NCSL National College for School Leadership

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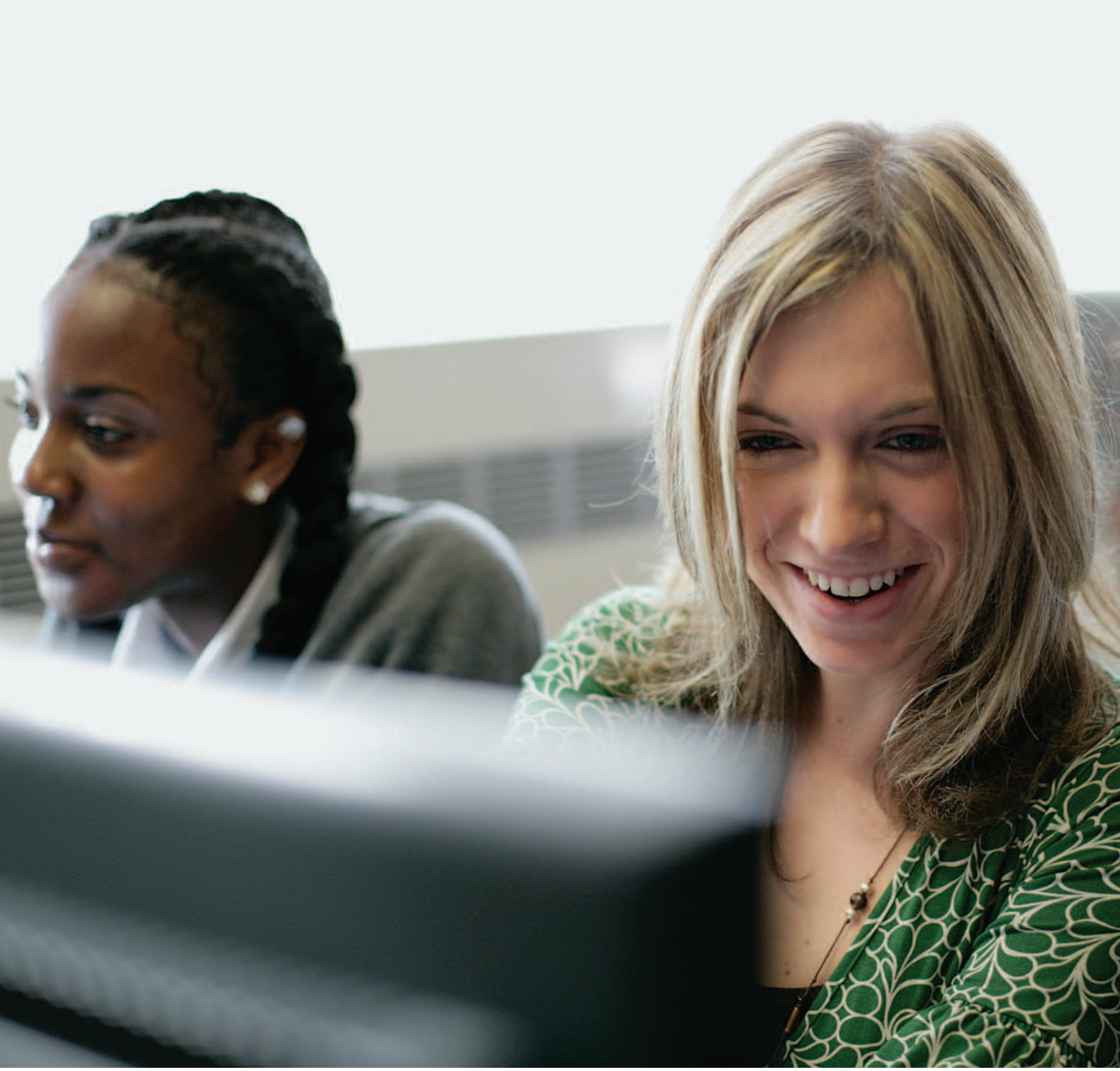
Inspiring leaders:
improving children's lives

Annual Accounts 2006-07



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Annual Accounts
for the year ended 31 March 2007

Company information

Directors serving during the year

	Appointed	Resigned
V Treves (Chair)	1 September 2004	–
H Baker	1 September 2006	–
B Bigland	25 September 2003	31 August 2006
M Britt	1 January 2003	31 August 2006
M Callaghan	1 September 2006	–
P Jervis	1 September 2006	–
T Mackay	25 September 2000	–
J McVittie	1 September 2006	–
L Neal	14 February 2003	31 August 2006
D Nightingale	14 February 2003	–
H Paterson	6 November 2002	31 August 2006
D Patterson	6 November 2002	–
T Piggott	6 November 2002	–
J Pullen	1 September 2006	–
H Raja	1 September 2006	–
D Ross	1 September 2006	–
A Seber	1 September 2006	–
M Taylor	6 November 2002	31 August 2006
P Williams	15 February 2004	5 September 2006

Company secretary
Eversecretary Limited
Eversheds House
70 Great Bridgewater Street
Manchester M1 5ES

Registered office
1 Royal Standard Place
Nottingham NG1 6FZ

Registered number
04014904

Head office
Triumph Road
Nottingham NG8 1DH
www.ncsl.org.uk

Bankers
Office of HM Paymaster General
National Investment and Loans Office
Sutherland House
Russell Way
Crawley
West Sussex RH10 1UH

Auditors
KPMG LLP
2 Cornwall Street
Birmingham B3 2DL

Solicitors
Eversheds
1 Royal Standard Place
Nottingham NG1 6FZ

Directors' report

Background information

The National College for School Leadership Limited ('the College') was incorporated on 14 June 2000. It is an executive Non-Departmental Public Body (NDPB) sponsored by the Department for Education and Skills (DfES). It is a company limited by guarantee, having no share capital. The accounts have been prepared in accordance with an accounts direction issued by the Secretary of State for Education and Skills with the consent of the Treasury.

The full accounts direction is available upon request but in summary the direction requires the College to comply with the accounting and disclosure provisions of the Companies Act and UK Generally Accepted Accounting Practice (UK GAAP). In preparing the accounts the College has also paid regard to the 'Financial Reporting Manual' issued by HM Treasury.

Principal activities

The College's objective is to raise educational standards and aspirations by providing training and support for heads, deputies and other school leaders.

