

Company Registration No. 00193170 (England and Wales)

**NORLAND COLLEGE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 JULY 2020**

# NORLAND COLLEGE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M Clarke (Chairman) MA FCA D. Univ FRSA Ms R A Heald (Vice Chair) BA MA Mr M A Bray FCMA Ms J Davies LLB (Hons) Mrs K Dicker NNEB Ms R Edwards BTEC HND Mr P Hymans BSc Msc PGCert Cert Ed CEng MIMinE Mr C Jerram FRICS Mrs P Lovatt NNEB Bsc Prof D Timms BEd MA MSc PhD Ms C L Turner BEd (Hons) Ms T Worth MBA FIOC FCILT
<b>Executive</b>	Dr J Rose MA PhD PGCE FHEA (Principal) Mrs A Donaldson MA (Vice Principal) Mr A Read ACA (Chief Financial Officer)
<b>Company number</b>	00193170
<b>Registered office</b>	York Villa York Place London Road Bath Somerset BA1 6AE
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD
<b>Bankers</b>	NatWest Bank Plc 119 High Street Hungerford Berkshire RG17 0LX
<b>Solicitors</b>	Veale Wasbrough Vizards LLP Narrow Quay House Narrow Quay Bristol BS1 4QA

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# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JULY 2020

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#### NATURE, OBJECTIVES AND STRATEGIES

The directors present their strategic report and financial statements for the year ended 31 July 2020.

#### Principal Activities

The principal activity of the company is the provision of a Higher Education degree in Early Years Development and Learning and the practical skills gained through the Norland Diploma. The Norland Diploma is a distinctive and prestigious qualification which is studied alongside the degree course. All students must successfully complete not only their degree but also each element of the Norland Diploma in order to use the title 'Norlander'. The company also provides employment agency services for Norland qualified students, corporate training, consultancy services and research within the Early Years sector.

#### Change in Ownership

On 31 July 2019 Norland College Limited (the College) became a subsidiary of The Norland Foundation (the Foundation), registered charity no. 1180292, whose objectives are closely related to those of the College. The consolidated accounts of the Foundation for the year ended 31 July 2020 are available on the Charity Commission's website.

#### Results and Dividends

The profit for the year after taxation amounted to £372,758 (2019: £529,089). The Articles of Association prevent the company from declaring or paying any dividends, though it may pay qualifying distributions within the meaning of section 191 of the Corporation Tax Act 2010. During the year the directors made a distribution of £1,925,739 (2019: £nil) to the Foundation.

#### Mission

The College's mission statement was reviewed and approved by the directors in 2017 and is:

'Norland's mission is to uphold and enhance our prestigious reputation and provide a bespoke early years higher education, training and consultancy, informed by cutting edge research, and cultivate outstanding graduates with lifelong career opportunities, professional support and continuous learning.'

#### Implementation of the Strategic Plan

In 2017 the College renewed the strategic plan for the 5 years to 2022. The College's strategic aims are:

- The Student Experience: To position Norland as the leading Higher Education alternative provider of an integrated Early Years Development and Learning degree and the practical Norland Diploma, and to deliver an enriching and valuable learning experience which facilitates student engagement.
- The Norlander Career: To promote and facilitate excellent employment and lifelong professional development opportunities, and work jointly with Norlanders to uphold Norland's prestigious reputation and Code of Professional Responsibilities.
- Financial Stewardship: To ensure Norland's finances and resources are managed and protected with care, proficiency and probity, and to diversify where appropriate.
- Quality of services: To ensure the maintenance of academic standards and facilitate the enhancement of learning opportunities, and to strengthen quality throughout all departments in Norland through reflective, cutting edge education, research, training and/or practice, so that all staff and students participate in improving the processes, products, services and culture of Norland.
- Research and consultancy profile: To develop a credible and ethical research and consultancy profile, evidence base and network which reflects the high quality and standard of Norland's provision and enhances staff and student research expertise, strengthening Norland's capacity to transform children's lives.

# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

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#### Implementation of the Strategic Plan (continued)

- Professional Development: To generate a cohesive, empowering and inclusive learning community to drive progressive change and collaborative approaches within and beyond the College, where all staff, students and clients can enrich their professionalism, wellbeing, leadership capacity and insights into early years provision.
- Growth for sustainability: To sustain and enhance Norland's national and international reputation for excellence in early childhood education and care and to expand its activities in stakeholder environments, as well as diversify Norland's student demographic to reflect Norland's widening participation agenda.
- Community Engagement: To extend Norland's tradition of charitable activities and proactively explore opportunities to engage with stakeholders, the wider community and prospective clients.

A series of key performance indicators have been agreed to monitor the successful implementation of the strategic plan and are monitored by the College Board. The College is making good progress in meeting these aims.

#### FINANCIAL POSITION

##### Financial results

The College had an operating profit in the year of £354,345 (2019: £363,956) from continuing activities. It had no discontinued activities in the year (2019: £nil). After taking investment and similar income, interest payable and similar expenses and corporation tax payable into account, the College had a profit for the year of £372,758 (2019: £529,089). During the year the directors made a distribution of £1,925,739 (2019: £nil) to the Foundation.

At the balance sheet date, the College has accumulated profit reserves of £5,243,834 (2019: £6,059,616) including cash balances of £1,019,002 (2019: £1,440,445).

Intangible fixed assets additions during the year amounted to £8,814 (2019: £nil). Tangible fixed asset additions during the year were all equipment purchases and amounted to £45,727 (2019: £15,607).

