

Newbold College
(Trading as Newbold College of Higher Education)

Company No: 3143237
Registered Charity No (England and Wales): 1052494

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

Newbold College

Contents

	Page
Governors	1
Reference and administrative details of the Charity and advisers	2
Governors' report	3 - 7
Independent auditor's report	8 - 9
Statement of financial activities	10
Balance sheet	11
Notes to the financial statements	12 - 24

Newbold College

Governors For the year ended 31 December 2013

Bertil Wiklander	Chair
Ian Sweeney	Vice Chair
Philip Brown	Secretary
KT Abbequaye	
Wim Altink	
Audrey Andersson	
Kalervo Aromaki	
Ingalill Gimble Berglund	
Sam Davis	
Brian Davison	
Styrkår Dramstad	
Daniel Duda	
Jaroslav Dziegielewski	(appointed 25 June 2013)
Göran Hansen	(appointed 1 July 2013)
Nenad Jeuranovic	(appointed 17 November 2013)
Reidar Johansen Kvinge	
Raafat Kamal	
János Kovács-Biró	
Thomas Müller	
Zlatko Musija	(appointed 25 June 2013)
Tamas Ócsai	
Anne Pilmoor	
Berton Samuel	
Paul Tompkins	
Kristel Tonstad	
Carsten Waern	
Djordje Trajkovski	
Valdis Zilgalvis	
Branko Bistrovic	(resigned 25 June 2013)
Johann E Johannson	(resigned 17 November 2013)
Pawel Lazar	(resigned 25 June 2013)
Robert Sjolander	(resigned 01 July 2013)

Newbold College

Reference and administrative details of the charity and advisers For the year ended 31 December 2013

Company number	3143237
Charity number	1052494
Bankers	HSBC Bank Ltd Bracknell Berks RG12 1DN
Solicitors	Clifton Ingram LLP Solicitors 22-24 Broad Street Wokingham Berkshire RG40 1BA
Auditors	Kingston Smith LLP 105 St Peter's Street St Albans Herts AL1 3EJ
Registered Office	St Marks Road Binfield Bracknell Berks RG42 4AN

Newbold College

Governors' Report For the year ended 31 Decemebr 2013

The Governors (who are also directors of the Charity for the purposes of the Companies Act) submit their annual report and the audited financial statements of Newbold College of Higher Education (the Company) for the year ended 31 December 2013. The Governors confirm that the annual report and financial statements of the Company comply with current statutory requirements, the requirements of the Company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 03 January 1996, much later than its start in 1901 as an institution of higher education.

The company's mission is to foster a Christ-centred and diverse learning community that prepares students for service in an ever-changing world. This includes, but is not limited to, training pastors and other professionals for employment by the Seventh-day Adventist Church in Europe.

There have been no changes in the objectives since the last annual report.

METHOD OF APPOINTMENT OR ELECTION OF GOVERNORS

The management of the Company is the responsibility of the Governors. Governors come from within the British Isles and 14 neighbouring nations, reflecting the diversity of the student body.

ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Board is a governing and policy-making body, which is responsible for formulating and adopting the strategy for the College as well as setting key performance indicators. It is not responsible for the day-to-day running of the College. Its work is to balance the need of conformance (i.e. compliance with legislation, regulation and codes of practice - both within the church and academia) with performance (i.e. improving the performance of the organisation through strategy formulation and policy-making). Scheduled meetings are normally held twice per year, in May and November.

The Executive Committee of the Board of Governors acts on behalf of the Board of Governors and makes decisions on major operational matters based on the recommendations received from Board sub-committees, and the College Principal. The Executive Committee meets about six times annually between the dates of the scheduled full Board meetings.

The Trans-European Division (TED) endorses the Board's appointment of the Principal and this role is critical to ensuring effective College governance. As the link between Board and management, the Principal is responsible for ensuring that policies are implemented on a day-to-day basis. The Principal communicates the strategy and KPIs to the College's Senior Management Team that in the year under review comprised the Deputy Principal, Bursar and Director of Student Services and is responsible for reporting back to the Board. His or her regular reports should enable the Board to monitor organisational performance. The Principal is the only employee of the College who has voice and vote at Board meetings. Although the Principal is the link between Board and management, the Board is responsible for good governance by ensuring that sound systems of risk management and robust internal controls are in place throughout the College organisation.

RELATED PARTY RELATIONSHIPS

The Company is owned by the Trans-European Division of the General Conference of Seventh-day Adventists. The TED supports the company with core funding and management consultation.

Newbold College

Governors' Report (continued) For the year ended 31 December 2013

RISK MANAGEMENT

The Governors have assessed all risks to which the Company is exposed, both from internal and external sources and are satisfied that systems and procedures are in place to mitigate the Company's exposure to possible jeopardy.

