

Registered number
04014904



The National College for School Leadership Limited
A Company Limited by Guarantee

Report and Accounts

for the year ended
31 March 2006

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The National College for School Leadership Limited
Report and accounts for the year ended 31 March 2006

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The National College for School Leadership Limited

Company information

		Appointed	Resigned
Directors serving during the year	V Treves (Chair)	1 September 2004	
	B Bigland	25 September 2003	
	M Britt	1 January 2003	
	T Mackay	25 September 2000	
	H Mitchell	21 February 2001	29 March 2006
	L Neal	14 February 2003	
	D Nightingale	14 February 2003	
	H Paterson	6 November 2002	
	D Patterson	6 November 2002	
	T Piggott	6 November 2002	
	T Salt	25 September 2000	29 March 2006
	M Taylor	6 November 2002	
	P Williams	15 February 2004	

Company secretary

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

Registered office

1 Royal Standard Place
Nottingham
NG1 6FZ

Registered number

04014904

Head office

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

Bankers

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

Auditors

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Solicitors

Eversheds
1 Royal Standard Place
Nottingham
NG1 6FZ

The National College for School Leadership Limited

Foreword to the Accounts

Background Information

The National College for School Leadership Limited (the 'College') was incorporated on 14 June 2000. It is an executive Non-Departmental Public Body (NDPB) sponsored by the Department for Education and Skills (DfES). It is a company limited by guarantee, having no share capital. The accounts have been prepared in accordance with an accounts direction issued by the Secretary of State for Education and Skills with the consent of the Treasury. The full accounts direction is available upon request but in summary the direction requires the College to comply with the accounting and disclosure provisions of the Companies Act and UK Generally Accepted Accounting Practice (UK GAAP). In preparing the accounts the College has also paid regard to the 'Financial Reporting Manual' issued by HM Treasury.

Principal Activities

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

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

Results and Financial Performance

The primary financial objective was to return a breakeven position. This was achieved, the College showed a surplus of £1.1m for the year, after FRS17 pensions adjustments. The company is a not for profit organisation and its constitution prevents it from paying a dividend therefore any retained profits currently remain in reserves.

Future Developments

The corporate plan for the period 2005/08 marked a new era for the College setting out four new ambitious goals:

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

The Corporate Plan for 2006/09 builds on this by identifying the how those goals will be achieved.

The College is also undergoing a period of change as it moves towards commissioning out the majority of its programme design and delivery. Following a major national tendering exercise during 2005/06 four programme areas will commence commissioned out delivery from September 2006.

In May 2006 a company Future Leaders Ltd was established to take forward an initiative to pilot a new approach to recruiting and training future school leaders. NCSL has two Directors on the board and will provide funding to the company.

The DfES three year funding of the Network Learning Communities ended in March 2006 and the College has begun the process of closing down the project and the Cranfield office. This is scheduled to be completed by August 2006.

Fixed Assets

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

The National College for School Leadership Limited

Foreword to the Accounts (continued)

Research & Development

Significant resource was devoted towards Research and Development activities during 2005/06. A total of £3.8m was spent on this work compared with £3.1m in 2004/05. Research work included a programme of visiting associates, examination of worldwide best practice, leading edge seminars and commissioned research. The College has also commissioned research to provide advice to the Government on the future of school leadership in the 21st century.

Pension Arrangements

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

Post Balance Sheet Events

There were no post balance sheet events.

The Governing Council

The following people served during the year:

Chair:	Vanni Treves	Chairman, London Business School
Directors:	Brenda Bigland	Headteacher, Lent Rise Primary School, Reading
	Matthew Britt	Headteacher, St Mary's Lewisham CE Primary School
	Tony Mackay	Director, Centre for Strategic Thinking, Melbourne, Aus.
	Hugh Mitchell	Group HR Director, Shell International. The Hague
	Linda Neal	Chair, Young @ now
	Di Nightingale	Headteacher, Hounsdown School, Southampton
	Helen Paterson	Head of School Improvement, Solihull MBC
	David Patterson	HR Consultant and former MD of the Hay Group Ltd (UK)
	Terry Piggott	Director of Children's Services, Rochdale
	Toby Salt	Headteacher, St. Anthony's (special) School, Chichester
	Martin Taylor	Former headteacher and former Chief Executive of NHS Trust
	Peter Williams	Formerly T-Mobile
Ex Officio:	David Bell	Permanent Secretary, Department for Education and Skills
	Michael Gibbons	Lead Director, Innovation Unit, DfES
	Judy Moorhouse	Chair, General Teaching Council for England
	Steve Munby	Chief Executive, The National College for School Leadership
Observer	Stephen Hillier	Director, School Workforce Unit, Department for Education & Skills (until January 2006)

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Foreword to the Accounts (continued)

Charitable and Political Donations

There were no charitable or political donations during the year.

