of period	20,296	19,767
Expected return on assets	1,324	1,411
Actuarial gain/(loss)	1,125	(2,578)
Employer contributions	1,294	1,032
Employee contributions	574	539
Benefits paid	(1,027)	125
	<hr/>	<hr/>
	23,586	20,296
	<hr/> <hr/>	<hr/> <hr/>

The estimated value of employer contributions for the year ended 31st July 2011 is £1,423,000.

Analysis of pension finance costs

	2010 £000	2009 £000
Expected return on pension scheme assets	1,324	1,411
Interest on pension scheme liabilities	(2,315)	(2,175)
	<hr/>	<hr/>
Pension finance costs	(991)	(764)
	<hr/> <hr/>	<hr/> <hr/>

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

	2010 £000	2009 £000
Actual return less expected return on pension scheme assets	1,125	(2,578)
Past Service costs	1,918	-
Change in financial and demographic assumptions underlying the scheme liabilities	(1,511)	2,252
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in STRGL	1,532	(326)
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

22 Pensions and similar obligations *(continued)*

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The College has considered the Nottinghamshire County Council Pension Fund scheme rules and associated members' literature and has concluded that, as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of approval of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue a Final Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change in the financial statements for the following year.

Movement in deficit during year

	2010	2009
	£000	£000
Deficit in scheme at beginning of year	(17,703)	(15,936)
Movement in year:		
Current service charge	(1,649)	(1,709)
Past service costs	1,918	-
Contributions	1,294	1,032
Net interest on assets	(991)	(764)
Settlement or Curtailment	(36)	-
Actuarial loss	(386)	(326)
	<hr/>	<hr/>
Deficit in scheme at end of year	(17,553)	(17,703)
	<hr/> <hr/>	<hr/> <hr/>

History of experience gains or losses

	2010	2009	2008	2007	2006
Difference between the expected and actual return on assets:					
Amount (£'000)	1,125	(2,578)	(4,506)	1,028	835
% of scheme assets	(4.8%)	12.7%	22.8%	4.7%	4.6%
Experience gains and losses on scheme liabilities					
Amount (£'000)	-	-	(658)	-	(582)
% of scheme liabilities	-	-	1.8%	-	2.1%
Total amounts recognised in statement of total recognised gains and losses					
Amount (£'000)	(7,092)	(6,706)	(6,380)	1,522	(641)
% of scheme liabilities	17.2%	17.6%	17.9%	5.0 %	2.3%

Notes *(continued)*

23 Reconciliation of operating deficit to net cash flow from operating activities

	2010	2009
	£000	£000
Deficit on continuing operations	(558)	(80)
Investment income	(10)	(154)
Interest payable	5	150
Depreciation	2,304	2,211
Deferred capital grants released to income	(690)	(696)
Profit on disposal of tangible fixed assets	(1)	-
Pension cost less contributions payable	1,308	1,501
Decrease / (increase) in debtors	443	(162)
Decrease in creditors	(703)	(1,000)
	2,098	1,770
Net cash inflow from operating activities	2,098	1,770

24 Returns on investments and servicing of finance

	2010	2009
	£000	£000
Interest received	10	154
Interest paid	(5)	(150)
	5	4
Net cash inflow from returns on investments and servicing of finance	5	4

25 Capital expenditure and financial investment

	2010	2009
	£000	£000
Purchase of tangible fixed assets	(2,057)	(1,443)
Sales of tangible fixed assets	1	-
Deferred capital grants received	169	337
	(1,887)	(1,106)
Net cash outflow from capital expenditure and financial investment	(1,887)	(1,106)

26 Management of liquid resources

	2010	2009
	£000	£000
Placing of Investments	-	5,435
	-	5,435
Net cash inflow from management of liquid resources	-	5,435

Notes *(continued)*

27 Financing

	2010	2009
	£000	£000
Repayment of amounts borrowed	(3,160)	(1,642)
Net cash outflow from financing	(3,160)	(1,642)

28 Analysis of changes in net debt

	At 1 August 2009 £000	Net cash flows	At 31 July 2010 £000
Cash at bank and in hand	5,035	(2,944)	2,091
Debts due within one year	(3,160)	2,981	(179)
Notional obligation	(5,070)	179	(4,891)
Total	(3,195)	216	(2,979)

29 Financial commitments

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

	2010		2009	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Expiring within one year	-	197	-	28
Expiring between two and five years inclusive	-	494	-	162
	-	691	-	190

30 Contingencies

The College had no contingent liabilities as at 31 July 2010 (2009: £nil).

31 Related party transactions

Owing to the nature of the College's operations and the composition of the Corporation (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 Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arms length and in accordance with the College's financial regulations and normal procurement procedures. Transactions with the LSC and successor bodies and HEFCE are detailed in notes 2, 13, and 19.

Notes *(continued)*

32 Learner support funds

	2010	2009
	£000	£000
Funding Council grants	889	1,094
Interest earned	-	2
	<hr/>	<hr/>
Disbursed to students	889	1,096
Admin fees	(1,256)	(1,266)
	(45)	(53)
	<hr/>	<hr/>
Balance overspent at 31 July	(412)	(223)
	<hr/> <hr/>	<hr/> <hr/>

Funding Council grants are available solely for students; the College acts as paying agent. The grants and related disbursements to third parties have therefore been excluded from the income and expenditure account. The grants totalling £592,000 payable to New College Nottingham for Fees and Childcare are included within the consolidated accounts.

33 Post balance sheet events

There were no post balance sheet events.