During the year, the College donated its listed investment holdings to the Foundation. The associated historic revaluation reserve was transferred to profit and loss reserves and was released as part of the transaction. Therefore, at the balance sheet date the College held no revalued listed investments (2019: £1,328,078) and no associated historic revaluation reserve (2019: £733,180).

In March 2020 the College took steps (in line with government advice) to help contain the outbreak of Covid-19. This included successfully moving both the degree and diploma teaching and learning online, and temporarily closing its two sites. In May 2020 all students received a fee reduction and additional time to pay. A student hardship fund was arranged with 26 grants released. The College is forecast to remain profitable for the current financial year ended 31 July 2021. The Directors continue to actively monitor income and expenditure, and if necessary, will take measures to mitigate the impact of Covid-19 on the College.

##### Treasury policies and objectives

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

##### Cash flows

The College had an decrease in cash in the year of £421,443 (2019: increase of £550,669) and a net cash inflow from operating activities of £718,594 (2019: inflow £586,541). Cash continues to be carefully managed.

##### Liquidity

During the year the College repaid an outstanding loan of £516,498 (2019; £62,126). The College's cash balance at the year-end was £1,019,002 (2019; £1,440,445) supporting a sound position of liquidity.

# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

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#### CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

In 2019/20 the College delivered a BA (Hons) Early Years Development and Learning (EYDL) 3-year full time degree programme, in conjunction with the Norland Diploma. All students studied both programmes.

#### Student Numbers

Total student numbers continue to increase. Student numbers for 2019/2020 were as follows:

	Enrolled for 2019/20	Withdrawn/discontinued	Completed 2019/20
First Years	104	9	95
Second Years	90	1	89
Third years	97	1	96

Student intake for the current academic year (2020/21) is in line with expectations, with 84 first years enrolling in September 2020.

#### Student Achievements & Curriculum Developments

In 2019/20 77% of our third year students who completed their degrees achieved a first class or 2:1 classification. Retention on the BA EYDL programme remains strong, with 91% of first, and 99% of second and third years continuing their studies throughout 2019/20. This compares very favourably with similar courses at other institutions. The College received its second Gold rating, valid for 2 years, for the Teaching Excellence and Graduate Outcomes Framework in 2019, with the assessment panel noting that "continuation rates are exceptionally high and above the provider's benchmark." Additionally, Norland came second in the 2020 Whatuni Student Choice award in the Independent HE category, placing it in the top two, 3 years running.

The curriculum for both the degree and diploma is subject to annual monitoring and review, taking into account feedback from staff, students, external examiners, employers and graduates. This review results in a current and comprehensive offering.

During the year a 'No Detriment' Policy was adopted to ensure that no student was disadvantaged because of the Covid-19 pandemic. The policy acts to remove negative impacts on our students and ensures they are awarded their credit and/or degree fairly whilst maintaining College academic standards and securing the value of our students' qualifications.

#### Other Activities

The Norland Agency enjoyed a record year capitalising on the increased student numbers completing the full course and the continued positive media interest surrounding Norland.

Other important activities relate to our corporate training courses for established UK and overseas companies, Continuing Professional Development (CPD) courses for qualified Norlanders and consultancy work.

During the year the College developed a pilot babysitting Massive Open Online Course (MOOC) as a vehicle for student recruitment. It has attracted around 100 new learners a week, leading to new student recruits and important feeder relationships with schools and colleges.

#### Financial Key Performance Indicators (KPIs)

College Committees and the Board monitors financial and non-financial KPIs via the termly management accounts as well as through other reporting mechanisms throughout the academic year. Student achievement and retention remains strong, as does Norland's commitment to fully resource the College with highly skilled staff and supporting students with bursaries. Demand for our students after qualification remains high. See below:

# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

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#### Financial Key Performance Indicators (KPIs) (continued)

2020 graduates obtaining a first class or an upper second class degree	77%
19/20 retention rate set 41 (third year students)	99.0%
19/20 retention rate set 42 (second year students)	98.9%
19/20 retention rate set 43 (first year students)	91.3%
Total students to total staff ratio	5.17
Total students to teaching staff (degree and diploma) ratio	12.04
Jobs per Norlander actively looking at 31 July 2020	4.0

#### Future Developments

In 2018/19 Norland successfully gained Taught Degree Awarding Power and it remains actively working towards its application for indefinite Degree Awarding Power and then for University title in 3-4 years time. Norland continues to review and consider its future college and student accommodation needs, to ensure best provision for its students and staff, as well as developing ambitious plans to expand its consultancy and commercial income streams. In addition, it continues to work closely with its charitable holding company, The Norland Foundation.

#### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

A comprehensive risk register is maintained, and scrutinised at Committee and Board meetings. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are rated and prioritised using a consistent scoring system and RAG rating.

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

##### 1. Student Loan funding

As a private college, the College is an independent Higher Education provider, within the 'approved category' for student funding purposes. Students of the College have considerable reliance on continued government funding through access to student loans and grants. In 2019/20 the majority of students at the College were eligible and accessed student funding and this demand is expected to continue. Successful and continued registration with the Office for Students (OfS) has provided access to this vital student funding. Whilst the College is confident of ongoing continued registration, there can be no absolute assurance of this. There can be no assurance that government policy or practice will not change or that public funding will continue at the same levels or on the same terms.

# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

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#### 1. Student Loan funding (continued)

This risk is mitigated in a number of ways:

- Prioritising the continual registration with the OfS
- Ensuring the College is rigorous in delivering high quality education and training
- Maintaining alternative funding arrangements

#### 2. Downturn in Operating Performance, including as a result of Covid-19

A downturn in operating performance, within the current uncertainties, could put the College into loss and the resulting reduction in financial resources could adversely affect student morale and retention, quality systems and the quality of the educational environment.