The College is governed by a board of non-executive directors (otherwise referred to as the Governing Council) appointed by the Secretary of State for Education and Skills. Executive management is provided by the College's Chief Executive and a leadership team of four executive staff members.

Results and financial performance

The primary financial objective was to return a break even position. This was achieved. Following a change in accounting policy (see note 2.3), the College showed net expenditure of £91k for the year, after FRS17 pensions adjustments. The company is a not for profit organisation and its constitution prevents it from paying a dividend therefore any retained profits currently remain in reserves.

Future developments

The corporate plan for the period 2006/09 built on the previous year's plan of identifying how the four goals below will be achieved:

- transform children's achievement and well-being through excellent school leadership;
- develop leadership within and beyond the school;
- identify and grow tomorrow's leaders;
- create a fit for purpose, national College.

The College has undergone a period of change and has made significant progress in terms of commissioning out programme design and delivery. Some of its key programme areas commenced commissioned out delivery from September 2006. Our prime strategic challenges over the next year include succession planning for school leadership, the redesign of the National Professional Qualification for Headship (NPQH) and the development of new models of leadership.

Research and development

Significant resource was devoted towards Research and Development activities during 2006/07. A total of £8.3m was spent on this work compared with £3.8m in 2005/06. Research work included a programme of visiting associates, examination of worldwide best practice, leading edge seminars and commissioned research. The College has also commissioned research to provide advice to the Government on the future of school leadership in the 21st century, as well as advising on the issue of succession planning for the next generation of school leaders.

Fixed assets

Note 8 to the accounts details fixed asset additions and disposals during the year.

Pension arrangements

Note 21 to the accounts details the College's pension liability and arrangements.

Post balance sheet events

There were no post balance sheet events.

The Governing Council

The following people served during the year:

Chair

- Vanni Treves
  Chairman

Directors

- Helen Baker
  Chair of Advance
- Brenda Bigland
  Headteacher, Lent Rise Primary School, Reading
- Matthew Britt
  Headteacher, St Mary's Lewisham CE Primary School
- Martin Callaghan
  Partner, PricewaterhouseCoopers
- Pamela Jervis
  Headteacher, Brookfield High School, Knowsley
- Tony Mackay
  Executive Director, Centre for Strategic Thinking, Melbourne, Australia
- Joan McVittie
  Headteacher, Woodside High School, Haringey
- Linda Neal
  Chair, Young @ now
- Di Nightingale
  Headteacher, Hounsdown School, Southampton

- Helen Paterson
  Head of School Improvement, Solihull MBC
- David Patterson
  HR Consultant and former MD of the Hay Group Ltd (UK)
- Terry Piggott
  Executive Director Children's Schools and Families, Rochdale
- Jill Pullen
  Headteacher, Colegrave Primary School, Newham
- Himanshu Raja
  Chief Financial Officer, BT Wholesale
- Diana Ross
  Former Director, Jobcentre Plus, South West
- Andrew Seber
  Former Chief Executive Officer, Hampshire County Council
- Martin Taylor
  Former headteacher and former Chief Executive of NHS Trust
- Peter Williams
  Formerly T-Mobile

Ex Officio

- David Bell
  Permanent Secretary, Department for Education and Skills
- Michael Gibbons
  Lead Director, Innovation Unit, DfES
- Judy Moorhouse
  Chair, General Teaching Council for England
- Steve Munby
  Chief Executive, The National College for School Leadership

Observer

- Dugald Sandeman
  Director, School Resources Group, Department for Education & Skills

Charitable and political donations

There were no charitable or political donations during the year.

Prompt payment

The College is committed to complying with the principles of HM Treasury's Better Payment Practice Code and monitors performance on a monthly basis, taking measures where indicated to improve compliance.

Disabled employees

The College is committed to a policy of equal opportunities. Disability is not regarded as a bar to recruitment or advancement; selection is based on merit. The office accommodation at all of the College's sites is equipped to accommodate the needs of people with disabilities and complies with the requirements of the Disability Discrimination Act.

Equal opportunities

The College is an equal opportunities employer. The College has an equal opportunities policy, which is in line with best practice and has been approved by the DfES. During the year the College has run a programme of diversity training for staff.

Employee involvement

Staff involvement is actively encouraged. Means of employee communication include regular team meetings, internet communications and regular briefings for all staff. A number of cross college working groups have been established to encourage participation of staff and improved methods of working. The College holds an annual staff conference and undertakes an annual staff survey. During the year a Staff Representative Committee was established to further improve communication with staff.

Sustainable development

The College's Sustainable Development Action Plan (SDAP) was published in March 2007 and builds on a range of existing government polices. The SDAP sets out our vision for sustainable development and our commitment to achieving the following outcomes over 3 years: reducing the NCSL's carbon footprint, integrating sustainable development elements across our programmes, supporting school leaders to integrate sustainable development into their practice, and to work in partnership with other agencies to ensure that sustainable development messages are coherent across the system.

The College is being supported in this work by Forum for the Future, and plans are already in place to reduce our paper and energy usage, and also to publish our Green Travel Plan.

Auditor services

In respect of the year ended 31 March 2007 the College's external auditors KPMG LLP completed the statutory audit. The audit fee for 2006-07 is £48k (2005-06 £41k). The College's internal audit service has been provided by PKF (UK) LLP.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the College's auditors are aware of that information

Going concern

The accounts have been prepared on a going concern basis as the Governing Council believe that the College will continue in operational existence for the foreseeable future. The Secretary of State for Education and Skills has confirmed a baseline budget of £65m grant funding for 2007/08.

Elective resolution

On 16 November 2001 an elective resolution was passed to dispense with the annual appointment of auditors and laying of the accounts before the company in a general meeting.

Signed by order of the board by:
T Piggott Director
Dated: 27 June 2007

Approved by:
S Munby Chief Executive
Dated: 27 June 2007

Statement
of Governing Council Members' and Accounting Officer's responsibilities

Under Section 227 of the Companies Act 1985 the College's Directors are required to prepare a statement of accounts for each financial period in the form and on the basis set out by the Act. The Accounts Direction, which is issued by the Secretary of State for Education and Skills, requires the company to comply with the accounting and disclosure provisions of the Companies Act and UK Generally Accepted Accounting Practice (UK GAAP).

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the College at the period end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit for that period. In preparing those accounts, the Accounting Officer and the directors are also required to comply with the requirements of the Government Financial Reporting Manual and in particular:

- observe the Accounts Direction issued by the Secretary of State for Education and Skills, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the organisation will continue in operation.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Secretary of State for Education and Skills has designated the College's Chief Executive as the Accounting Officer of the College. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the College's assets are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in 'Government Accounting'.