OBJECTIVES AND ACTIVITIES

POLICIES AND OBJECTIVES

The main strategic priorities of Newbold College of Higher Education are to provide high quality, creative and challenging learning opportunities; promote and mentor the spiritual growth of students and staff; nurture and support students throughout their learning experience; and promote opportunities for service to meet the needs of others. Further, it is important to the College that it fills the needs of the Seventh-day Adventist Church in Europe for educated pastors and lay people. This is achieved by educational experiences that enhance all aspects of student life - the mental, physical, emotional, environmental and spiritual. During the year ending 31 December 2013 the College offered undergraduate and postgraduate degrees and other programmes, including but not limited to business, liberal arts, English for speakers of other languages, theology and religious studies.

STRATEGIES FOR ACHIEVING OBJECTIVES

The College aims to deliver educational experiences of the highest quality and at the most manageable costs possible. The Board of Governors and the Administration of the Company actively seek to celebrate diversity in its many forms, value each individual and ensure that each member of academic and professional services and students find joy in their work and association together.

Our strategies include: developing cohesive overarching whole of college action plans; ensuring sustainability in the College's academic programmes and operations; attracting and developing quality staff; implementing a three-year budget framework and five-year financial and capital plans; building robust international enrolments; developing property holdings to increase income; building commercially astute and profitable College businesses; building productive relationships with alumni and potential sponsors; and applying understanding of and respect for cultural differences in diverse environments.

ACTIVITIES FOR ACHIEVING OBJECTIVES

The College is organised to accomplish its objectives in the following manner:

Offer a range of academic programmes developed in response to market demands and within the mission of the College;

Organise academic curriculum areas to deliver a variety of quality programmes under the aegis of the Academic Board, thereby maintaining the highest assurances of quality;

Regularly achieve accreditation and validation of all programmes within an appropriate higher education context and through the Accrediting Association of Seventh-day Adventist Schools, Colleges and Universities;

Challenge students to peak performance;

Maintain student services with particular responsibility for the social, emotional and spiritual welfare of all students - whether single, married, with children, residing on or off campus.

Develop balanced budgets and maintain timely and accurate financial reports with the goal of acceptable levels of accounts receivable and payable; achieve reasonable reserves, net worth and liquidity and working capital; honouring the intent of restricted endowed and special funds; giving oversight to inventories.

Continually cultivate associations with alumni and other prospective supporters so as to expand support for maintenance of the College's goals - recruiting the highest quality staff, educating energised and insightful students that will be service-oriented, offering educational experiences in a premier structural setting

Newbold College

Governors' Report (continued) For the year ended 31 December 2013

ACHIEVEMENTS AND PERFORMANCE

GOING CONCERN

After making appropriate enquiries, the trustees have a reasonable expectation that the company 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. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

REVIEW OF ACTIVITIES

This report covers the period 01 January 2013 to 31 December 2013.

Last year's report noted that towards the end of 2012 the University of Winchester decided not to accept any new partner institutions and thus elected not to proceed to the validation of programmes at the College. Nevertheless the College had already forged a partnership for its Theology degrees with Theologische Hochschule Friedensau, which is accredited by the Kulturredressministerium of Sachsen-Anhalt in Germany. Thus Friedensau conferred its first BA and MA degrees on Newbold College of Higher Education students in June 2013.

Since September 2012 all Theology credits have been offered through Friedensau or through Andrews University, Michigan, USA. During the year under review, the College forged a revised curriculum with the latter institution to ensure robust BA degrees in Liberal Arts, Religious Studies and Theology, as well as an undergraduate Licence in Theology. These programmes did not require the addition of any modules or staff, as they were predicated upon modules already offered on campus through the University Year in England programme offered in partnership with Andrews University. The College also entertained colleagues from Washington Adventist University, whose visit resulted in an enhanced Business Studies curriculum.

In order to provide an even greater service at no additional cost, the College packaged modules from its Andrews University Year in England offerings to be able to deliver six new short programmes by means of Certificates. These were launched in September 2013 and comprise the Certificate in Liberal Arts; the Certificate in English Literature; the Certificate in History; the Certificate in Media; the Certificate in Performing Arts; and the Certificate in Religious Studies. The Certificates will be awarded by the College for the time being, but credits will be transcribed by Andrews University.

By the end of 2013 the College had ensured that all credit-bearing modules have at least an element of online provision. Selected modules are already available online either in full for off-campus students, or in part as support for on-campus students. The School of English is also interested in exploring the possibilities of online delivery.

Up until early September 2013 the College had been pursuing a possible validation of its Theology programmes by the University of Manchester, and much work was prepared in this regard. It is disappointing to have to report that on 9 September 2013 the University decided against a partnership with the College for two stated reasons, namely that the University is unwilling to enter into partnerships with colleges that wish simultaneously to maintain collaborative partnerships with other universities, as Newbold wishes to do with the Theologische Hochschule Friedensau and Andrews University; and that certain aspects of Adventist theology, such as its commitment to Creationism and the infallibility of Scripture, are felt to be incompatible with the University of Manchester's charter as a secular institution. The Vice Chancellor has been asked to review this decision.