This risk is mitigated in a number of ways:

- Preparation of reliable termly management accounts, and prudent future forecasts and cash flows, for scrutiny by the Finance Committee and Board of Directors, including assessing the risks in meeting those forecasts
- Closely monitoring current student retention and future student recruitment
- Being online ready for teaching and other College activities, as well as being fully Covid safe
- Working to safeguard future student recruitment by developing marketing activities such as virtualising aspects of our outreach programme, keeping offer holders up to date, upgrading the College website, developing digital tours, growing social media activities and investing in successful virtual open day events

#### 3. Inadequate IT provision

As a modern, progressive College, considerable reliance is placed on IT systems and cyber security, and these must be fully capable of supporting and protecting its students, staff and the wider College, especially in periods of change and growth. If these systems are not robust, efficient and resilient there is a risk that teaching practices and the student experience may suffer, and ultimately the future of the College may be threatened.

This risk is mitigated in a number of ways:

- Formally engaging with a highly skilled and proven IT contractor, to deliver wide ranging day to day technical support as well as higher level director/specialist expertise
- Investing in cyber security and mitigation
- Monitoring and acting on student and staff feedback

#### **Business Continuity Plan**

The College maintains a dynamic and detailed Business Continuity Plan. The plan is regularly updated to reflect the College's current business and will be used in response to a major event, critical incident or crisis during and in the period immediately following the event and for management of the longer term consequences of such an incident.

#### **GOVERNANCE AND INTERNAL CONTROL**

The College Board of Directors (the 'Board') is responsible for the statutory oversight of the College to ensure it meets the standards of both a company limited by shares and of a higher education institution which has access to public funds. In doing so it recognises the core values and primary elements of governance as set out in the Committee of University Chairs (CUC) Higher Education Code of Governance 2020. The Board is responsible for ensuring that the College has in place the physical and human resources to meet the needs of its students, and for ensuring the enhancement of the learning experience and the maintenance of academic standards. The directors meet for full Board meetings at least 4 times per academic year with additional meetings held with the agreement of the Chair of the Board.

The directors are not employed by the College and do not receive remuneration for their director services. All directors are therefore independent. The Principal is a member of the Board ex-officio. There is one staff and one student member (elected by their peers) on the Board, who are co-opted. Neither ex-officio or co-opted members have voting rights.

# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

The Board conducts its business through the following committees:

- Finance Committee (FC)
- Academic Board (AB)
- Enterprise Committee (EC)
- Audit Committee (AC)
- Nomination and Governance Committee (NGC)
- Remuneration Committee (RC)

The directors who served during the year and/or at the signing date were as follows:

	Board	FC	AB	EC	AC	NGC	RC
Mr M Clarke (Chair) MA FCA D.Univ FRSA	x	x				x	x
Mrs R Heald (Vice Chair) BA MA	x	x		x			
Mr M A Bray FCMA	x	x					x
Ms J Davies LLB (Hons)	x						
Mrs K Dicker Norland NNEB	x			x			
Ms R Edwards BTEC HND	x			x		x	
Mr P Hymans BSc MSc PGCert Cert Ed CEng MIMinE	x		x		x		x
Mr C Jerram FRICS	x	x					
Mrs P Lovatt Norland NNEB BSc	x					x	
Mr A Page BSc PGCE MBA	x			x	x		
Prof D Timms BEd MA MSc PhD	x					x	
Mrs C Turner BEd (Hons)	x	x					x
Ms T Worth MBA FIOC FCILT	x		x		x		

#### Finance Committee

Reporting to the Board, the Finance Committee oversees the financial strategy and financial management of the College to ensure that it meets the needs of students, and enables the enhancement of the learning experience and the maintenance of academic standards. The Finance Committee also receives reports from the Executive regarding the College's estates including maintenance and insurance, and on matters relating to health and safety. Membership of the Finance Committee is determined from time to time by the Board. The Finance Committee meets at least four times per year in advance of the meetings of the Board of Directors and at such other time as may be determined by the Chair of the Committee.

#### Academic Board

The Board of Directors has overall responsibility for academic standards and enhancement of the quality of learning opportunities at the College and delegates this responsibility to the Academic Board through the College's Articles of Association. A director is 'in attendance' at each meeting of the Academic Board and provides an oral report to the full Board. For degrees currently validated by the University of Gloucestershire, all matters relating to academic standards are considered with reference to their overarching responsibilities, policies and procedures. The Academic Board is responsible for setting, maintaining and assuring the academic standards of the College and any awards that it makes. The Academic Board will take such measures and act in such a manner as shall best promote the academic and professional work of the College and safeguard the integrity and standards of its awards. The membership is determined by the Board. The Academic Board meets at least once per term. Additional meetings may be held with the agreement of the Principal.



# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

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#### **Enterprise Committee**

The Enterprise Committee maintains oversight of matters relating to the College's commercial activities including alumni, brand protection, external consultancy and training, Norland Agency and marketing. The Enterprise Committee has regard to the ethos and values of the College in protecting the College reputation. Membership of the Enterprise Committee is determined from time to time by the Board. The Enterprise committee meets at least twice per year and at such other time as may be determined by the Chair of the Committee.