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the National College for School Leadership's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the NDPB Accounting Officer Memorandum.

As an NDPB sponsored by the DfES the College's financial memorandum and management statement set out the respective roles of the Accounting Officer and Governing Council. The College's Corporate Plan, Operating Plan (Delivery Roadmap) and Balanced Scorecard, which reflect the expectations set by the annual remit letter, have been developed in consultation with the Department.

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 a 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 organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with the Treasury guidance.

Capacity to handle risk

The Leadership Group will keep the main risks under regular strategic review, whilst risk management and the consideration of risk has been incorporated into the corporate planning and decision making process of the College. High level information on risks and the management of risks will then be integrated with other key performance data and presented to the Governing Council.

The risk and control framework

In 2006/07 the College introduced a new risk management strategy and a new framework for the monitoring and reporting of risks. This framework identifies the main risks that may affect the organisation within a risk register, against which each risk is attributed to a clearly identified owner. In respect of each risk a process of assessment, risk rating, impact consideration, a review of control measures and contingencies is identified, monitored and updated and reported to the Leadership Group (who act as the Risk Management Group) on a monthly basis. A summary "risk matrix" is then reported to each meeting of the Audit and Performance Appraisal Committee, this new strategy and framework was approved in December 2006.

The College has also introduced a new Programme and Project Management methodology. Key documents required for each programme/project include a risk register and issues log. These are reviewed by the individual programme and project boards, with the significant risks reported in the overall risk register and matrix.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the College who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board and the Audit and Performance Appraisal Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

In 2006/07 the following key internal control measures were in place:

- an internal audit service and an annual internal audit report providing an independent opinion on the adequacy and effectiveness of the College's system of internal control;
- an Audit and Performance Appraisal Committee to review the work of internal audit and provide regular reports to the Governing Council;
- regular review of the system of internal control through reports of the internal and external auditors and an annual review by the Audit Committee of the effectiveness of the College's system of internal control.
- a system of delegation of authority with defined revenue and capital spend authorisation limits;
- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Finance & Remuneration Committee of the Governing Council;
- regular monitoring meetings at which project managers report on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects and progress towards corporate plan objectives.
- regular reviews by the Leadership Group of reports indicating financial and programme performance against forecasts;

Several specific reviews have been undertaken during 2006/07 to provide assurance about the level of controls operating. The internal auditors reviewed the Colleges finance policies and procedures and corporate governance arrangements, and these were found to be sound and satisfactory respectively. A business continuity plan has been written and tested.

During the year the College completed its restructure of the senior management arrangements, and this has driven the re-shaping of the risk management and performance monitoring arrangements. The financial reporting framework is also in the process of being revised and enhanced. Specific measures include the redesign of the financial monitoring reporting framework, so that it is clearer and aligns with the performance management process, and the introduction of accountability memos, which require all budget holders to formally sign up for the budgets for which they are responsible. Effective budget management will also be a key element of a revised individual performance management process.

A bespoke programme of training to provide staff with the relevant level of skills to manage projects and to identify and manage risk has been rolled out. The College's policies and procedures and systems of delegations are also being updated to ensure they continue to provide control and assurance under the new management structure and project-based working.

Also during 2006/07 the Chairman, in consultation with representatives of the DfES, reviewed the composition and operation of the College Governing Council and seven new members were appointed, along with a reshaping of the four sub-committees. At the time of writing these new arrangements have been in place for six months and there is already clear evidence of very effective and robust challenge, which will only enhance the College's governance framework.

These combined developments will build upon the existing systems to further strengthen the internal control and assurance mechanisms.

S Munby Accounting Officer
Dated: 27 June 2007

Remuneration report

The College ensures it is able to deliver on its charter by attracting and keeping highly talented individuals in the senior management team. This entails maintaining a competitive stance with respect to the overall compensation package on offer when compared to both the private and public sectors.

The College ensures the remuneration package for senior managers is competitive by periodically commissioning a salary review. This review is undertaken by an independent consultancy. Salaries, benefits and pensions are compared against market norms in both the private and public sectors. The College aims to compete at the median point across both sectors for like positions. The median point does not include private sector bonuses which tend to skew comparatives. The results are reported to the Finance and Remuneration Committee for review and sanction.

The Finance and Remuneration Committee comprises of:

David Patterson (Chair)	NCSL Governing Council
Martin Callaghan	NCSL Governing Council
Pamela Jarvis	NCSL Governing Council
Himanshu Raja	NCSL Governing Council
Steve Munby	Chief Executive Officer, NCSL
Christine Lovett	NCSL
Paul Simpson	NCSL

The final package for each senior manager comprises of salary, pension (local government pension scheme), senior bonus and corporate bonus. The corporate bonus is linked to the achievement of the objectives as laid out in the corporate plan which is presented to and agreed by the DfES. These objectives are subject to periodic measurement and are contained within the NCSL Balanced Scorecard. The achievement of the objectives is subject to review and confirmation by the Finance and Remuneration Committee (General Council reporting body). If the objectives are achieved the corporate bonus pot is equally divided amongst all eligible employees including Directors.

An eligible employee/director is one who has met the high standards required in the annual performance appraisal system. Those employees/considered to be below this standard ie requiring development do not qualify. In addition to the above senior managers are entitled to a bonus of up to 3% of salary based on the achievement of the objectives set by their line managers. The CEO (Steve Munby), is subject to separate performance management and bonus arrangements, which operate are under the DfES scheme. He does not receive the corporate bonus, but is entitled to a performance bonus of up to 10% of salary. This is subject to achievement against objectives, which has to be agreed by the Permanent Secretary and the Chair of Governing Council (Vanni Treves).

The performance of senior managers is assessed on an annual basis by reviewing how well they have done against their objectives for the year. The performance appraisal review includes input from stakeholders and colleagues. Performance is reviewed and targets are set for the next year. The target setting process ensures the individual goals are aligned with and designed to achieve the College objectives as laid out in the operational plan. Steve Munby conducts the review for his direct reports and Vanni Treves conducts the review for Steve Munby.