The College continues to attempt to identify a suitable validating university partner within the United Kingdom. Discussions have taken place with several possible partners, and the University of Chester has intimated that it would be pleased to re-open discussions as soon as the College's financial situation has demonstrably improved. It will be recalled that the original bid foundered on financial grounds after academic approval had been granted.

Newbold College

Governors' Report (continued) For the year ended 31 December 2013

The College sent its annual report to the Quality Assurance Agency for Higher Education in the United Kingdom (QAA) on 16 September 2013 and received its annual visit by a two-person panel on 11 December 2013. The final report was published on 29 January 2014 and features on the QAA website (<http://www.qaa.ac.uk/InstitutionReports/Pages/Newbold-College.aspx>). From the evidence provided in our annual return and at the monitoring visit itself, the review team concluded that Newbold College of Higher Education had made acceptable progress with implementing the action plan from the December 2012 review for educational oversight.

The College attended Home Office/British Accreditation Council/Quality Assurance Agency seminars in its endeavours to comply with immigration regulations, obtaining a Home Office Highly Trusted Sponsor Licence for Tiers 2, 4 and 5. To this end it sought to comply with all legislation regarding CAS (Confirmation of Acceptance for Studies), timetabling, and attendance.

During 2013 the College received £87,712.73 in donations to support operations and worthy-student scholarships.

FACTORS RELEVANT TO ACHIEVE OBJECTIVES

Important factors of Newbold's success are the professional success of its graduates and word-of-mouth by satisfied students and dedicated staff. The Government's restrictions on UK entry makes it increasingly challenging for students to obtain visas to enter the country and study at Newbold College of Higher Education.

FINANCIAL REVIEW

RESERVES POLICY

The reserves policy of Newbold College of Higher Education is that a working capital of 20% of the annual operating expense, in addition to allocated funds, be maintained. This remains a target, yet to be achieved.

FUTURE FUNDING & FINANCIAL SUPPORT

The College relies upon its owner, the Trans-European Division of the General Conference of Seventh-day Adventists, to supplement its income, just as most universities in the UK are reliant upon government support. The aim, however, is to grow much more financially self-sufficient through donations, endowments and creating funding streams beyond that of tuition.

PLANS FOR THE FUTURE

FUTURE DEVELOPMENTS

The Governors intend to continue meeting the Company's objectives by operating this College of Higher Education.

Rigorous steps have been taken to improve cash flow and working capital to ensure the survival of institution.

Further upgrade of the physical plant and campus renewal initiatives have been prioritised which will be funded through asset management and development.

The restoration of the Moor Close Gardens continues.

During the year under review the College developed its Strategic Plan 2013-2017, and this was duly voted by the Board of Governors in November 2013.

In the light of low student numbers the Board of Governors set up an ad hoc regeneration panel to report to the Board in February 2014. The findings of the panel will undoubtedly form part of future developments within the College.

Newbold College

Statement of Governors' Responsibilities For the year ended 31 December 2013

The Governors (who are also directors of Newbold College for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Statement of Disclosure to Auditors

In so far as the Governors are aware

- there is no relevant audit information of which the company's auditors are unaware; and
- the Governors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Governors and Directors of Newbold College and signed on their behalf by:



Bertil Wiklander
Chair of the Board of Governors

Date: 21 July 2014

Newbold College

Independent Auditors' Report to the Governors of Newbold College

We have audited the financial statements of Newbold College for the year ended 31 December 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken for no other purpose other to draw attention of the charitable company's members and Governors those matters which we are required to state to them in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, and the charity's Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Governors' Responsibilities Statement the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Governors have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Governors Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Newbold College

Independent Auditors' Report to the Governors of Newbold College


Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 require us to report to you if, in our opinion

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Silvia Vitiello, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditors

105 St Peter's Street
St Albans
Herts
AL1 3EJ

Date: 30/07/14

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Newbold College

Statement of Financial activities For the year ended 31 December 2013

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2013 £	Total 2012 £
Income and Expenditure						
Incoming Resources						
Incoming resources from generated funds:						
Voluntary income	2	1,538,639	86,644	-	1,625,283	1,665,665
Activities for generating funds	3	3,765	-	-	3,765	12,308
Investment income	3	585	4,558	-	5,143	6,527
Income from charitable activities		2,224,194	174	-	2,224,368	2,014,810
		<u>3,767,183</u>	<u>91,376</u>	<u>-</u>	<u>3,858,559</u>	<u>3,699,310</u>
Resources Expended						
Cost of generating funds:						
Costs of generating voluntary income		42,477	-	-	42,477	-
Charitable activities:						
Direct charitable activities		3,639,199	193,140	73,318	3,905,657	3,687,594
Governance costs		6,666	-	-	6,666	6,000
Total Resources Expended	4	<u>3,688,342</u>	<u>193,140</u>	<u>73,318</u>	<u>3,954,800</u>	<u>3,693,594</u>
Net (Outgoing)/ Incoming Resources		78,841	(101,764)	(73,318)	(96,241)	5,716
Transfers between funds		(17,430)	11,164	6,266	-	-
Net Movement in Funds		61,411	(90,600)	(67,052)	(96,241)	5,716
Fund balances brought forward at 1 January 2013		4,706,986	626,594	2,352,535	7,686,115	7,680,399
Fund balances carried forward at 31 December 2013		<u>4,768,397</u>	<u>535,994</u>	<u>2,285,483</u>	<u>7,589,874</u>	<u>7,686,115</u>

There were no recognised gains and losses other than those included in the statement of financial activities.

All activities relate to continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

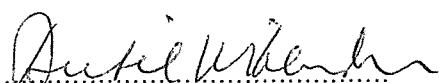
Newbold College

Balance sheet as at 31 December 2013

	Notes	2013 £	2012 £
Fixed Assets			
Tangible fixed assets	10	4,264,576	6,330,899
Investment properties	8	-	1,223,295
		<u>4,264,576</u>	<u>7,554,194</u>
Current Assets			
Properties held for sale	9	3,468,295	-
Stock and work in progress		57,056	61,113
Investments	7	119,982	119,743
Debtors	11	212,244	253,570
Cash at bank and in hand		344,422	269,504
		<u>4,201,999</u>	<u>703,930</u>
Creditors: Amounts falling due within one year	12	876,701	566,744
		<u>3,325,298</u>	<u>137,186</u>
Net Current Assets			
Creditors: Amounts falling due after one year	12	-	5,265
		<u>7,589,874</u>	<u>7,686,115</u>
Net Assets			
Funds			
Endowment	13	2,285,483	2,352,535
Restricted	13	535,994	626,594
Unrestricted	13	4,768,397	4,706,986
		<u>7,589,874</u>	<u>7,686,115</u>

The Governors acknowledge their responsibilities for complying with the arrangements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

Approved and authorised for issue by the Board of Governors on 21 July 2014,
and signed on its behalf by:



Bertil Wiklander
Chair of the Board of Governors
Company number: 3143237
Charity number: 1052494

The notes on pages 12 to 24 form part of these accounts.

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

1 Accounting Policies

1.1 Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards and follow the recommendations in Statement of Recommended Practice 2005 - Accounting and Reporting by Charities.

The accounts do not include a Statement of Cash Flows because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under FRS No.1 (Revised) - Statement of Cash Flows.

1.2 Charity status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.3 Incoming resources

Voluntary income by way of donations and gifts to the charity is included in full in the statement of financial activities when received. Intangible income is not included unless it represents goods or services which would have otherwise been purchased.

Legacies are monitored from the time of notification to their final receipt. They are only included in the financial statements when there is sufficient evidence that the legacy will be received and the value can be measured with sufficient reliability.

1.4 Fund accounting

Restricted funds are those which are to be used for the specified purposes as laid down by the donor. Expenditure which meets these criteria is allocated to the appropriate fund.

Unrestricted funds are donations and other income received or generated for the furtherance of the objects of the charity without specified purposes and, therefore, are available as general funds.

1.5 Grant-making policies

The trustees allocate grants in accordance with the objects set out in the Memorandum and Articles of Association of the charitable company, which are summarised in the Governors' Annual Report.

1.6 Resources expended

Staff costs and overhead expenses are allocated to activities on the basis of time spent on those activities. Resources expended are included in the Statement of Financial Activities on an accruals basis.

Governance costs are those incurred in connection with administration of the charitable company and compliance with constitutional and statutory requirements.

All costs include value added tax where applicable.

1.7 Risk mitigation

The company's directors have given consideration to the major risks to which the charity is exposed and established systems or procedures in order to manage those risks.

1.8 Foreign Currency Translations

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the statement of financial activities.

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

1 Accounting Policies (Continued)

1.9 Fixed assets

Depreciation is provided on tangible fixed assets in order to write off each asset over its expected economic life. The rates of depreciation applied to each class of asset are:

Functional Land and Buildings	1.3% per annum cost basis
Office fixtures and equipment	5% to 20% per annum cost basis
Other Land and Buildings	Not Depreciated - disclosed at valuation

Items of furniture and equipment costing less than £500 each are treated as an expense on acquisition.

1.10 Classification of Land and Buildings

Functional Properties - Land and Buildings held for the primary purpose of the charity, the Newbold College Campus, Lecture halls, Library, Administrative Buildings and Student Halls of Residence, are considered to be effectively endowment assets and are shown at cost less attributable depreciation.