#### **Audit Committee**

The Board must receive assurance that the institution is meeting the conditions of funding as set by regulatory and funding bodies, as well as other major institutional funders, which include the requirements of the financial memoranda. These comprise:

- Using public funds for proper purposes and achieving good value for money
- Having a sound system of risk management, financial control and governance
- Ensuring the use of regular, reliable, timely and adequate information to monitor performance and track the use of public funds
- Safeguarding institutional sustainability

The Audit committee ensures the above requirements and provides a further independent check on the College's financial and reporting activities. The Audit Committee and its Chair are appointed by the Board, from amongst its own members, and consists of members with no executive responsibility for the management of the College. The Chair of the Board cannot be a member. Membership of the Audit Committee is determined from time to time by the Board. A representative of the external auditors normally attends meetings where business relevant to them is discussed. Meetings are normally held twice each financial year with additional meetings held as necessary.

#### **Nominations and Governance Committee**

The Nominations and Governance Committee advises the Board on matters relating to the appointment of independent directors, the Chair and Vice Chair of the Board of Directors, the Principal, the Vice Principal and on all governance matters including the regular review of the effectiveness of the Board. It also advises on the appointment of the Chairs of the Board Committees. The Committee is chaired by the Chair of the Board. The Committee meets at least once a year with additional meetings held with the agreement of the Chair of the Board.

#### **Remuneration Committee**

The Remuneration Committee advises the Board on matters relating to the remuneration of the Principal and the Executive. Members are appointed to the Committee by the Board of Directors. The Principal is not a member of the Remuneration Committee. No individual is present during discussions or decisions reached in relation to their own remuneration. The Committee meets at least once a year. Additional meetings may be held with the agreement of the Chair of the Remuneration Committee.

#### **Internal control**

##### *Scope of responsibility*

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

The directors have delegated the day-to-day responsibility to the Principal for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the College's funds and assets for which she is responsible. The Principal is also responsible for reporting to the directors any material weaknesses or breakdowns in internal control.

# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

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#### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2020 and up to the date of approval of the report and accounts for the accounting year.

#### *Capacity to handle risk*

The directors have reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The directors are of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2020 and up to the date of approval of the report and accounts. This process is regularly reviewed by the directors.

#### *The risk and control framework*

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board
- Regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- Adoption of formal project management disciplines, where appropriate

#### *Review of effectiveness*

The Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- A comprehensive college wide Risk Register
- Comments made by the College's Auditors in their reports

The Principal is advised by the Audit Committee on the implications of her review of the effectiveness of the system of internal control, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

All Committees receive regular Risk Register reports. The Committees' role in this area is confined to a high-level review of the arrangements for internal control. All Board agendas include items for consideration of risk and control and directors receive reports thereon from the Committees. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

# NORLAND COLLEGE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2020

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#### *Role of the Auditor*

External Auditors inspect clients' accounting records and express an opinion as to whether financial statements are presented fairly in accordance with the applicable accounting standards of the entity, such as Generally Accepted Accounting Principles (GAAP). Their objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion. The College does not have formal internal audit arrangements and therefore does not have an Internal Auditor.

#### **Going Concern**

Following the Covid-19 crisis and despite the natural difficulties in forecasting during the current uncertainties, the directors have carefully considered the going concern of the College. The directors have reviewed three trading scenarios covering an expected case, a worsening case and a worst case. Forecasts and cash flows for each scenario up to 31 July 2022 indicate the College has adequate cash and other reserves to withstand, as well as the ability to adapt to, the worst case scenario, should it occur, without the requirement for external funding. This longer term review demonstrates the ongoing consideration by the directors to the ongoing effects of the Covid-19 crisis on the College and its ability to cope under the testing scenario conditions.

At present, there is no expectation that the College will suffer a significant reduction in student numbers or income for the current financial year ended 31 July 2021, and the forecasted budget for the financial year ended 31 July 2022 anticipates an operating profit and that the College will be able to meet its liabilities as they fall due.

A Deed of Undertaking between the Foundation and the College gives legal reassurance that the Foundation will support the College in the implementation of its Strategic Plan and to ensure the College's compliance with the OfS Framework. This includes a provision of sufficient financial support to allow the College to comply with the financial obligations imposed on it by the Framework or by the Foundation directly meeting such financial obligations. If markets were adversely affected by Covid-19 and the value of the Foundation's investment assets fell (e.g. by 20%), the assurance of support given by the Foundation to the College within the Deed, are shown to remain secure. The total cash and investment resources held within the College and Foundation, and this binding Deed of Understanding between the College and Foundation which strengthens the commitment from the Foundation to support the College, provides reliable assurance to the directors that the College remains a going concern and therefore the use of the going concern basis of accounting in the preparation of these financial statements remains appropriate.

Signed on behalf of the board



Mr M Clarke (Chairman) MA FCA D. Univ FRSA  
**Director**

Date: 4/12/2020

# NORLAND COLLEGE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2020

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The directors present their annual report and financial statements for the year ended 31 July 2020.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M Clarke (Chairman) MA FCA D. Univ FRSA	
Ms R A Heald (Vice Chair) BA MA	
Mr M A Bray FCMA	
Ms J Davies LLB (Hons)	(Appointed 24 June 2020)
Mrs K Dicker NNEB	(Appointed 23 October 2019)
Ms R Edwards BTEC HND	
Mr P Hymans BSc Msc PGCert Cert Ed CEng MIMinE	
Mr C Jerram FRICS	
Mrs P Lovatt NNEB Bsc	(Appointed 23 October 2019)
Mr A H Page BSc PGCE MBA	(Resigned 10 October 2020)
Prof D Timms BEd MA MSc PhD	
Ms C L Turner BEd (Hons)	
Ms T Worth MBA FIOC FCILT	(Appointed 23 October 2019)

#### Results and distributions

The results for the year are set out on page 15. The profit for the year after taxation amounted to £372,758 (2019: profit for the year £529,089). The Articles of Association prevent the company from declaring or paying any dividends, though it may pay qualifying distributions within the meaning of section 191 of the Corporation Tax Act 2010. During the year, the directors made a distribution of £1,925,735 (2019: £nil) to The Norland Foundation.