The College's policy on director contracts is as follows:-

- Duration of contracts
  - – CEO: five year fixed term contract
  - – All other directors: continuous until retirement
- Notice periods – all executive directors are on six months
- Termination payments – no formal termination payment for directors however, the College's policy on the termination of fixed term contracts is to treat these in same way as for full time employment and award a redundancy payment for loss of office. The redundancy payment is based on two weeks payment for each complete and partial year of service.

Director	Position	Contract Dates & Notice	Theoretical provision for early termination	Salary & allowances*	Benefits in kind*	Total 06/07*	Total 05/07*	Compensation for loss of office*
Non Exec Directors								
Vanni Treves	Chairman	9/04	N/A	£41,690	Nil	£41,690	£42,709	
Helen Baker	Board Member	09/06 to 09/09	N/A	£2,400 *Note d*	Nil	£2,400	Nil	
Brenda Bigland	Resigned	9/03 to 9/06	N/A	*Note d, Note e*	Nil	Nil	Nil	
Matthew Britt	Resigned	1/03 to 8/06	N/A	*Note d*	Nil	Nil	Nil	
Martin Callaghan	Board Member	09/06 to 09/09	N/A	*Note d*	Nil	Nil	Nil	
Pamela Jervis	Board Member	09/06 to 09/09	N/A	*Note d, Note e*	Nil	Nil	Nil	
Tony Mackay	Board Member	9/00 to 3/08	N/A	*Note d*	Nil	Nil	Nil	
Joan McVittie	Board Member	09/06 to 09/09	N/A	*Note d, Note e*	Nil	Nil	Nil	
Linda Neal	Resigned	2/03 to 8/06	N/A	*Note d*	Nil	Nil	Nil	
Dianne Nightingale	Board Member	2/03 to 2/09	N/A	*Note d*	Nil	Nil	Nil	
Helen Paterson	Resigned	11/02 to 8/06	N/A	*Note d*	Nil	Nil	Nil	
David Patterson	Board Member	11/02 to 11/08	N/A	£7,200 *Note d*	Nil	£7,200	£6,000	
Terry Piggott	Board Member	11/02 to 11/08	N/A	*Note d, Note e*	Nil	Nil	Nil	
Jill Pullen	Board Member	09/06 to 09/09	N/A	£900 *Note d*	Nil	£900	Nil	
Himanshu Raja	Board Member	09/06 to 09/09	N/A	*Note d*	Nil	Nil	Nil	
Diana Ross	Board Member	09/06 to 09/08	N/A	£3,000 *Note d*	Nil	£3,000	Nil	
Andrew Seber	Board Member	09/06 to 09/09	N/A	£4,200 *Note d*	Nil	£4,200	Nil	
Martin Taylor	Resigned	11/02 to 8/06	N/A	£2,400 *Note d*	Nil	£2,400	£2,900	
Peter Williams	Resigned	2/04 to 2/07	N/A	*Note d*	Nil	Nil	Nil	
Exec Directors								
Steve Munby	CEO	3/05 to 3/10 *6 mths notice*	£86,000 *Note b*	£144,289 *Note c*	£7,650 *Note a*	£151,939	£134,914	
Geoff Southworth	Deputy CEO	04/02 onwards *6 mths notice*	£92,000 *Note b*	£125,490 *Note c*	Nil	£125,490	£118,105	
Christine Lovett	Director	04/06 onwards *6 mths notice*	£75,000 *Note b*	£122,400 *Note c*	Nil	£122,400	Nil	
Ken Gill	Director	04/06 onwards *6 mths notice*	£75,000 *Note b*	£129,104 *Note c*	Nil	£129,104	Nil	
Toby Salt	Director	04/06 onwards *6 mths notice*	£75,000 *Note b*	£119,892 *Note c*	Nil	£119,892	Nil	

Notes

a. Steve Munby has a license for his sole occupancy of a room at LCC. The College pays for the cost of this room and the associated income tax for the benefit in kind.

b. These are the theoretical costs associated with an early termination of the contracts. They are based on the College's redundancy policy. The actual contractual cost is less.

c. Performance Related Pay

– Steve Munby has a performance related bonus of up to 10% of salary based on achievement of objectives for the year

– Senior Directors have a performance related bonus of up to 3% of salary based on achievement of objectives for the year

– All Directors contribute to the attainment of the College objectives as measured within the NCSL Balanced Scorecard. Attainment of the objectives gives rise to the release of the corporate bonus to the College. The corporate bonus is equally divided amongst all eligible employees including Directors across the College.

d. Board members were allowed to claim expenses for travelling to board meetings and a daily board attendance fee of £300 per day in addition to the travel expenses.

e. Board attendance fees were paid directly to their employer in accordance with the DfES/Government guidelines. These payments did not result in a change to their overall salary and therefore were not disclosed in this report.

f. In addition the College has incurred £141,454 in respect of Interim Management costs.*

In accordance with DfES guidelines on employment, the College offers its employees the option of joining the Local Government Pension Scheme. The terms and conditions are very similar to central government schemes. The scheme is only available to executive directors, as unlike the non-executives they are employees of the College. The following represents the details of the executive directors' pension entitlements.

**Information has been subject to audit.*

Pension details for the executive directors are as follows:-

Director	Position	Accrued pension as at 31st March 2007 and the related lump sum at age 60 Col A *	Real increase during the year and the related lump sum at age 60 Col B *	Cash equivalent value at 1st April 2006 Col C *	Real increase in cash equivalent value during the year Col D *	Employers contribution to Partnership pensions for the year 06/07 Col E *
Executive Directors						
Steve Munby	CEO	£52,000/£155,000	£6,000/£18,000	£797,000	£797,000	£797,000
Geoff Southworth	Deputy CEO	£55,000/£165,000	£3,000/£9,000	£1,013,000	£1,013,000	£1,013,000
Christine Lovett	Director	£1,000/£5,000	N/A	N/A	N/A	N/A
Ken Gill	Director	£40,000/£120,000	N/A	N/A	N/A	N/A
Toby Salt	Director	£34,000/£101,000	N/A	N/A	N/A	N/A

There were no partnership pensions in existence.