Other Properties - Land and Buildings not held for the primary purpose of the charity but held by the charity for its own general purposes and not for their investment potential, comprising mainly tenanted domestic dwellings are shown at valuation in accordance with FRS 15 as modified by the Charities SORP.

1.11 Investment Properties

Investment Properties are included in the Balance sheet at their open market value in accordance with the Statement of Standard Accounting Practice No. 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the Governors, necessary in order to give a true and fair view of the financial position of the company

1.12 Pension costs

The Charity operates a defined benefits pension scheme. The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, as required by FRS 17 'Retirement benefits', the charity accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of financial activities represents contributions payable to the scheme in respect of the accounting period.

1.13 Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.14 Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

1.15 Properties held for sale

Fixed assets held where there is an expectation of their sale in the next 12 months are reclassified as current assets and where material disclosed as such on the face of the Balance Sheet.

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

2 Incoming Resources from Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Other funds:				
Operating grants from parent organisation	700,000	-	700,000	792,598
Special grants from parent organisation	784,664	-	784,664	715,646
	<u>1,484,664</u>	<u>-</u>	<u>1,484,664</u>	<u>1,508,244</u>
Donations	-	80,713	80,713	157,421
Legacies	53,975	5,931	59,906	-
	<u>1,538,639</u>	<u>86,644</u>	<u>1,625,283</u>	<u>1,665,665</u>

3 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Income from conferences	3,765	-	3,765	12,308
	<u>3,765</u>	<u>-</u>	<u>3,765</u>	<u>12,308</u>
Investment income:				
Bank interest	585	92	677	943
Exchange rate gain	-	4,466	4,466	5,584
	<u>585</u>	<u>4,558</u>	<u>5,143</u>	<u>6,527</u>

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

4 Total Resources Expended

Summary by expenditure type	Staff Costs £	Other Costs £	Depreciation £	Total 2013 £	Total 2012 £
Charitable activities	2,156,482	1,625,753	123,422	3,905,657	3,687,594
Grants programme	-	-	-	-	-
Total charitable	<u>2,156,482</u>	<u>1,625,753</u>	<u>123,422</u>	<u>3,905,657</u>	<u>3,687,594</u>
Costs of generating voluntary income	-	42,477	-	42,477	-
Governance costs	-	6,666	-	6,666	6,000
	<u><u>2,156,482</u></u>	<u><u>1,674,896</u></u>	<u><u>123,422</u></u>	<u><u>3,954,800</u></u>	<u><u>3,693,594</u></u>

Summary by fund type	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2013 £	Total 2012 £
Charitable activities	3,639,199	193,140	73,318	3,905,657	3,687,594
Grants programme	-	-	-	-	-
Total charitable	<u>3,639,199</u>	<u>193,140</u>	<u>73,318</u>	<u>3,905,657</u>	<u>3,687,594</u>
Costs of generating voluntary income	42,477	-	-	42,477	-
Governance costs	6,666	-	-	6,666	6,000
	<u><u>3,688,342</u></u>	<u><u>193,140</u></u>	<u><u>73,318</u></u>	<u><u>3,954,800</u></u>	<u><u>3,693,594</u></u>

Support costs have been allocated on the basis of staff timings incurred.

5 Total Resources Expended (continued)

Included within total expenditure:

	2013 £	2012 £
Auditors' remuneration	7,000	6,000
Depreciation of tangible fixed assets	<u>123,422</u>	<u>119,616</u>

6 Analysis of costs

Staff costs consist of:	2013 £	2012 £
Salaries	1,816,173	1,495,949
Social security costs	177,128	134,036
Pension costs	163,181	146,992
	<u><u>2,156,482</u></u>	<u><u>1,776,976</u></u>

The average number of employees during the year was 56 (2012 - 47).

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

Total Resources Expended (continued)

Employee trustees received emoluments during the year amounting to £98,004 (2012 - £59,984)

The number of employees whose emoluments exceeded £60,000 was one (2012 - NIL).

During the year expenses relating to attendance at trustee meetings were paid to trustees and amounted to £3,418 (2012 - £3,189).

Other costs consist of:	2013 £	2012 £
Staff travel and other expenses	128,764	127,085
Direct supplies	318,298	292,236
Interest expense	57,462	55,883
Administration expenses	169,499	164,882
Building expenses	704,989	718,979
Office supplies	171,216	256,585
Other expenses	75,525	102,625
	<u>1,625,753</u>	<u>1,718,275</u>

Salaries are allocated to charitable activities as incurred on each activity.

Social security and pension costs are apportioned in proportion to the salary costs.

Other costs are allocated to charitable activities as incurred on each activity.