#### Directors indemnity

During the year the company used the College insurers to indemnify its directors. These provisions remain in force at the reporting date.

#### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Strategic report

The company has chosen in accordance with Companies Act 2006, section 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr M Clarke (Chairman) MA FCA D. Univ FRSA

**Director**

Date: 4/12/2020.....

# **NORLAND COLLEGE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2020**

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The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORLAND COLLEGE LIMITED

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## Opinion

We have audited the financial statements of Norland College Limited (the 'company') for the year ended 31 July 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORLAND COLLEGE LIMITED (CONTINUED)**

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORLAND COLLEGE LIMITED (CONTINUED)

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### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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.

*RSM UK Audit LLP*

Anna Spencer-Gray (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD  
..10..12..20



# NORLAND COLLEGE LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 JULY 2020

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	Notes	2020 £	2019 £
<b>Turnover</b>	<b>3</b>	4,749,366	4,657,975
Operating expenses		(4,411,466)	(4,294,019)
Other operating income		16,445	-
		<hr/>	<hr/>
<b>Operating profit</b>	<b>5</b>	354,345	363,956
Interest receivable and similar income	<b>6</b>	23,277	41,761
Interest payable and similar expenses	<b>7</b>	(4,864)	(13,690)
		<hr/>	<hr/>
<b>Profit before taxation</b>		372,758	392,027
Tax credit on profit	<b>8</b>	-	137,062
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<u>372,758</u>	<u>529,089</u>

# NORLAND COLLEGE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

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	<b>2020</b> £	<b>2019</b> £
<b>Profit for the year</b>	372,758	529,089
<b>Other comprehensive income net of taxation</b>		
Adjustments to the fair value of financial assets	4,019	27,122
<b>Total comprehensive income for the year</b>	<u>376,777</u>	<u>556,211</u>

**NORLAND COLLEGE LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 JULY 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		6,366		9,388
Tangible assets	11		4,668,985		4,930,585
Investments	12		-		1,328,078
			<u>4,675,351</u>		<u>6,268,051</u>
<b>Current assets</b>					
Stocks	13	27,031		6,365	
Debtors	14	225,216		239,795	
Cash at bank and in hand		1,019,002		1,440,445	
			<u>1,271,249</u>	<u>1,686,605</u>	
<b>Creditors: amounts falling due within one year</b>	15	(702,715)		(708,965)	
<b>Net current assets</b>			<u>568,534</u>		<u>977,640</u>
<b>Total assets less current liabilities</b>			<u>5,243,885</u>		<u>7,245,691</u>
<b>Creditors: amounts falling due after more than one year</b>	16		-		(452,844)
<b>Net assets</b>			<u><u>5,243,885</u></u>		<u><u>6,792,847</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		51		51
Fair value reserve	19		-		733,180
Profit and loss reserves	19		5,243,834		6,059,616
<b>Total equity</b>			<u><u>5,243,885</u></u>		<u><u>6,792,847</u></u>

The financial statements were approved by the board of directors and authorised for issue on 4/12/2020 and are signed on its behalf by:



Mr M Clarke (Chairman) MA FCA D. Univ FRSA  
Director



Dr Janet Rose MA PhD PGCE FHEA  
Principal of Norland College

# NORLAND COLLEGE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2020

	Notes	Share capital £	Fair value reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 August 2018</b>		51	706,058	5,530,527	6,236,636
<b>Year ended 31 July 2019:</b>					
Profit for the year		-	-	529,089	529,089
Other comprehensive income net of taxation: Adjustments to fair value of financial assets		-	27,122	-	27,122
Total comprehensive income for the year		-	27,122	529,089	556,211
<b>Balance at 31 July 2019</b>		51	733,180	6,059,616	6,792,847
<b>Year ended 31 July 2020:</b>					
Profit for the year		-	-	372,758	372,758
Other comprehensive income net of taxation: Adjustments to fair value of financial assets		-	4,019	-	4,019
Total comprehensive income for the year		-	4,019	372,758	376,777
Dividends in specie	9	-	-	(1,332,097)	(1,332,097)
Distributions to parent charity under gift aid	9	-	-	(593,642)	(593,642)
Transfers		-	(737,199)	737,199	-
<b>Balance at 31 July 2020</b>		51	-	5,243,834	5,243,885

# NORLAND COLLEGE LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	20	723,458		697,565	
Interest paid		(4,864)		(13,690)	
Income taxes paid		-		(97,334)	
<b>Net cash inflow from operating activities</b>		<b>718,594</b>		<b>586,541</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(8,814)		-	
Purchase of tangible fixed assets		(45,727)		(15,607)	
Proceeds on disposal of tangible fixed assets		1,367		100	
Interest received		2,892		3,427	
Dividends received		20,385		38,334	
<b>Net cash (used in)/generated from investing activities</b>		<b>(29,897)</b>		<b>26,254</b>	
<b>Financing activities</b>					
Repayment of bank loans		(516,498)		(62,126)	
Distributions paid		(593,642)		-	
<b>Net cash used in financing activities</b>		<b>(1,110,140)</b>		<b>(62,126)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(421,443)</b>		<b>550,669</b>	
Cash and cash equivalents at beginning of year		1,440,445		889,776	
<b>Cash and cash equivalents at end of year</b>		<b>1,019,002</b>		<b>1,440,445</b>	

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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### 1 Accounting policies

#### Company information

Norland College Limited is a private company limited by shares incorporated in England and Wales. The registered office is York Villa, York Place, London Road, Bath, Somerset, BA1 6AE.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 and Regulatory Advice 9: Accounts Direction issued by the Office for Students.