Notes

Col A: The value at 31st March 2007 of the accrued pension and (if applicable) related lump sum at age 60
Col B: The real increase during the year 06/07 in the pension and (if applicable) related lump sum at age 60
Col C: The value of the cash equivalent transfer value at 1st April 2006
Col D: The real increase in the cash equivalent transfer value during the year 06/07
Col E: Employer's contribution to partnership pension for the year 06/07 (where they exist)

** Information has been subject to audit*

S Munby Accounting Officer
Dated: 27 June 2007

Independent auditors' report

to the member and directors of the National College for School Leadership Limited

Independent auditors' report to the member and directors of the National College for School Leadership Limited

We have audited the financial statements of the National College for School Leadership Limited for the year ended 31 March 2007 which comprise the Income and Expenditure Account, Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Governing Council Members' and Accounting Officer's responsibilities on page 5, the company's directors are responsible for the preparation of the financial statements, which include the Remuneration Report, in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), and Secretary of State for Education and Skills' accounts direction, and for ensuring the regularity of financial transactions.

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited 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 whether the financial statement and the part of the Remuneration Report to be audited are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Report and Accounts, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We have reviewed whether the statement on internal control on page 6 reflects the company's compliance with the Treasury's guidance 'Corporate Governance: statement on the system of internal financial control'. We report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounts. We are not required to consider whether the Director's statement on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error, and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

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 the company's affairs as at 31 March 2007 and of its result for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Secretary of State for Education and Skills' accounts direction;
- the information given in the Directors' Report is consistent with the financial statements; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

KPMG LLP Chartered Accountants
Registered Auditor
27 June 2007

Income and expenditure account

For the year ended 31 March 2007

	Note	£'000	Year ended 31 March 2007 £'000	£'000	Year ended 31 March 2006 (restated) £'000
Turnover					
From continuing operations:	3				
Other income		**12,934**		9,512	
		12,934		9,512	
From discontinued operations:	4				
Network Learning Group					
Other income		**3**		196	
			12,937		9,708
From continuing operations:					
Programme costs		**(94,917)**		(72,239)	
Infrastructure costs		**(9,306)**		(9,952)	
Contributions to provisions		**999**		(329)	
From discontinued operations:					
Programme costs		**(1,560)**		(7,032)	
			(104,784)		(89,552)
Net expenditure before FRS17 adjustments			**(91,847)**		(79,844)
Less Employers LGPS costs		**3,011**		3,685	
Current service cost		**(1,170)**		(1,150)	
Past service cost		**(614)**		(216)	
			1,227		2,319
Net expenditure					
From continuing operations	5		**(89,063)**		(70,689)
From discontinued operations: Network Learning Group			**(1,557)**		(6,836)
Net expenditure			**(90,620)**		(77,525)
Interest payable and similar charges (net interest on pension scheme)	21		**221**		(16)
Net expenditure after tax			**(90,399)**		(77,541)
Tax on net expenditure	7		**–**		–
Net expenditure on ordinary activities after taxation			**(90,399)**		(77,541)
Notional capital charge			**(930)**		(819)
Net expenditure after notional capital charge			**(91,329)**		(78,360)
Add back notional capital charge			**930**		819
Net expenditure for the year	14		**(90,399)**		(77,541)

Statement of total recognised gains and losses (STRGL)

For the year ended 31 March 2007

	Note	**Year ended 31 March 2007 £'000**	Year ended 31 March 2006 (restated) £'000
Net expenditure for the year	2.3	**(90,399)**	(77,541)
Actual return less expected return on pension scheme assets		**49**	2,499
Experience losses arising on the scheme liabilities		**–**	(1,003)
Change in financial and demographic assumptions underlying the scheme liabilities		**1,501**	(2,175)
Recognised losses for the year		**(88,849)**	(78,220)

Balance sheet
As at 31 March 2007

	Note	£'000	2007 £'000	£'000	2006 £'000
Fixed assets					
Tangible assets	8		**24,063**		24,648
Current assets					
Debtors	9	**6,602**		3,334	
Cash at bank	10	**25,264**		24,902	
		31,866		28,236	
Creditors: amounts falling due within one year	11	**(31,735)**		(27,216)	
Net current assets			**131**		1,020
Total assets less current liabilities			**24,194**		25,668
Creditors: amounts falling due after more than one year	12	**(23,223)**		(23,698)	
Provisions for liabilities and charges	13	**(204)**		(1,203)	
			(23,427)		(24,901)
Pension asset/(liability)	21		**602**		(2,396)
Net assets/(liabilities)			**1,369**		(1,629)
Capital and reserves					
Income and expenditure reserve (including pension liability)			**1,369**		(1,629)
Member's surplus/(deficit)	14		**1,369**		(1,629)

These accounts were approved by the board of directors and signed on their behalf by:

T Piggott Director
Dated: 27 June 2007

Approved by the board on:

S Munby Chief Executive & Accounting Officer
Dated: 27 June 2007

Cash flow statement

For the year ended 31 March 2007

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Net cash inflow from operating activities	**362**	6,709
Capital expenditure		
Purchase of tangible fixed assets	**465**	(1,054)
Receipt of deferred capital grants	**(465)**	1,054
Increase in cash	**362**	6,709

Reconciliation of operating loss to net cash flow from operating activities

Net expenditure	**(90,620)**	(77,525)
Depreciation	**1,050**	1,119
Release from deferred capital grants	**(465)**	(1,052)
Non cash pension charges	**1,784**	1,366
Increase in debtors	**(3,268)**	(850)
Increase in creditors	**4,044**	8,364
Increase/(decrease) in provisions	**(999)**	329
Cash payments made to offset pension liability	**(3,011)**	(3,685)
Grant in Aid Financing	**91,847**	78,643
Net cash inflow from operating activities	**362**	6,709

Reconciliation of net cash flow to movement in net funds

	£'000	£'000
Increase in cash in the year	**362**	6,709
Change in net funds	**362**	6,709
Opening net funds	**24,902**	18,193
Net funds at 31 March	**25,264**	24,902

Notes to the accounts

For the year ended 31 March 2007

1 Company status

The company is limited by guarantee and has no share capital.

The maximum liability of each member is £1. The sole member is the Secretary of State for Education and Skills.

The company is an executive non-departmental public body, sponsored by the Department for Education and Skills.

2 Accounting policies

The accounts have been prepared in accordance with the Companies Act 1985, applicable accounting standards and in accordance with a direction given by the Secretary of State for Education and Skills with the consent of the Treasury. The particular accounting policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts, with the exception of the accounting policy in respect of Grant in Aid Financing (see 2.2 and 2.3 below) The accounts have been prepared on a going concern basis for the reasons set out on page 4.

As permitted by section 226A(5) of the Companies Act 1985 the directors have adopted a format for the income and expenditure account that differs from that prescribed by Schedule 4 to the Act as it is considered that the directors' presentation provides a more true and fair view of the College's activities.