Disabled Employees

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

Employee Involvement

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

Equal Opportunities

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

Prompt Payment

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

Auditors

In respect of the year ended 31 March 2006 the College's external auditors KPMG LLP, in addition to the statutory audit, have provided advice on the College's tax liability. The College's internal audit service has been provided by PKF (UK) LLP. The College also contracted separately for PKF (UK) LLP management consultants to write the tenders for the programmes being commissioned out in 2006.

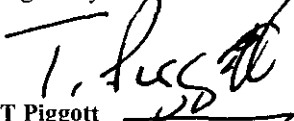
Going Concern

The accounts have been prepared on a going concern basis as the Governing Council believe that the College will continue in operational existence for the foreseeable future. The Secretary of State for Education and Skills has confirmed a baseline budget of £74m grant funding for 2006/07.

Elective resolution

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

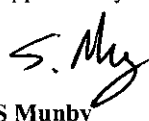
Signed by order of the board by:


T Piggott

Director

Dated: 26 June 2006

Approved by:


S Munby

Chief Executive

Dated: 26 June 2006

The National College for School Leadership Limited

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

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

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

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

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

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

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

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Statement on System of Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the NCSL for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with the Treasury guidance.

Capacity to handle risk

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

The risk and control framework

The leadership team formally agreed a risk management strategy for the College which discusses the attitude of the College toward risk and articulates how the management of risk will be driven.

The College is in the process of updating the main risks that may affect the organisation, capturing essential information within a risk register against which each risk is attributed to a clearly identified owner. In respect of each risk a process of assessment, risk rating, impact consideration, a review of control measures and contingencies will be undertaken. It has been identified that the register needs to be updated to take account of changes, new risks and to reassign ownership.

Each project undertaken is the subject of an individual risk assessment and the College's risk management monitoring processes are integrated with the monitoring of financial and programme performance. Regular review meetings with programme managers highlight any movement in risk and the Leadership Team are informed as appropriate.

Review of effectiveness

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

In 2005/06 the following key internal control measures were in place:

- an internal audit service and an annual internal audit report providing an independent opinion on the adequacy and effectiveness of the College's system of internal control;

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

Several specific reviews have been undertaken during 2005/06 to provide assurance about the level of controls operating. An external review of the Data Protection arrangements and of staff knowledge of the requirements has informed the update of the arrangements. A business continuity plan has been written and tested. The finance policies and procedures were revised in March 2005 and work has been ongoing throughout the year to raise awareness and ensure compliance. The procurement team have utilised the Office of Government Commerce Gateway review processes to provide contracting assurance.

During the year the College has commenced a process of business re-engineering which has included a restructure of the senior management arrangements. The remit of the newly appointed Strategic Director Strategy and Organisational Development includes a review of current processes to build on the existing systems and knowledge and to embed risk management throughout the organisation.

A bespoke programme of training to provide staff with the relevant level of skills to manage projects and to identify and manage risk is being developed and delivery will commence in the summer of 2006. The College's policies and procedures and systems of delegations will be reviewed to ensure they continue to provide control and assurance under the new management structure and project-based working.

Also during 2005/06 the Chairman, in consultation with representatives of the DfES, has reviewed the composition and operation of the College Governing Council and at the time of writing the Secretary of State was in the process of appointing seven new members. The Chairman will subsequently make suitable appointments to the Audit Committee to provide the College with Board level assurance.

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



S Munby
Accounting Officer
Dated: 27 April 2006

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Remuneration report

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

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

The remuneration committee comprises of:-

David Patterson (Chair)	NCSL Governing Council
Terry Piggott	NCSL Governing Council
Martin Taylor	NCSL Governing Council
Toby Salt	NCSL Governing Council (resigned 6 th April 2006)
Steve Munby	Chief Executive Officer, NCSL

The final package for each senior manager comprises of salary, pension (local government pension scheme) and corporate bonus. The corporate bonus is linked to the achievement of the objectives as laid out in the annual plan which is presented to and agreed by the DfES. These objectives are subject to periodic measurement and are contained within the NCSL Balanced Scorecard. The achievement of the objectives is subject to review and confirmation by the Finance & General Purpose Committee (General Council reporting body). If the objectives are achieved the corporate bonus pot is equally divided amongst all eligible employees including Directors. An eligible employee/director is one who has met the high standards required in the annual performance appraisal system. Those employees/considered to be below this standard ie requiring development do not qualify. In addition to the above Steve Munby (CEO) is entitled to a bonus of up to 10% of salary based on his achievement of the objectives set by Vanni Treves.