The financial statements have been prepared with the adoption of the FRS 102 Triennial Review 2017 amendments in full. This is the first set of financial statements where the Triennial Review amendments have been adopted. There have been no changes to amounts presented in respect of transactions or balances in any of the main statements as a result of adoption of the changes, but certain disclosures have been updated in line with the new requirements

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments. The principal accounting policies adopted are set out below.

#### Going concern

Following the Covid-19 crisis and despite the natural difficulties in forecasting during the current uncertainties, the directors have carefully considered the going concern of the College. The directors have reviewed three trading scenarios covering an expected case, a worsening case and a worst case. Forecasts and cash flows for each scenario up to 31 July 2022 indicate the College has adequate cash and other reserves to withstand, as well as the ability to adapt to, the worst case scenario, should it occur, without the requirement for external funding. This longer term review demonstrates the ongoing consideration by the directors to the ongoing effects of the Covid-19 crisis on the College and its ability to cope under the testing scenario conditions.

At present, there is no expectation that the College will suffer a significant reduction in student numbers or income for the current financial year ended 31 July 2021 and the forecasted budget for the financial year ended 31 July 2022 anticipates an operating profit and that the College will be able to meet its liabilities as they fall due.

As outlined in the Strategic Report a Deed of Undertaking between the Foundation and the College gives legal reassurance that the Foundation will support the College in the implementation of its Strategic Plan which includes a provision of sufficient financial support. The total cash and investment resources held within the Charitable Group (over and above the Student Protection Plan requirements) and a binding Deed of Understanding between the College and Foundation which strengthens the commitment from the Foundation to support the College, provides reliable assurance to the directors that the College remains a going concern and therefore the use of the going concern basis of accounting in the preparation of these financial statements remains appropriate.

#### Turnover

Turnover represents the value of services provided during the year, net of value added tax. Training fees are recognised when the service is provided. Employment agency fees are recognised when the contract commences.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### 1 Accounting policies (Continued)

#### Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### Intangible fixed assets other than goodwill

Intangible assets acquired are recognised at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software and licences	3 years straight line
-----------------------	-----------------------

#### Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	2.5% - 10% per annum of cost
Leasehold improvements	2.8% - 10% per annum of cost
Fixtures and fittings	20% per annum of cost
Office equipment	25% - 33% per annum of cost

Land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks.

#### Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

---

### 1 Accounting policies (Continued)

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Other financial assets**

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in other comprehensive income and where fair values cannot be measured reliably, are measured at cost less impairment.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.



# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### 1 Accounting policies (Continued)

#### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### Retirement benefits

Certain employees are members of the Teachers' Superannuation Scheme, a defined benefit scheme. The company makes contributions on behalf of the employees who are members in accordance with the requirements of the scheme. Other than these contributions there is no additional liability to the company in respect of the scheme which is controlled by the Department for Education and Employment.

The company operates a money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

#### Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The company received a discretionary cash grant of £16,445 from the government as part of the Coronavirus Job Retention Scheme (CJRS) which compensates employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). The grant is conditional upon the employees being employed and on the company PAYE payroll and the employee cannot do any work for their employer that makes money or provides services for their employer or any organisation linked or associated with their employer. There are no unfulfilled conditions or contingencies attached to the grant and the company has received no other forms of government assistance.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors have considered whether any critical estimates or judgements have been made in the preparation of these financial statements and they believe there are none to note.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 3 Turnover

An analysis of the company's turnover is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Provision of services	4,749,366	4,657,975
	<u>                    </u>	<u>                    </u>
Grants received	16,445	-
	<u>                    </u>	<u>                    </u>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	4,644,590	4,592,008
Overseas	104,776	65,967
	<u>                    </u>	<u>                    </u>
	4,749,366	4,657,975
	<u>                    </u>	<u>                    </u>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Total fee income</b>		
Fee income for taught awards	3,987,350	3,976,867
Fee income for research awards	(2,500)	2,500
Fee income from non-qualifying courses	2,700	2,070
	<u>                    </u>	<u>                    </u>
	3,987,550	3,981,437
	<u>                    </u>	<u>                    </u>

Grant income of £16,445 relates to income received under the government's Coronavirus Job Retention Scheme. Norland College furloughed a number of staff under the government's Coronavirus Job Retention Scheme. The funding received of £16,445 relates to staff costs in respect of these staff, which are included within note 4 as appropriate. No other grant income was received during the current or prior year.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 4 Employees

The average monthly number of persons employed and remunerated by the company during the year was:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Senior management	7	6
Academic staff (including student librarians)	41	34
Support staff	16	16
Agency staff	6	5
Research, consultancy & training	1	1
	<u>71</u>	<u>62</u>

The monthly number of persons employed and remunerated by the company on a full time equivalent basis during the year was:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Senior management	7	6
Academic staff (including student librarians)	29	27
Support staff	14	13
Agency staff	5	4
Research, consultancy & training	1	1
	<u>56</u>	<u>51</u>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,135,006	1,901,911
Social security costs	214,509	189,382
Pension costs	250,070	168,211
	<u>2,599,585</u>	<u>2,259,504</u>

During the year, no director was employed (2019: nil).

The remuneration of key management personnel was £608,085 (2019: £503,005).

