



anguscollege

# Report & Financial Statements

For the year ended 31 July 2010

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## NATURE, OBJECTIVES AND STRATEGIES

The Board of Governors has pleasure in submitting the audited financial statements for the year ended 31 July 2010.

### Legal Status

In 1992, Parliament passed the Further and Higher Education (Scotland) Act, as a result of which 43 former Colleges of Further Education in Scotland were incorporated into a new sector. These financial statements are for the 17th accounting period following incorporation on 1 April 1993.

On that date staff in local authority employment, land and other property owned by the Education Authority were transferred to the College and control of the College passed to the Board of Governors and the College Principal who is the Accountable Officer and is responsible to Parliament for the Stewardship of the College's finances and assets. The land and buildings transferred from Tayside Regional Council have been included in the balance sheet at a valuation at 31 March 1995 less depreciation for the period 1 April 1995 to 31 July 2010.

The College is a registered charity (Scottish Charity Number SC021175) for the purposes of the Law Reform (Miscellaneous Provision) (Scotland) Act 2005.

### Nature, Objectives and Strategies

Angus College is one of the main community colleges in Scotland with a main campus in Arbroath and satellite learning centres in the burgh towns of Brechin, Forfar, Kirriemuir and Montrose.

It serves the diverse area of Angus and the South Mearns, recruiting nearly 12,000 students in 2009/10 from a population of 110,000.

The College employed 447 staff in total in 2009/10 or 261 FTE, making it one of the largest employers in the Angus area and a significant contributor to the area's economic development.

### Scope of the Financial Statements

The Financial Statements cover all activities of the College.

### College Millennium Vision - 2000 TO 2010

*"To be the best Community College in Scotland by 2010"*

### Mission Statement

The College's mission, as approved by the Board of Governors, is:

*"To provide high quality education and training opportunities which are accessible, beneficial, relevant and innovative."*

## Operating and Financial Review (continued)

### Key Performance Indicators - 2009/10

The College had an agreed set of 24 criteria by which we judged our success in achieving the 2010 Vision. These criteria reflected the key performance areas of:

- Growth/Size
- Quality Enhancement
- Facilities Improvement
- Community Impact
- Financial Health
- Governance and Management

The College progressed well in all aspects of these key performance indicators and especially against:

	Target	Actual
Student Enrolment	11,500	11,522
Weighted SUMS	40,114 (Contract with SFC)	48,000
Early Retention (SRR1)	Top quartile of Scotland's Colleges	98%
Student Retention (SRR2)	Top quartile of Scotland's Colleges	96%
Student Achievement (SARU)	Top quartile of Scotland's Colleges	93%
Positive Student Outcome (PSO)	Top quartile of Scotland's Colleges	95%
Local Community Perception - level of satisfaction	80%	> 80%

The overall view of the Board of Governors is that the ambitious planned targets and goals for 2010 have been achieved and that striving to be Scotland's Best Community College has led to a remarkable period of growth and improvement for Angus College.

### Financial Sustainability

As part of the key criteria in terms of meeting the College Vision by 2010 the goal was to achieve a financial platform for aspirational and sustainable development.

The key factors underpinning this financial platform by 2009/2010 are:

- Cash Reserves = A minimum of three months salary bills
- Turnover/Income = £13.3m

## Operating and Financial Review (continued)

- 35% of College Income is non-Grant-In -Aid
- College Net Value = £20m
- Operational Surplus = 1.5% of income
- Aspirational Reinvestment Fund/Annum = £0.5m

Given the recession and more limited growth funding, there was some compromise necessary on turnover/income and commercial income generated in 2009/2010.

However a good platform has been established to weather the storm of forthcoming public sector cuts in 2011/12 to 2013/14, a period of resilience for Angus College.

### Strategic Planning

In June 2010 the College adopted a new strategic plan for the period 1 August 2010 to 31 July 2013.

The Board of Governors monitors the performance of the College against this plan twice each year, in January and June.

The strategic plan is also updated each year following a Board Residential in January.