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

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

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

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The salary and benefits for the board and directors is as follows:-

Director	Position	Contract Dates & Notice	Theoretical Provision for early Termination	Salary & allowances *	Benefits in kind *	Total 05/06 *	Total 04/05 *	Compensation for loss of office *
Non Exec Directors								
Vanni Treves	Chairman	9/04	N/A	£42,709	Nil	£42,709	£23,333	
Brenda Bigland	Board Member	9/03 to 9/06	N/A	Note f Note g	Nil	Nil	Nil	
Matthew Britt	Board Member	1/03 to 8/06	N/A	Note f	Nil	Nil	Nil	
Tony Mackay	Board Member	9/00 to 9/06	N/A	Note f	Nil	Nil	Nil	
Hugh Mitchell	Board Member	2/01 to 3/06	N/A	Note f	Nil	Nil	Nil	
Linda Neal	Board Member	2/03 to 8/06	N/A	Note f	Nil	Nil	Nil	
Dianne Nightingale	Board Member	2/03 to 2/09	N/A	Note f	Nil	Nil	Nil	
Helen Paterson	Board Member	11/02 to 8/06	N/A	Note f	Nil	Nil	Nil	
David Patterson	Board Member	11/02 to 11/08	N/A	£6,000 Note f	Nil	£6,000	Nil	
Terry Piggott	Board Member	11/02 to 11/08	N/A	Note f Note g	Nil	Nil	Nil	
Toby Salt	Board Member	9/00 to 3/06	N/A	Note f	Nil	Nil	Nil	
Martin Taylor	Board Member	11/02 to 8/06	N/A	£2,900 Note f	Nil	£2,900	Nil	
Peter Williams	Board Member	2/04 to 2/07	N/A	Note f	Nil	Nil	Nil	
Exec Directors								
Steve Munby	CEO	3/05 to 3/10 6 mths notice	£78,000 Note d	£127,264 Note e	£7,650 Note c	£134,914	Nil	
Geoff Southworth	Deputy CEO	04/02 onwards 6 mths notice	£84,000 Note d	£118,105 Note e	Nil	£118,105	£86,830	
Stephen Duffill	Director of Finance	01/04 to 02/06 6 mths notice	N/A	£79,334 Note e	Nil	£79,334	£71,816	£53,150 Note a
David Jackson	Director	11/00 to 10/06 6 mths notice	£79,000	£108,333 Note e	Nil	£108,333	£103,758	Note b
Jane Doughty	Director	06/01 onwards 3 mths notice	£39,000 Note d	£86,653 Note e	Nil	£86,653	£77,500	
Tony Richardson	Director	11/00 to 01/06 7 days (secondment)	N/A	£94,677 Note e	Nil	£94,677	£104,705	£173,179 Note a
Peter Berry	Director	01/01 to 01/06 6 mths notice	N/A	£71,241 Note e	Nil	£71,241	£75,920	£58,950 Note a

Notes:-

- * Information has been subject to audit.
- a. Redundancy. The recent re-organisation has resulted in these employees having their contracts terminated and redundancy payments made for loss of office.
- b. Redundancy. David Jackson will be made redundant in October 2006.
- c. Steve Munby has a license for his sole occupancy of a room at LCC. The College pays for the cost of this room and the associated income tax for the benefit in kind.
- d. These are the theoretical costs associated with an early termination of the contracts. They are based on the College's redundancy policy which has been established during the recent re-organisation. The actual contractual cost is less.