7 Short-term investments:

	2013 £	2012 £
Market value as at 1 January	119,743	119,533
Interest re-invested	239	210
Net investment (loss)/gain	-	-
	<u>119,982</u>	<u>119,743</u>
Market value at 31 December	<u>119,982</u>	<u>119,743</u>
Investments consist of the following:	£	£
Bank term deposits in excess of three months	<u>119,982</u>	<u>119,743</u>

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

8 Investments (Continued)

Investment properties:

	2013 £	2012 £
Market value as at 1 January	1,223,295	1,200,000
Acquisitions		23,295
Reclassification	(1,223,295)	-
Net investment (loss)/gain	<u>-</u>	<u>-</u>
Market value at 31 December	<u>-</u>	<u>1,223,295</u>

Valuation of Investment property

Investment properties were valued by Pennicott, Chartered Surveyors, in February 2013 at Market Value as defined by the International Valuations Standards Council (IVSC) and adopted by the Royal Institution of Chartered Surveyors (RICS) in RICS Valuation - Professional Standards (Red Book, 8th Edition dated March 2012)

9 Properties held for sale

	2013 £	2012 £
Carrying value as at 1 January	-	-
Reclassification	3,468,295	-
Carrying value at 31 December	<u>3,468,295</u>	<u>-</u>

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

10 Tangible Fixed Assets

	Functional Land and Buildings £	Other Land and Buildings £	Fixtures and Equipment £	Total £
Cost				
At 1 January 2013	3,316,433	4,011,700	1,732,786	9,060,919
Additions	6,266	-	295,834	302,100
Reclassifications	-	(2,297,753)	12,556	(2,285,197)
At 31 December 2013	3,322,699	1,713,947	2,041,176	7,077,822
Depreciation				
At 1 January 2013	1,206,160	91,700	1,432,160	2,730,020
Charge for the period	73,319	-	50,104	123,423
Reclassifications	-	(52,753)	12,556	(40,197)
At 31 December 2013	1,279,479	38,947	1,494,820	2,813,246
Net Book Value				
At 31 December 2013	2,043,220	1,675,000	546,356	4,264,576
At 31 December 2012	2,110,273	3,920,000	300,626	6,330,899

Land and Buildings

Carrying Value

Newbold College carries the value of the land and buildings in these accounts in accordance with their classification of the property,

Functional Properties - Land and Buildings held for the primary purpose of the charity, the Newbold College Campus, Lecture halls, Library, Administrative Buildings and Student Halls of Residence, are considered to be effectively endowed assets (see Basis of Title, below), and are shown at cost less attributable depreciation.

Other Properties - Land and Buildings not held for the primary purpose of the charity but held by the charity for its own general purposes and not for their investment potential, comprising mainly tenanted domestic dwellings, are shown at valuation in accordance with FRS 15 as modified by the Charities SORP. These properties were valued by Pennicott, Chartered Surveyors, in February 25, 2013 at Market value as defined by the International Valuations Standards council (IVSC) and adopted by the Royal Institution of Chartered Surveyors (RICS) in RICS Valuation - Professional Standards (Red Book, 8th Edition dated March 2012)

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

10 Tangible Fixed Assets (Continued)

Basis of Title

Legal title to the land and buildings shown in the accounts is held by the charities with compatible objectives, World-Wide Advent Missions Ltd (registered Charity Number 210955). Title is held in accordance with memoranda of understanding dated 7th March 2007 between Newbold College Ltd, and the parent bodies of the title holders, the Trans-European Division of Seventh-Day Adventists, and the British Union Conference of Seventh-Day Adventists, respectively.

The agreement provides that the land and buildings would be for the use of Newbold College as long as it exists and remains situated in the UK. Newbold College does not have the power to encumber, lease, or sell land and buildings, without the consent of the title holders, and their parent bodies. These bodies have from time to time granted consent to the College to lease or sell land and property when it is considered in the best interest of the College's operations. If the operation of the College is terminated the title holders and their parent bodies will determine the use of the sale of the land and properties and the distribution of any sale proceeds.

The agreement affirms the shared purpose of providing Christian education in general and the training of ministerial personnel in particular and recognises the mutual benefits of the parties working together. The Charities holding legal title do not carry the Land and Buildings at any value in their accounts, and the College is responsible for insurance, repair and maintenance of the land and buildings.

Legal Charge

By a charge dated 13th March 2009, some of the Functional Properties are held by the Seventh day Adventist Retirement Plan as security for all present and future obligations and liabilities of Newbold College and others to make payments to the scheme. The participation of Newbold College in respect of the scheme is disclosed in note 15. The property in question has not been re-valued in these accounts but is carried in accordance with the companies accounting policies at £2,042,649 representing cost less attributable depreciation. The property was professionally valued by Chartered Surveyors Pennicott on 25th February 2013 at £11,000,000. The Trustees estimate that a provision of £2,588,000 would be required to settle any current liability attributable to Newbold College, but as referred to in note 15, some of the larger institutional members of the scheme have agreed to make extra contributions which in the opinion of the pension scheme trustees will gradually reduce and eventually eliminate the deficit.