2.1 Accounting convention

The accounts have been prepared under the historical cost convention, except for assets received from the DfES for which no consideration is paid which are capitalised at their cost to the DfES.

2.2 Government grants

The College is funded mainly by Grant in Aid from its sponsor department, the Department for Education and Skills. Grant in Aid is received monthly and except as detailed below is treated as financing, credited to the General Reserve, because they are regarded as contributions from controlling party.

Amounts used for the purchase of fixed assets are held as deferred income in creditors and released to the income and expenditure account in line with depreciation on the relevant assets.

Where the College receives funds from the DfES which are specifically earmarked for identified projects the income is recognised to the extent that expenditure has been incurred, any unspent income being taken to creditors as deferred income.

Where the College has provided training bursaries for individuals, a liability is recognised on the balance sheet to the extent to which it is expected the bursary will be used. Income and expenditure is recognised at the time the claimant becomes entitled to the bursary. The balance of funding attributable to individual applicants is held in a separate HM Paymaster account.

2.3 Change of accounting policy

With effect from the 2006-07 reporting period the FReM requires Non-departmental public bodies to account for grants and grants in aid received for revenue purposes as financing because they are regarded a contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPB. This is a change in accounting policy from earlier periods when such items were recorded as income. The effect of this change on the certified 2005-06 accounts and the impact of the change of the results of the current year is shown below. There is no impact on the net liability position of National College for School Leadership as a result of this change in policy.

	At 31 March 2006 as previously stated £'000	Impact of adopting the new policy £'000	At 31 March 2006 (restated) £'000
Net expenditure for 2005-06	1,102	(78,643)	(77,541)
General reserve	(1,629)	–	(1,629)

	At 31 March 2007 as previously stated £'000	Impact of adopting the new policy £'000	At 31 March 2007 (restated) £'000
Retained Deficit for 2006-07	1,448	(91,847)	(90,399)
General reserve	1,369	–	1,369

2.4 Grants paid

Grants to other bodies are recognised upon payment becoming due according to an agreed profile or specified milestones.

2.5 Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

2.6 Value added tax

The College is treated as an 'eligible body' for VAT purposes and its supplies of education and vocational training are exempt from VAT. Irrecoverable VAT, excluding that on fixed assets, is charged to the income and expenditure account in the period in which it is incurred.

2.7 Fixed assets and depreciation

Assets with a purchase cost in excess of £2,500 are capitalised unless they are part of a recognised scheme in which case items with a lower cost are capitalised as distinct groups.

Depreciation is provided for on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Land and buildings	over 50 years
Building improvements	over 10 years
Computer hardware and communications equipment	over 3 years
Computer software	over 2 years
Office furniture and equipment	over 3 years

Where the College receives assets for nil consideration from its sponsor department, the Department for Education and Skills, these are capitalised on their receipt at the cost to the DfES and a corresponding entry is credited to deferred grants. A release is made from deferred grants to income in line with the depreciation charge on the associated asset.

2.8 Research and development

Research and development expenditure, including research grants, is written off as incurred.

2.9 Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income and expenditure account.

2.10 Notional cost of capital

The notional cost of capital of 3.5 per cent on average capital employed during the year, excluding cash at bank and donated assets, has been shown in the income and expenditure account. Where the capital employed is represented by liabilities a negative charge or credit is shown. This is in line with HM Treasury guidance.

2.11 Pensions

College employees are eligible to become members of the Nottinghamshire County Council Local Government Pension Fund, a defined benefit scheme. The College fully adopted FRS17 Retirement Benefits in 2004/05.

2.12 Cash

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

3 Turnover

In addition to the grant in aid the College also invoices the DfES for specific project funding. The College has also received programme funding from several other sources during 2006/07:

Training & Development Agency for Schools	Bursar training	£5.2m
Capita	School Improvement Partners	£2.6m
Capita	Primary Strategy	£78k

The College charges fees to participants on several of its programmes. When the fees were initially set they were based on a percentage of the costs NCSL pays to the providers of the programmes. The financial objective is, over several years, to reduce the amount by which NCSL subsidises school leadership training.

The College receives other income from the sales of publications and other training materials and from chargeable seminars and conferences.

4 Discontinued operations

The DfES funding for the Network Learning Group ended on 31 March 2006 and as a consequence the work of the group, based in Cranfield, ceased in August 2006 and is shown as a discontinued operation in 2006/07.

Salaries includes gross salaries and performance bonuses payable. It does not include the estimated monetary value of benefits in kind. Following the adoption of FRS 17, the employers pension cost in respect of the College's main pension fund, the Nottinghamshire County Council Pension Fund, is charged directly to the pension liability in the balance sheet.
The amount charged for the year was £3,011,000 (2006: £3,685,000).

5 Net expenditure

	2007 £'000	2006 £'000
This is stated after charging:		
Depreciation of fixed assets	**1,050**	1,119
Auditors' remuneration		
Audit services – external auditors	**43**	38
Audit services – internal auditors	**48**	41
Other fees – external auditors – tax advice	**–**	3
– external auditors – other consultancy	**–**	35
– external auditors – provision of interim staff	**–**	5
Other fees – internal audit – other consultancy	**–**	344
Research and development expenditure	**8,347**	3,847
Operating lease payments – plant and equipment	**4**	52
Operating lease payments – other	**783**	1,041

6 Staff costs

		2007 £'000	2006 £'000
a)	Wages and salaries of direct employees	**7,827**	8,29
	Redundancy costs	**–**	571
	Social security costs	**730**	751
	Other pension costs	**132**	861
	Contract & temporary staff costs	**737**	449
	Seconded staff costs	**391**	83
	LGPS current service charge	**1,110**	1,150
	LGPS past service (gain) cost	**(253)**	(615)
		10,674	11,547

b) The average number of employees during the year was made up as follows:

	2007 £'000	2006 £'000
Senior management	**5**	5
Other staff	**202**	227
Seconded staff	**6**	–
Agency, temporary and contract staff	**22**	15
	235	247

c) The College is a member of the Nottinghamshire County Council Pension Fund.

d) Details of Directors' emoluments are shown in the remuneration report. The Chair of the Governing Council is the only member of Council who receives a salary from the College. With effect from September 2005 other members of the Governing Council, who are directors for the purpose of Company Law, have been entitled to claim an allowance for meeting attendance; for those directors employed full-time in the public sector this is paid to their employer. Expenses incurred for attendance at meetings are also reimbursed.

e) Information in respect of the remuneration and pension entitlements of the Chief Executive, who is not a director for the purposes of Company Law, and the individual salary and pension entitlements of the other senior managers are shown in the Remuneration Report at page 8.