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- e. Performance Related Pay
 - o Steve Munby has a performance related bonus of up to 10% of salary based on achievement of objectives for the year
 - o All Directors contribute to the attainment of the College objectives as measured within the NCSL Balanced Scorecard. Attainment of the objectives gives rise to the release of the corporate bonus to the College. The corporate bonus is equally divided amongst all eligible employees including Directors across the College.
- f. Board members were unpaid for the period April through August, they were however, allowed to claim expenses for travelling to board meetings. In September 2005 it was agreed that each member be allowed to claim a daily board attendance fee of £300 per day in addition to the travel expenses.
- g. Board attendance fees were paid directly to their employer in accordance with the DfES/Government guidelines. These payments did not result in a change to their overall salary and therefore were not disclosed in this report.
- h. In addition the College has incurred £85,216 in respect of Interim Management costs. *

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

Pension details for the executive directors are as follows:-

Director	Position	Accrued pension as at 31 st March 2006 and the related lump sum at age 60	Real increase during the year and the related lump sum at age 60	Cash equivalent value at 1 st April 2005	Real increase in cash equivalent value during the year	Employers contribution to Partnership pensions for the year 05/06
		Col A *	Col B *	Col C *	Col D *	Col E *
<u>Executive Directors</u>						
Steve Munby	CEO	£43,000/£129,000	£2,000/£5,000	£604,000	£42,000	N/A
Geoff Southworth	Deputy CEO	£45,000/£135,000	£12,000/£36,000	£565,000	£250,000	N/A
Steven Duffill	Director	£17,000/£51,000	£2,000/£6,000	£185,000	£39,000	N/A
David Jackson	Director	£44,000/£132,000	£2,000/£6,000	£713,000	£67,000	N/A
Jane Doughty	Director	£10,000/£29,000	£2,000/£6,000	£105,000	£32,000	N/A
Tony Richardson	Director	£37,000/£112,000	£2,000/£5,000	£572,000	£40,000	N/A
Peter Berry	Director	£27,000/£82,000	£1,000/£4,000	£418,000	£32,000	N/A

There were no partnership pensions in existence.

Notes

Col A – The value at 31st March 2006 of the accrued pension and (if applicable) related lump sum at age 60

Col B – The real increase during the year 05/06 in the pension and (if applicable) related lump sum at age 60

Col C – The value of the cash equivalent transfer value at 1st April 2005

Col D – The real increase in the cash equivalent transfer value during the year 05/06

Col E – Employers contribution to partnership pension for the year 05/06 (where they exist)

* – Information has been subject to audit



S Munby

Accounting Officer

Dated: 26 June 2006

The National College for School Leadership Limited

KPMG LLP

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

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

We have audited the financial statements of the National College for School Leadership for the year ended 31 March 2006 which comprise the Income and Expenditure Account, Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information described as audited in the Directors' Remuneration Report.

This report is made solely to the company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

The National College for School Leadership Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its surplus for the year then ended;
- the financial statements and have been properly prepared in accordance with the Companies Act 1985 and Secretary of State for Education and Skills' accounts direction;
- the information given in the Directors' Report is consistent with the financial statements; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Kim L

KPMG LLP
Chartered Accountants
Registered Auditor

26 June 2006

The National College for School Leadership Limited

Income and Expenditure Account For the year ended 31 March 2006

	Note	Year ended 31 March 2006		Year ended 31 March 2005	
		£'000	£'000	£'000	£'000
Turnover	3				
From continuing operations					
Grant in Aid from DfES		78,643		94,532	
Other income	4	9,708		3,933	
		<u>88,351</u>		<u>98,465</u>	
From discontinuing operations	5				
National Remodelling Team Grant		-		18,702	
Other income		-		-	
		<u>-</u>		<u>18,702</u>	
			88,351		117,167
Programme costs		(79,271)		(104,754)	
Infrastructure costs		(9,952)		(10,325)	
Contributions to provisions		(329)		(874)	
		<u>(89,552)</u>		<u>(115,953)</u>	
Operating (loss) surplus before FRS17 adjustments			(1,201)		1,214
Less Employers LGPS costs		3,685		4,399	
Current service cost		(1,150)		(1,110)	
Past service cost		(216)		(400)	
		<u>2,319</u>		<u>2,889</u>	
Operating surplus					
From continuing operations	6		1,118		4,103
From discontinued operations					
National Remodelling Team			-		-
			<u>1,118</u>		<u>4,103</u>
Operating surplus			1,118		4,103
Interest payable and similar charges (net interest on pension scheme)	22		(16)		113
			<u>1,102</u>		<u>4,216</u>
Surplus after tax			1,102		4,216
Tax on surplus on ordinary activities	8		-		-
			<u>1,102</u>		<u>4,216</u>
Surplus on ordinary activities after taxation			1,102		4,216
Notional capital charge			(819)		(395)
			<u>283</u>		<u>3,821</u>
Surplus after notional capital charge			283		3,821
Add back notional capital charge			819		395
			<u>1,102</u>		<u>4,216</u>
Accumulated surplus for the year	15		1,102		4,216