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

11 Debtors

	2013 £	2012 £
Amounts due after more than one year:		
Loans to employees and others	2,729	6,185
Amounts due within one year:		
Trade debtors	46,364	116,898
Amounts due from parent charity	-	24,916
Amounts due from other related charities	49,898	17,032
Amounts due from employees	1,157	1,092
Loans to employees and others	11,307	15,043
Prepaid expenses	90,029	52,066
Other debtors	10,760	20,338
	<u>212,244</u>	<u>253,570</u>

12 Creditors

	2013 £	2012 £
Amounts falling due within one year:		
Bank loans, overdrafts and lease instalments	162	-
Trade creditors	67,667	113,619
Payments in advance by customers	192,031	214,398
Amounts due to parent charity	65,957	-
Short-term loans from parent charity	307,710	-
Amounts due to other related entities	38,261	37,955
Amounts due to employees	10,239	8,904
Other taxes and social security costs	51,674	59,275
Accrued expenses and deferred income	81,787	78,322
Other amounts payable	61,213	54,271
	<u>876,701</u>	<u>566,744</u>
Amounts falling due after one year:		
Bank loans and leases	-	5,265
	<u>-</u>	<u>5,265</u>

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

13 Funds analysis	Balance at 1 January 2013 £	Movement in Resources			Balance at 31 December 2013 £
		Incoming £	Outgoing £	Transfers £	
Endowment funds					
Scholarship endowment fund	242,263	-	-	-	242,263
Property endowment funds	2,110,272	-	(73,318)	6,266	2,043,220
Total endowment funds	<u>2,352,535</u>	<u>-</u>	<u>(73,318)</u>	<u>6,266</u>	<u>2,285,483</u>
Restricted funds					
Scholarship	360,079	17,487	(64,525)	(18,206)	294,835
Facilities	159,888	68,015	(115,572)	29,289	141,620
Health	36,110	92	-	-	36,202
Other Restricted Funds	70,517	5,782	(13,043)	81	63,337
Total restricted funds	<u>626,594</u>	<u>91,376</u>	<u>(193,140)</u>	<u>11,164</u>	<u>535,994</u>
Unrestricted funds					
Designated funds					
Property funds	4,858	-	-	(4,858)	-
Land & buildings	3,920,000	-	-	(2,905,000)	1,015,000
Plant & Equipment	300,627	-	(50,104)	295,834	546,357
	<u>4,225,485</u>	<u>-</u>	<u>(50,104)</u>	<u>(2,614,024)</u>	<u>1,561,357</u>
General funds					
General funds	481,501	3,767,183	(3,638,238)	2,596,594	3,207,040
	<u>481,501</u>	<u>3,767,183</u>	<u>(3,638,238)</u>	<u>2,596,594</u>	<u>3,207,040</u>
Total unrestricted funds	<u>4,706,986</u>	<u>3,767,183</u>	<u>(3,688,343)</u>	<u>(17,430)</u>	<u>4,768,397</u>
Total funds	<u>7,686,115</u>	<u>3,858,558</u>	<u>(3,954,801)</u>	<u>-</u>	<u>7,589,874</u>

14 Analysis of net assets between funds

	Unrestricted funds 2013 £	Restricted funds 2013 £	Endowment funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	1,319,093	-	2,285,483	3,604,576	6,330,899
Investment property	-	-	-	-	1,223,295
Debtors due after more than one year	2,729	-	-	2,729	9,235
Current assets	4,323,276	535,994	-	4,859,270	694,695
Creditors due within one year	(876,701)	-	-	(876,701)	(566,744)
Creditors due in more than one year	-	-	-	-	5,265
	<u>4,768,397</u>	<u>535,994</u>	<u>2,285,483</u>	<u>7,589,874</u>	<u>7,686,115</u>

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

15 Pension Commitments

Seventh-day Adventist Retirement Plan

In respect of UK based employees, Newbold College participates in the Seventh-day Adventist Retirement Plan, a defined benefit multi-employer scheme providing pensions for employees of Seventh-day Adventist Institutions in the United Kingdom and Ireland. The assets of the scheme are held in a separate trustee-administered fund.

A scheme-wide contribution rate is set. For 2013 the rate was 18.2% of relevant pensionable salaries. Contributions in 2013 by Newbold College, one of sixteen institutional members, amounted to £119,464 (2012 £100,262) representing less than 4% of the total participating employer contributions to the plan.

At the date of the Actuarial review, 03 February 2014, the total plan deficit was £23,109,000. Some of the larger institutional members of the scheme have agreed to make annual extra contributions which in the opinion of the pension scheme trustees will gradually reduce and eventually eliminate the deficit. The Seventh-day Adventist Retirement Plan holds a charge dated 13th March 2009 over some of the Functional Properties as disclosed in note 6.