7 Taxation

It has been agreed by HMRC that the College is currently exempt from taxation (other than Value Added Tax) on its educational activities, and therefore no provision for current or deferred corporation tax is necessary. This position is reviewed annually.

8 Tangible fixed assets

	Land and buildings Owned £'000	ICT Owned £'000	Furniture and fittings and fittings Owned £'000	ICT, Furniture Donated £'000	Total £'000
Cost or valuation					
At 1 April 2006	26,883	1,590	707	42	29,222
Additions at cost	262	181	22	–	465
Disposals	–	(67)	(23)	–	(90)
At 31 March 2007	27,145	1,704	706	42	29,597
Accumulated depreciation					
At 1 April 2006	2,516	1,316	700	42	4,574
Charge for the year	730	308	12	–	1,050
Disposals	–	(67)	(23)	–	(90)
At 31 March 2007	3,246	1,557	689	42	5,534
Net book value					
At 31 March 2007	**23,899**	**147**	**17**	**–**	**24,063**
At 31 March 2006	24,367	274	7	–	24,648

On 7 June 2002, the College entered into a 99 year lease with the Department for Education and Skills for the use of a building sited on the Jubilee Campus of the University of Nottingham. No consideration was transferred by the College to the DfES in respect of this lease and the lease contains no provision for rental to be charged. Under the provisions of FRS 5, this building was capitalised at cost within the College's accounts to reflect the substance of the lease which confers the operational risk of the building to the College. A corresponding entry was made to deferred capital grants within creditors and this creditor balance is being released to income in line with depreciation on the asset. During the year, the College made a payment of £1.3m to the DfES in lieu of rent on a non-prejudicial basis. Discussions about the lease terms and associated rental payments between the DfES and the College have been ongoing during the year.

9 Debtors

	2007 £'000	2006 £'000
Trade debtors	**4,197**	2,132
Other debtors	**1,320**	1
Prepayments and accrued income	**1,085**	1,201
	6,602	3,334

These balances can be analysed between:

	2007 £'000
Other central government bodies	**1,614**
Local authorities	**335**
Bodies external to government	**4,653**
	6,602

10 Cash at bank

The College's cash balance at the year end can be analysed as follows:

	2007 £'000	2006 £'000
HMPG Accounts	**25,264**	24,746
Nat West account for Headteachers Induction Programme	**–**	156
	25,264	24,902
Representing:		
Working balance	**(3,684)**	(3,177)
Year end creditors & accruals	**14,355**	12,521
Grant returned in April	**2,027**	2,497
VAT, PAYE and NI payable	**533**	141
Deferred grant – continuing operations	**2,815**	1,984
Receipts in advance	**2,532**	3,600
Early Headship Provision (EHP) Grants	**6,686**	7,336
	25,264	24,902

11 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
VAT	**317**	137
Other taxation and social security	**216**	4
Trade creditors	**390**	227
Other creditors	**2,113**	2,500
Accruals and deferred income	**22,024**	17,877
EHP Grants	**5,835**	5,521
Deferred capital grant	**840**	950
	31,735	27,216

These balances can be analysed between:

	2007 £'000
Other central government bodies	**1,614**
Local authorities	**335**
Bodies external to government	**4,653**
	6,602

12 Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Deferred capital grant – land and buildings	**23,168**	23,663
Deferred capital grant – other	**55**	35
	23,223	23,698

13 Provisions for liabilities and charges

	Closure of Networked Learning £'000	Senior Management restructure £'000	Other including dilapidations £'000	£'000
Opening balance	395	804	4	1,203
Additions during the year	-	108	70	178
Amount used during the year	(391)	(778)	–	(1,169)
Unused amounts reversed during the year	(4)	–	(4)	(8)
Balance at 31 March	–	134	70	204

Provision was made in 2004/05 for the identified early retirement costs of staff leaving the College. During 2005/06 further provision was made for the remaining costs of the senior management restructure which occurred during the year. The liability at 31 March 2007 is based on individual pension and redundancy entitlements and other related costs. These are expected to become payable in 2007/08.

Provision was also made in 2004/05 for the costs, including redundancy, early retirement costs and estimated reinstatement costs of redeeming the lease of the Cranfield premises as a result of the end of the three year funding of the Networked Learning Communities. These have now been paid.

A further provision has been made in respect of anticipated dilapidation costs in respect of other leased premises.

14 Income and expenditure reserve

	2007 £'000	2006 £'000
At 1st April	**(1,629)**	(2,052)
	(1,629)	(2,052)
Grant in Aid Financing (see note 2.3)	**91,847**	78,643
Net operating costs	**(90,399)**	(77,541)
Movement from STRGL	**1,550**	(679)
Closing reserves	**1,369**	(1,629)

15 Related party transactions

The College is a non-departmental public body and a company limited by guarantee. The guarantor is the Secretary of State for Education and Skills and thus is considered a related party. Grant in Aid income of £91,153,042 was received from the DfES during the year, of this funding £85,803 is held within deferred income at the year end, £2,026,965 was held in creditors and returned to the DfES in May 07, £1,320,312 was held in debtors and drawn down from the DfES in May 07.

The College invoiced the DfES for a further £52,040, for reimbursement of expenditure and other services rendered.

The DfES invoiced the College for £89,014 to cover the costs of seconded staff and other activities. The DfES also invoiced the College a rental charge of £1,300,000 in respect of the Learning & Conference Centre.

The College paid £1,747,123 to Serco Limited during the year (year end creditor £134,940). A family member of Joan McVittie is Chief Executive of Serco Education a division of the limited company. Joan is also on the Executive of Association of School and College Leaders (ASCL) and the College paid £1,675 to the organisation during the year.

The College paid £137,475 to PriceWaterhouseCoopers LLP. Martin Callaghan is a partner of the partnership and Chris Kirk is on secondment from the organisation.

The College paid £107,534 to MouchelParkman PLC. Di Morton's spouse is an employee of the company.

The College paid £7,050 to Bioss International (Europe) Limited. David Patterson is a director of the company.