The National College for School Leadership Limited

Statement of Recognised Gains and Losses (SRGL) For the year ended 31 March 2006

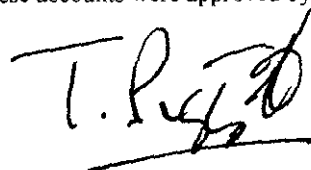
	<i>Note</i>	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Surplus for the year		1,102	4,216
Actual return less expected return on pension scheme assets		2,499	491
Experience losses arising on the scheme liabilities		(1,003)	(4,364)
Change in financial and demographic assumptions underlying the scheme liabilities		(2,175)	(1,381)
Recognised (losses)/gains for the year		423	(1,038)
Prior year adjustment		-	(1,768)
Losses recognised since last annual report		423	(2,806)

The National College for School Leadership Limited

Balance Sheet As at 31 March 2006

	Note	2006	2005
		£'000	£'000
Fixed assets			
Tangible assets	9	24,648	24,715
Current assets			
Debtors	10	3,334	2,484
Cash at bank	11	24,902	18,193
		<u>28,236</u>	<u>20,677</u>
Creditors: amounts falling due within one year	12	<u>(27,216)</u>	<u>(18,773)</u>
Net current assets/(liabilities)		<u>1,020</u>	<u>1,904</u>
Total assets less current liabilities		<u>25,668</u>	<u>26,619</u>
Creditors: amounts falling due after more than one year	13	(23,698)	(23,777)
Provisions for liabilities and charges	14	(1,203)	(874)
Pension liability	22	<u>(2,396)</u>	<u>(4,020)</u>
		<u>(27,297)</u>	<u>(28,671)</u>
Net liabilities		<u>(1,629)</u>	<u>(2,052)</u>
Capital and reserves			
Income and expenditure reserve (including pension liability)		(1,629)	(2,052)
Member's deficit	15	<u>(1,629)</u>	<u>(2,052)</u>

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


T Piggott

Director

Approved by the board on: 26 June 2006


S Munby

Chief Executive & Accounting Officer

Dated: 26 June 2006

The National College for School Leadership Limited

Cash Flow Statement

For the year ended 31 March 2006

	Year ended 31 March 2006 £'000	Year ended 31 March 2005 £'000
Net cash inflow from operating activities	6,709	12,857
Capital expenditure		
Purchase of tangible fixed assets	(1,054)	(945)
Receipt of deferred capital grants	1,054	945
Increase in cash	6,709	12,857

Reconciliation of operating surplus to net cash flow from operating activities

Operating surplus	1,118	4,103
Depreciation	1,119	1,498
Release from deferred capital grants	(1,052)	(1,550)
Net book value of assets transferred to TTA	-	52
Non cash pension charges	1,366	1,510
Decrease/(increase) in debtors	(850)	3,891
Increase in creditors	8,364	6,878
Increase in provisions	329	874
Cash payments made to offset pension liability	(3,685)	(4,399)
Net cash inflow from operating activities	6,709	12,857

Reconciliation of net cash flow to movement in net funds

Increase in cash in the year	6,709	12,857
Change in net funds	6,709	12,857
Opening net funds	18,193	5,336
Net funds at 31 March	24,902	18,193

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

1 Company status

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

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

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

2 Accounting policies

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

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

2.1 Accounting convention

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

2.2 Government grants

The College is funded mainly by Grant in Aid from its sponsor department, the Department for Education and Skills. Grant in Aid is received monthly and except as detailed below is treated as revenue being recognised upon receipt.

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

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

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

2.3 Grants paid

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

2.4 Leases

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

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

2.5 Value added tax

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

2.6 Fixed assets and depreciation

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

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

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

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

2.7 Research and development

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

2.8 Foreign currencies

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

2.9 Notional cost of capital

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

2.10 Pensions

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

2.11 Cash

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

3 Turnover

The majority of the College's income is grant in aid from the DfES, made up of baseline grant and other specific ring-fenced funding.

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

4 Other income

In addition to the grant in aid the College also invoices the DfES for specific project funding. The College has also received programme funding from several other sources during 2005/06:

Training & Development Agency for Schools – Bursar training - £4.9m

Capita – School Improvement Partners - £1m

Capita – Primary Strategy - £250k

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

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

5 Discontinuing operations

The hosting of the National Remodelling Team (NRT) transferred to the Training and Development Agency for Schools (TDA) from 1 April 2005 and was shown as a discontinued operation in 2004/05. The transfer of cash and other balances to the TDA was completed during 2005/06.