No employee received a full-time equivalent basic salary of more than £100,000 in the current or prior year.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 4 Employees (Continued)

Total emoluments payable to the Principal:

	2020	2019
	£	£
Basic salary	99,820	94,554
Pension contributions	23,038	15,582
Performance related bonus	-	4,728
Christmas bonus	200	200
DAP bonus	-	250
Private healthcare	1,150	1,008
	<u>124,208</u>	<u>116,322</u>

Norland College is a small higher education provider, offering one undergraduate BA degree programme in Early Years Development and Learning. The maximum number of students is 300 plus 100 Newly Qualified Nanny (NQN) students. Once graduated with the degree, students embark upon their NQN year which sees them take their Norland training and apply it in a family setting. All Norland graduates have access to the in-house employment agency which places Norlanders into highly-sought after nanny roles across the world. In addition, Norland offers a bespoke consultancy provision for external parties for which the Principal contributes. Recent consultancy work includes training for school and early years settings, keynote and workshop sessions for professional conferences and summer school programmes.

Norland College employs 71 members of staff, with a full time equivalent of 56 (including student employees, averaged over the year). Staff turnover is 16.86% (excluding student employees) which is below the national benchmark of 18.8%. The Principal oversees all aspects of Norland's operations (degree and diploma course, NQN year, employment agency, training and consultancy). The quality of the degree and her valuable contribution to the strategic direction of the College is reflected in the following achievements: Norland College was awarded Taught Degree Awarding Powers in 2019, received TEF Gold status for a second time, was the winner of the WhatUni Student Choice Award for Independent provision, acquired charitable status for the Norland Foundation and received the Investors in People Gold accreditation.

In January 2020, 90 students graduated, with 33 gaining a First class honours degree and 39 gaining a 2:1.

The Principal is research active, produces both professional and academic publications and delivers key note speeches at various conferences as well as training for professionals. She is Vice Chair of a nursery group governing body and on the Board of Independent HE. Not only does this additional work provide income but it also provides further externality which raises Norland's profile in the field of early years and within the higher education sector. Since being appointed, the Principal has generated £27,970 in consultancy, key note speech and training income. Moreover, the Principal is the Head of Agency which oversees the employment agency, an income-generating department. The Agency surpassed its 2019/20 annual target.

The Principal's salary is included within Norland's grading structure and has a 4-point incremental range. Progression through this grade is determined by the Remuneration Committee annually and is based on individual performance which is reviewed by the Chair of the Board. The Principal proposed that she does not progress to the next point within the grade from 1 August 2020. This proposal is based on the fact the College has frozen the student tuition fees for 20/21 due to the Covid-19 pandemic. The Remuneration Committee agreed with this proposal.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### 4 Employees (Continued)

The relationship between the Principal's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Basic salary as a multiple of median basic salary of staff	3.30	3.00
Total remuneration as a multiple of median total remuneration of staff	3.30	3.00

The Universities and Colleges Employes Association (UCEA) has previously reported that the pay multiple between the head of the institution and the median pay of the workforce at sector level for England was 6.8 in 2016-17.

### Compensation for loss of office

During the year no (2019: 1) loss of office payments were made. These cost the College £nil (2019: £6,614). The employee was not considered to be part of key management personnel.

### 5 Operating profit

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	2,536	2,927
Government grants	(16,445)	-
Fees payable to the company's auditor for the audit of the company's financial statements	13,650	12,750
Depreciation of owned tangible fixed assets	307,327	312,850
Profit on disposal of tangible fixed assets	(1,367)	(100)
Amortisation of intangible assets	11,836	18,777
Operating lease charges	84,548	80,458

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### 6 Interest receivable and similar income

	2020	2019
	£	£
<b>Interest income</b>		
Interest on bank deposits	2,892	3,427
<b>Other income from investments</b>		
Dividends received	20,385	38,334
Total income	<u>23,277</u>	<u>41,761</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2,892	3,427
Dividends from financial assets measured at fair value through other comprehensive income	<u>20,385</u>	<u>38,334</u>

### 7 Interest payable and similar expenses

	2020	2019
	£	£
<b>Other finance costs:</b>		
Other interest	<u>4,864</u>	<u>13,690</u>

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 8 Taxation

	2020 £	2019 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(137,062)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	372,758	392,027
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	70,824	74,485
Tax effect of expenses that are not deductible in determining taxable profit	1,402	4,310
Gains not taxable	(94,905)	5,364
Change in unrecognised deferred tax assets	(939)	(847)
Effect of change in corporation tax rate	16,214	-
Permanent capital allowances in excess of depreciation	29,496	35,885
Other permanent differences	121,621	-
Other differences	(3,324)	(6,405)
Gift aid payment to parent	(253,002)	(112,792)
Change in unrecognised deferred tax liability	112,613	(137,062)
Taxation charge/(credit) for the year	-	(137,062)

The Finance Bill 2016 has been enacted so as to reduce the corporation tax rate to 17% for the financial year 2020. During the year, the College made a qualifying distribution, within the meaning of section 191 of the Corporation Tax Act 2010, of £1,925,739 (2019: £nil) to its parent entity, Norland Foundation.

### 9 Distributions

	2020 £	2019 £
<b>Dividends</b>		
Dividends in specie	1,332,097	-
<b>Distributions to parent charity under gift aid</b>		
Amounts paid	593,642	-

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 10 Intangible fixed assets

	Software and licences £
<b>Cost</b>	
At 1 August 2019	56,331
Additions - separately acquired	8,814
	<hr/>
At 31 July 2020	65,145
	<hr/>
<b>Amortisation and impairment</b>	
At 1 August 2019	46,943
Amortisation charged for the year	11,836
	<hr/>
At 31 July 2020	58,779
	<hr/>
<b>Carrying amount</b>	
At 31 July 2020	6,366
	<hr/> <hr/>
At 31 July 2019	9,388
	<hr/> <hr/>

The amortisation charge is included within operating expenses.