The scheme assets are not hypothecated to the individual participating institutions and a scheme-wide contribution rate is set. Newbold College is therefore exposed to actuarial risks associated with other institutions employees, and, since it is unable to identify its share of the underlining assets and liabilities of the scheme on a consistent and reasonable basis, as required by FRS 17 - Retirement Benefits, the scheme is accounted for as if it were a defined contribution scheme.

The amount charged in the accounts represents the contribution payable to the scheme in respect of the accounting period.

Other pension schemes

Newbold College participates in several foreign pension schemes in respect of its foreign domiciled employees. The company's liability is limited to the contributions assessed by the these pension schemes. They are therefore accounted for as defined contribution schemes in these accounts. contributions payable during the year amounted to £43,717 (2012 £46,192).

16 Related Party Transactions

Transactions with Governors are disclosed in Note 6. The following are transactions with the connected entities as describe in Notes 17 and 18.

	2013	2012
	£	£
Operating grants received	1,484,664	1,416,244
Balance sheet position:		
Amounts owed to the charity	49,898	24,915
Amounts owed by the charity	373,667	100,000

17 Controlling Party

The charity is controlled by the Trans-European Division of the General Conference of Seventh-day Adventists, 119 St Peter's Street, St Albans, Herts, AL1 3EY (Secretary: Audrey Andersson), by virtue of its executive committee forming the majority of the company's membership. The General Conference of Seventh-day Adventists is a non-profit making organisation registered in the USA.

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

18 Other Connected Entities

World-Wide Advent Missions Ltd (a registered charitable company), 119 St Peter's Street, St Albans, Herts, AL1 3EY, is the trustee corporation of the Trans-European Division, and holds title to part of the land and buildings occupied by the change.

British Union Conference of Seventh-day Adventists (a registered charity), Stanborough Park, Garston Watford, herts, WD25 9JZ, appoints the majority of the trustees of the group pension scheme.

Seventh-day Adventist Association Ltd (a registered charity), Stanborough Park, Garston Watford, herts, WD25 9JZ, is the trustee corporation of the British Union Conference, and holds title to part of the land and buildings occupied by the change.

South England Conference of Seventh-day Adventists (a registered charity), 25 St John's Road, Watford, Herts, WD17 1PZ, is the local conference of the Seventh-day Adventist churches in whose geographical area the is situated.

19 Going Concern

The financial statements have been prepared assuming that the College will continue as a going concern. The current financial position has been remedied by the imminent sale of properties.

However, for its ongoing operating deficit, the College is dependent upon continuing subsidies from the controlling entity, the Trans-European Division of the General Conference of Seventh-day Adventists.

The Executive Committee of the Trans-European Division has agreed with the Governors to guarantee the ongoing current operations, and the liabilities and obligations of the College. The Governors have therefore drawn up these financial statements on the basis of a going concern.

20 Liabilities And Capital Commitments in respect of Land & Buildings

Newbold College accepted the Liability to restore and manage the Moor Close Grade II listed gardens, arising as a consequence of a Section 108 agreement dated 14th August 2001 between The Seventh day Adventist Association Ltd and Bracknell Forest Borough Council, by virtue of granting an indemnify of the same date to The Seventh-day Adventist Association Ltd.

The costs were then estimated at £500,000.

In 2007 Richard Griffiths Architects prepared an updated estimate of costs (excluding VAT) and schedule of works which can be summarised as:

Urgent	repairs to secure weather tightness or for Health and Safety reasons	£70,510
Priority 1	repairs to secure survival of historic garden	£609,187
Priority 2	desirable restoration of lost elements to ensure long-term intergrity of the historic garden	£949,004

The trustees consider that whilst desirable the Priority 2 elements are not a requirement of the S108 agreement, and the use of their own charitable funds for this purpose would be outside the scope of their stated charitable objectives, however they do wish to secure funding from appropriate heritage organisations and charitable bodies for this purpose.

Newbold College

Notes to the Financial Statements For the year ended 31 December 2013

20 Liabilities And Capital Commitments in respect of Land & Buildings (continued)

Some of the Priority 1 work has been undertaken, and representations have been made to the Council to allow relaxation, amendment and rescheduling of ongoing works, an application to the local council for a change to the 106 agreement on the restoration of the Moor Close Gardens. The College is requesting that the major constructional and therefore most costly restoration work be taken out of the agreement in order for the College to be able to access public funding for the projects. The application was submitted spring 2011 and the College is still waiting for the Council's response.

A current professional opinion is not available quantifying either the obligatory works or the estimated costs, accordingly the liability of Newbold College cannot reliably be quantified and no provision has been provided in these accounts for the liability.

The trustees believe that funding will be forthcoming from other relevant organisations, and private donations.