Although not required to be shown in the accounts as a discontinuing operation the DfES funding for the Network Learning Group ended on 31 March 2006 and as a consequence the work of the group, based in Cranfield, will cease in August 2006.

6 Operating surplus

	2006 £'000	2005 £'000
This is stated after charging:		
Depreciation of fixed assets	1,119	1,498
Auditors' remuneration		
Audit services - external auditors	38	39
Audit services - internal auditors	41	32
Other fees - external auditors - tax advice	3	4
- external auditors - other consultancy	35	11
- external auditors - provision of interim staff	5	26
Other fees - internal audit - other consultancy	344	-
Research and development expenditure	3,847	3,128
Operating lease payments - plant and equipment	52	1,420
Operating lease payments - other	1,041	755
	<u>1,041</u>	<u>755</u>

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

7 Staff costs

	2006 £'000	2005 £'000
a) Wages and salaries of direct employees	8,297	8,345
Redundancy costs	571	-
Social security costs	751	766
Other pension costs	861	336
Contract & temporary staff costs	449	680
Seconded staff costs	83	602
LGPS current service charge	1,150	1,110
LGPS past service (gain) cost	(615)	400
	<u>11,547</u>	<u>12,239</u>

Salaries includes gross salaries and performance bonuses payable. It does not include the estimated monetary value of benefits in kind. Following the adoption of FRS 17, the employers pension cost in respect of the College's main pension fund, the Nottinghamshire County Council Pension Fund, is charged directly to the pension liability in the balance sheet. The amount charged for the year was £3,685,000 (2005: £4,399,000).

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

	2006	2005
Senior management (includes 1 secondee)	5	7
Other staff	227	217
Seconded staff	-	5
Agency, temporary and contract staff	15	19
	<u>247</u>	<u>248</u>

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

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

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

8 Taxation

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

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

9 Tangible fixed assets

	Land and Buildings	ICT	Furniture & Fittings	ICT, Furniture & Fittings Donated	Total
	Owned £'000	Owned £'000	Owned £'000	£'000	£'000
<i>Cost or valuation</i>					
At 1 April 2005	26,152	1,578	702	42	28,474
Additions at cost	731	308	15	-	1,054
Disposals	-	(296)	(10)	-	(306)
At 31 March 2006	26,883	1,590	707	42	29,222
<i>Accumulated depreciation</i>					
At 1 April 2005	1,812	1,298	607	42	3,759
Charge for the year	704	314	101	-	1,119
Disposals	-	(296)	(8)	-	(304)
At 31 March 2006	2,516	1,316	700	42	4,574
<i>Net book value</i>					
At 31 March 2006	24,367	274	7	-	24,648
At 31 March 2005	24,340	280	95	-	24,715

On 7 June 2002, the College entered into a 99 year lease with the Department for Education and Skills for the use of a building sited on the Jubilee Campus of the University of Nottingham. No consideration was transferred by the College to the DfES in respect of this lease and the lease contains no provision for rental to be charged. Under the provisions of FRS 5, this building was capitalised at cost within the College's accounts to reflect the substance of the lease which confers the operational risk of the building to the College. A corresponding entry was made to deferred capital grants within creditors and this creditor balance is being released to income in line with depreciation on the asset. During the year, the College made a payment of £1.3m to the DfES in lieu of rent on a non-prejudicial basis. Discussions about the lease terms and associated rental payments between the DfES and the College have been ongoing during the year and are expected to be finalised in Summer 2006.

10 Debtors

	2006 £'000	2005 £'000
Trade debtors	2,132	1,317
Other debtors	1	16
Prepayments and accrued income	1,201	1,151
	3,334	2,484

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

These balances can be analysed between:

	2006 £'000
Other central government bodies	209
Local authorities	140
Bodies external to government	2,985
	<u>3,334</u>

11 Cash at bank

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

	2006 £'000	2005 £'000
HMPG Accounts	24,746	18,006
Nat West account for Headteachers Induction Programme	156	187
	<u>24,902</u>	<u>18,193</u>
Representing:		
Working balance	(3,177)	391
Year end creditors & accruals	12,521	7,143
Grant returned in April	2,497	-
VAT, PAYE and NI payable	141	271
Deferred grant – continuing operations	1,984	2,808
Deferred grant – discontinuing operations (NRT)	-	624
Receipts in advance	3,600	848
Headteacher Induction Programme (HIP) Grants	7,336	6,108
	<u>24,902</u>	<u>18,193</u>