The College requires staff to declare any potential purchases from suppliers with whom they may have a financial interest, prior to contracting. Where it is deemed acceptable for the purchase to proceed staff are not permitted to take any part in the contract negotiations with any related party.

The College, together with Absolute Return for Kids (ARK) and the Specialist Schools and Academies Trust (SSAT) have formed a charitable company limited by guarantee to deliver the Future Leaders initiative, Future Leaders Charitable Trust (FLCT). Each organisation nominates two members of their management team as non remunerated Directors of the company. During the year, NCSL paid FLCT £781,444 (year end creditor £62,674)

The University of Nottingham is not a related party.

None of the governing council members, senior management personnel or other related parties have undertaken any material transactions with the College during the year, other than those noted above.

16 Grant payments made

The College made £11.5m grant payments to support research and educational activity. Of these £3.2m went to bodies within the public sector, including schools, local education authorities and universities. A further £4.2m was made to support the Fast Track programme. A further £3.5m were Early Headship grants made to newly appointed headteachers to support their personal leadership development.

17 Material non-cash transactions

There were no material non-cash transactions.

18 Financial performance targets

The only financial performance target was to break even. This objective was met.

19 Operating lease commitments

At 31 March 2007, the College had annual commitments under non-cancellable operating leases falling due as set out below.

	2007 Land and buildings £'000	**2007 Other £'000**	2006 Land and buildings £'000	2006 Other £'000
Within one year	**–**	**–**	94	–
In the second to fifth years inclusive	**218**	**–**	218	3
	218		312	3

20 Post balance sheet events

There were no post balance sheet events.

21 Pensions

The College operates a defined benefit staff pension scheme providing benefits based upon final pensionable salary. The scheme is part of the Nottinghamshire County Council Pension Fund which is administered under the statutory framework of the Local Government Pension Scheme. The scheme is funded with assets held by trustees. The pension costs are assessed by a qualified actuary, on the basis of triennial valuations using the projected unit method.

The pensions costs are assessed every three years in accordance with the advice of a qualified independent actuary, the latest valuation is as at 31 March 2004. 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 2004
Actuarial method	Projected Unit
Market value of assets at date of valuation	1,503m
Proportion of members' accrued benefits covered by the actuarial value of the assets	73%
Salary scale increases per annum	4.25%
Pension increases per annum	2.5%

	Past service	Future service
Investment returns per annum		
– pre retirement	7.35%	6.5%
– post retirement	5.6%	6.5%

In addition to the regular contributions of £610,790, to reduce the fund deficit reported by the 31 March 2004 actuarial valuation, the College accrued for a £2.4m payment to be made as a lump sum contribution to the fund. The pension surplus of £602,000 shown on the balance sheet is after applying FRS17 actuarial assumptions.

Contribution rates with effect from 1 April 2007	As a percentage of pensionable pay
– employers	9.8%
– employees	6.0%

FRS 17

The following information is based upon the full triennial actuarial valuation of the fund as at 31 March 2004, updated to 31 March 2005 by a qualified, independent actuary.

	31 March 2007	31 March 2006	31 March 2005
Rate of inflation	**3.1%**	2.9%	2.9%
Rate of increase in salaries	**4.85%**	4.65%	4.65%
Rate of increase in pensions	**3.1%**	2.9%	2.9%
Discount rate	**5.4%**	4.9%	5.4%

The assets in the scheme (of which the College's share is estimated at 0.9%) and the expected rates of return were:

	Long term rate of return expected at 31 March 2007	**Value at 31 March 2007 £'000**	Long term rate of return expected at 31 March 2006	Value at 31 March 2006 £'000	Long term rate of return expected at 31 March 2005	Value at 31 March 2005 £'000
Equities	**7.5%**	**17,379**	7.0%	14,982	7.5%	9,811
Government Bonds	**4.7%**	**1,951**	4.3%	1,727	4.7%	2,139
Other Bonds	**5.4%**	**1,064**	4.9%	1,360	5.4%	713
Property	**6.5%**	**4,281**	6.0%	3,087	6.5%	2,217
Cash/liquidity	**5.25%**	**659**	4.50%	432	4.75%	310
Other	**N/A**		N/A	0	7.5%	310
Total market value of assets		**25,334**		21,588		15,500

	2007 £'000	2006 £'000	2005 £'000
College's estimated asset share	**25,334**	21,588	15,500
Present value of scheme liabilities	**(24,732)**	(23,984)	(19,520)
Surplus/(Deficit) in the scheme	**602**	(2,396)	(4,020)

Analysis of the amount charged to the income and expenditure account

	2007 £'000	2006 £'000
Service cost	**(1,170)**	(1,150)
Past service gain (cost)	**(253)**	615
Curtailment loss	**(361)**	(831)
Total operating loss	**(1,784)**	(1,366)

Analysis of net return/(loss) on pension scheme

	2007 £'000	2006 £'000
Expected return on pension scheme assets	**1,407**	1,038
Interest on pension scheme liabilities	**(1,186)**	(1,054)
Net return/(loss)	**221**	(16)

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

	2007 £'000	2006 £'000
Actual return less expected return on pension scheme assets	**49**	2,499
Experience losses arising on the scheme liabilities	**0**	(1,003)
Change in financial and demographic assumptions underlying the scheme liabilities	**1,501**	(2,175)
Actuarial (loss)/gain recognised in STRGL	**1,550**	(679)

Movement in deficit during year

	2007 £'000	2006 £'000
Deficit in scheme at beginning of year	**(2,396)**	(4,020)
Movement in year:		
Current service charge	**(1,170)**	(1,150)
Contributions	**3,011**	3,685
Past service costs	**(614)**	(216)
Net return/(loss) on assets	**221**	(16)
Actuarial (loss)/gain	**1,550**	(679)
Surplus/Deficit in scheme at end of year	**602**	(2,396)

History of experience gains or losses

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Difference between the expected and actual return on assets:					
Amount	**49**	2,499	491	488	(717)
% of scheme assets	**0.2%**	12.8%	3.2%	8%	23.6%
Experience gains and losses on scheme liabilities					
Amount	**0**	(1,003)	(4,364)	–	–
% of scheme assets	**0%**	4.2%	28.2%	0%	0%
Total amount recognised in statement of total recognised gains and losses					
Amount	**1,550**	(679)	(5,254)	159	(1,278)
% of scheme liabilities	**6.3%**	2.8%	26.9%	2%	27.3%


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