### 11 Tangible fixed assets

	Freehold property £	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>					
At 1 August 2019	1,487,116	3,987,838	571,589	367,255	6,413,798
Additions	-	-	1,446	44,281	45,727
Disposals	-	-	-	(8,749)	(8,749)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2020	1,487,116	3,987,838	573,035	402,787	6,450,776
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>					
At 1 August 2019	443,534	322,070	409,544	308,065	1,483,213
Depreciation charged in the year	33,987	161,034	67,971	44,335	307,327
Eliminated in respect of disposals	-	-	-	(8,749)	(8,749)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2020	477,521	483,104	477,515	343,651	1,781,791
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>					
At 31 July 2020	1,009,595	3,504,734	95,520	59,136	4,668,985
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2019	1,043,582	3,665,768	162,045	59,190	4,930,585
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The depreciation charge is included within operating expenses.



# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 12 Fixed asset investments

	2020 £	2019 £
Listed investments	-	1,328,078
Listed investments carrying amount	-	1,328,078

### Movements in fixed asset investments

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 August 2019	1,328,078
Valuation changes	4,019
Dividend in specie	(1,332,097)
At 31 July 2020	-
<b>Carrying amount</b>	
At 31 July 2020	-
At 31 July 2019	1,328,078

### 13 Stocks

	2020 £	2019 £
Finished goods and goods for resale	27,031	6,365

### 14 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	30,224	40,520
Amounts owed by group undertakings	2,560	-
Other debtors	6,686	8,491
Prepayments and accrued income	185,746	190,784
	225,216	239,795

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 15 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	17	-	63,654
Trade creditors		133,365	179,526
Taxation and social security		96,925	78,478
Deferred income		7,003	13,541
Other creditors		120,725	67,874
Accruals		344,697	305,892
		<u>702,715</u>	<u>708,965</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	17	-	452,844
		<u>-</u>	<u>452,844</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	181,733
	<u>-</u>	<u>181,733</u>

### 17 Borrowings

	2020 £	2019 £
Bank loans	-	516,498
	<u>-</u>	<u>516,498</u>
Payable within one year	-	63,654
Payable after one year	-	452,844
	<u>-</u>	<u>516,548</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

During 2017 the company took out a new loan with National Westminster Bank plc ("NatWest"). The principal amount of the loan taken out was £660,000. Interest is charged at a rate of 1.75% plus Bank of England Base Rate and due for repayment on 27 February 2027. During the year the company repaid the entire loan balance.

The long-term loan in the prior year was secured by a fixed charge over the assets of the company.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 18 Share capital

	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>		
51 Ordinary shares of £1 each	51	51
	<u>51</u>	<u>51</u>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

### 19 Reserves

#### Fair value reserve

The cumulative revaluation gains and losses in respect of investments, except revaluation gains and losses recognised in profit or loss.

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

### 20 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	372,758	529,089
<b>Adjustments for:</b>		
Taxation charged/(credited)	-	(137,062)
Finance costs	4,864	13,690
Investment income	(23,277)	(41,761)
Gain on disposal of tangible fixed assets	(1,367)	(100)
Amortisation of intangible assets	11,836	18,777
Depreciation of tangible fixed assets	307,327	312,850
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(20,666)	1,483
Decrease/(increase) in debtors	14,579	(91,937)
Increase in creditors	57,404	92,536
<b>Cash generated from operations</b>	<u>723,458</u>	<u>697,565</u>

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

### 21 Analysis of changes in net funds

	1 August 2019	Cash flows	31 July 2020
	£	£	£
Cash at bank and in hand	1,440,445	(421,443)	1,019,002
Borrowings excluding overdrafts	(516,498)	516,498	-
	<u>923,947</u>	<u>95,055</u>	<u>1,019,002</u>

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	82,493	81,097
Between one and five years	265,751	272,319
In over five years	1,730,059	1,817,831
	<u>2,078,303</u>	<u>2,171,247</u>

### 23 Retirement benefits

The company employees belong to two principal pension schemes; The Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff which is a defined benefit pension scheme and for non teaching staff the Norland stakeholder pension scheme which is a defined contribution scheme which is administered by Standard Life.

Total pension costs in the year

	2020	2019
	£	£
Teachers pension scheme contributions paid	173,393	110,217
Norland stakeholder pension scheme contributions paid	76,677	57,994
Total pension contributions paid in the year	<u>250,070</u>	<u>168,211</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016.

At the year end contributions of £32,245 (2019: £26,092) were outstanding and included in creditors.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### 23 Retirement benefits (Continued)

#### Teachers pension scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

#### Valuation of the Teachers' Pension Scheme

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

# NORLAND COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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### **24 Related party transactions**

During the period the company made the following related party transactions:

Ms K England (a director of the company until her resignation on 26 June 2019) received consultancy fees of £nil (2019: £8,589). No amounts were outstanding at the balance sheet date (2019: £nil).

Ms R Heald (a director of the company) is married to the Managing Partner of the College's lead provider of legal services. The College received legal services totalling £43,097 (2019: £45,996) during the year. At the balance sheet date the amount outstanding was £46 (2019: £3,068). All transactions were entered into on an arm's length basis.

### **25 Ultimate controlling party**

The ultimate parent entity is The Norland Foundation, a company limited by guarantee and incorporated in the United Kingdom. Company Registration No: 11077904 and Registered Charity No: 1180292. This is the smallest and largest group to consolidate these financial statements. Copies of the group financial statements are available on the Charity Commission's website.

The College directors consider there to be no ultimate controlling party within The Norland Foundation.