12 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
VAT	137	-
Other taxation and social security	4	271
Trade creditors	227	133
Other creditors	2,500	-
Accruals and deferred income	17,877	11,423
HIP grants	5,521	6,008
Deferred capital grant	950	938
	<u>27,216</u>	<u>18,773</u>

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

These balances can be analysed between:

	2006 £'000
Other central government bodies	6,340
Local authorities	117
Bodies external to government	20,759
	<u>27,216</u>

13 Creditors: amounts falling due after more than one year

	2006 £'000	2005 £'000
Deferred capital grant - land and buildings	23,663	23,709
Deferred capital grant - other	35	68
	<u>23,698</u>	<u>23,777</u>

14 Provisions for liabilities and charges

	Closure of Networked Learning Group £'000	Senior management restructure £'000	Other including dilapidations £'000	Total £'000
Opening balance	671	-	203	874
Additions during the year	(18)	804	4	790
Amount used during the year	(236)	-	(53)	(289)
Unused amounts reversed during the year	(22)	-	(150)	(172)
Balance at 31 March	<u>395</u>	<u>804</u>	<u>4</u>	<u>1,203</u>

Provision was made in 2004/05 for the identified early retirement costs of staff leaving the College. During 2005/06 further provision has been made for the remaining costs of the senior management restructure which occurred during the year. The liability at 31 March 2006 is based on individual pension and redundancy entitlements and other related costs. These are expected to become payable in the two years 2006/07 and 2007/08.

Provision was also made in 2004/05 for the costs, including redundancy, early retirement costs and estimated reinstatement costs of redeeming the lease of the Cranfield premises as a result of the end of the three year funding of the Networked Learning Communities. The liability at 31 March 2006 is based on the dilapidations agreed with the landlord and the remaining pension and redundancy entitlements which are expected to be paid during 2006/07.

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

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

15 Income and expenditure reserve

	2006 £'000	2005 £'000
At 1st April	(2,052)	754
Prior year adjustment (pension liability)	-	(1,768)
	<hr/> (2,052)	<hr/> (1,014)
Surplus for the year	1,102	4,216
Movement from SRGL	(679)	(5,254)
	<hr/> (1,629)	<hr/> (2,052)
Closing reserves	<hr/> <hr/> (1,629)	<hr/> <hr/> (2,052)

16 Related party transactions

The College is a non-departmental public body and a company limited by guarantee. The guarantor is the Secretary of State for Education and Skills and thus is considered a related party. Grant in Aid income of £80,417,415 was received from the DfES during the year, of this funding £1,861,267 is held within deferred income at the year end and £2,000,000 was held in creditors and returned to the DfES in April 2006.

The College invoiced the DfES for a further £573,157 for reimbursement of expenditure and other services rendered. £122,986 of the invoiced income has been deferred and £15,000 invoiced income was accrued as at the year end.

The DfES invoiced the College for £33,990 to cover the costs of seconded staff and other activities (year end debtor £933). The DfES also invoiced the College a rental charge of £1,300,000 in respect of the Learning & Conference Centre.

The director T Mackay was paid £41,200 (year end creditor £3,750) for consultancy and facilitation services. Lent Rise Combined School, of which B Bigland, a director of the College, is the headteacher, received funding of £4,775, including £1,761 to cover costs for Governing Council meeting attendance (year end creditor £600).

The College paid £105,896 to Cambridge Education Associates (year end creditor £47,106). Linda Neal, a director of the College, was a divisional manager of this organisation.

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

The College paid £38,055 (year end creditor £120) to Mary Miles, spouse of Pete Anstey a member of the College Leadership Team until 30 November 2005.

The College paid £8,744 (year end creditor £2,411) to Goddard Payne Consulting Ltd. Gene Payne was a senior manager of the College until 31 March 2006.

The College paid £287,866 to Academy of Youth (year end creditor £18,025). Maggie Farrar, a senior manager of the College is a trustee of this charity.

The University of Nottingham is not a related party.

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

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

17 Grant payments made

The College made £6.3m grant payments to support research and educational activity. Of these £1.9m went to bodies within the public sector, including schools, local education authorities and universities, this included £1.2m grant payments made by the Network Learning Group to school networks. A further £3.9m were Headteacher Induction Programme grants made to newly appointed headteachers to support their personal leadership development.

18 Material non-cash transactions

There were no material non-cash transactions.

19 Financial performance targets

The only financial performance target was to breakeven. This objective was met.

20 Operating lease commitments

At 31 March 2006, the College had annual commitments under non-cancellable operating leases falling due as set out below. The College retains the lease of the premises occupied by the National Remodelling Team but recharges all of these to the TDA.

	2006		2005	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	94	-	107	-
In the second to fifth years inclusive	218	3	213	3
	<u>312</u>	<u>3</u>	<u>320</u>	<u>3</u>

21 Post balance sheet events

There were no post balance sheet events.

22 Pensions

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

The pensions costs are assessed every three years in accordance with the advice of a qualified independent actuary, the latest valuation is as at 31 March 2004. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Projected Unit
Market value of assets at date of valuation	1,503m
Proportion of members' accrued benefits covered by the actuarial value of the	73%

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

assets		
Salary scale increases per annum		4.25%
Pension increases per annum		2.5%
	Past service	Future service
Investment returns per annum		
- pre retirement	7.35%	6.5%
- post retirement	5.6%	6.5%

In addition to the regular contributions of £684,609, to reduce the fund deficit reported by the 31 March 2004 actuarial valuation, the College made a £1m lump sum contribution to the fund and upon receipt of the actuarial statements accrued for a further £2m payment. The pension liability of £2,396,000 shown on the balance sheet is after applying FRS17 actuarial assumptions.

Contribution rates with effect from 1 April 2006	As a percentage of pensionable pay
- employers	9.8%
- employees	6.0%

FRS 17

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

	31 March 2006	31 March 2005	31 March 2004
Rate of inflation	2.9%	2.9%	2.8%
Rate of increase in salaries	4.65%	4.65%	4.3%
Rate of increase in pensions	2.9%	2.9%	2.8%
Discount rate	4.9%	5.4%	6.3%

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

	Long term rate of return expected at 31 March 2005	Value at 31 March 2006 £'000	Long term rate of return expected at 31 March 2004	Value at 31 March 2005 £'000	Long term rate of return expected at 31 March 2004	Value at 31 March 2004 £'000
Equities	7.0%	14,982	7.5%	9,811	7.5%	3,822
Government Bonds	4.3%	1,727	4.7%	2,139	4.7%	735
Other Bonds	4.9%	1,360	5.4%	713	5.5%	480
Property	6.0%	3,087	6.5%	2,217	6.5%	680
Cash/liquidity	4.50%	432	4.75%	310	-	-
Other	N/A	0	7.5%	310	4.0%	358
Total market value of assets		21,588		15,500		6,075

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

	2006 £'000	2005 £'000	2004 £'000
College's estimated asset share	21,588	15,500	6,075
Present value of scheme liabilities	(23,984)	(19,520)	(7,843)
Deficit in the scheme	(2,396)	(4,020)	(1,768)

Analysis of the amount charged to the income and expenditure account

	2006 £'000	2005 £'000
Service cost	(1,150)	(1,110)
Past service gain (cost)	615	(400)
Curtailment loss	(831)	-
Total operating loss	(1,366)	(1,510)

Analysis of net return/(loss) on pension scheme

	2006 £'000	2005 £'000
Expected return on pension scheme assets	1,038	680
Interest on pension scheme liabilities	(1,054)	(567)
Net return/(loss)	(16)	113

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

	2006 £'000	2005 £'000
Actual return less expected return on pension scheme assets	2,499	491
Experience losses arising on the scheme liabilities	(1,003)	(4,364)
Change in financial and demographic assumptions underlying the scheme liabilities	(2,175)	(1,381)
Actuarial (loss)/gain recognised in STRGL	(679)	(5,254)

The National College for School Leadership Limited
Notes to the Accounts
For the year ended 31 March 2006

Movement in deficit during year

	2006 £'000	2005 £'000
Deficit in scheme at beginning of year	(4,020)	(1,768)
Movement in year:		
Current service charge	(1,150)	(1,110)
Contributions	3685	4,399
Past service costs	(216)	(400)
Net return/(loss) on assets	(16)	113
Actuarial (loss)/gain	(679)	(5,254)
	<hr/>	<hr/>
Deficit in scheme at end of year	(2,396)	(4,020)
	<hr/>	<hr/>

History of experience gains or losses

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