A new Vision for 2020 has been agreed as:

- Achieving Excellence in Learning
- Achieving Excellence in Facilities
- Achieving Excellence in Leadership

The associated Strategic Objectives for 2010/2011 to 2012/2013 are:

- To develop and deliver a college curriculum to progress the excellence in learning goal.
- To provide and continuously develop and improve the College buildings and learning environment to progress the excellence in facilities goal.
- To ensure best practices in governance, management and engagement are adopted and developed to progress the excellence in leadership goal.

## FINANCIAL POSITION

### Financial Results

The College's income has increased to £12,623,000 for the year to 31 July 2010 (2008/09 £12,196,000), with expenditure increasing in 2009/10 to £12,569,000 from £12,003,000 in 2008/09. The College's income and expenditure account for the period shows a surplus of £68,000 (2009: surplus £193,000). This represents 0.54% of total income for 2009/10 (1.58% for 2008/09). £127,000 (2009: £126,000) has been transferred from the revaluation reserve to the income and expenditure account reserve giving a surplus available for carry forward of £3,870,000 (2009: £3,675,000). The College budgeted for a surplus of £10,000 for 2009/10.

## Operating and Financial Review (continued)

At 31 July 2010 the College had accumulated reserves of £8.3m and cash balances of £3.5m. It is the intention of the College to continue to accumulate reserves and retain sufficient cash balances in order to create funds to allow for future investment.

Tangible fixed asset additions during the year amounted to £727,000. This was split between land and buildings of £375,000 and equipment purchased of £352,000.

The College has significant reliance on the Scottish Funding Council for its principal funding source, largely from recurrent grants. In 2009/10 the Scottish Funding Council provided 75% of the College's total income, therefore non SFC income represents 25.0% of total income in 2009/10 (24% in 2008/09).

### Taxation Status

The College is registered with the Office of the Scottish Charities Regulator as a Scottish Charity and is exempt from corporation tax and capital gains tax. The College receives no similar exemption in respect of Value Added Tax.

### Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, any money market and capital market transactions, the effective control of risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

The College has a Treasury Management Policy in place. Any borrowing arrangements are restricted by the limits in the Treasury Policy and Financial Regulations and by provisions set out in the Financial Memorandum with the Scottish Funding Council.

### Cash Flows

In 2009/10 the College recognised a cash inflow of £1,006,000 from operating activities, with further cash inflows from investment interest received (£67,000), sale of fixed assets (£14,000) and capital grants received (£678,000). With cash outflows for the purchase of fixed assets amounting to £727,000, the net inflow of funds in 2009/10 was £1,038,000.

Cash flows are monitored throughout the financial year. Projected inflows are matched to the College's budgeted expenditure and to planned capital expenditure included in the College's Estates Plan. It is the College's policy to maintain liquid funds to the equivalent of three months gross salary costs (£2,172,000). For the current year the College had 108.3 days cash (79.3 in 2008/09).

### Liquidity

The College has a Current Asset: Current Liability ratio of 3.3:1, one of the highest in the sector, which indicates a very strong liquidity position. The College has no borrowing at all.

### Creditor Payment Policy

The College complies with the CBI Prompt Payment Code and has a policy of paying its suppliers at the end of the month following the month of invoice, or on the suppliers' terms, if earlier. The effect of the College's policy is that its trade creditors at the year end represent 25.5 days purchases (2009: 19.6 days).

### CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

#### Review of Academic Year 2009/2010 and Future Development

##### Student Numbers and Achievements

In Session 2009/2010 Angus College enrolled 11,522 students. 1% above target, and turned out at 48,000 Weighted SUMS, some 19% above our contract target with the Scottish Funding Council.

##### Curriculum Developments

In this session we have continued our modernisation of the curriculum and our investment in the development of our Virtual Learning Environment. We have grown our enrolments of full-time students and seen a growing demand for Extended Learning Support as we meet the needs of a more diverse client group.

The investment in new qualification and delivery development has paid off, with over 100 Modern Apprentices now undertaking Design and Draughting for organisations working in North Sea Oil and Gas.

##### Future Developments

We have continued to invest in new and improved facilities and 2010/2011 academic year will open with a major modernisation of Learning Centres on campus and improved student facilities.

Our ambition remains that of maintaining our position as Scotland's best community college post 2010 with first class learning in first class facilities. This can only be achieved by continuous investment in our staff (our main asset) and our buildings and estates.

The College is aware of the deteriorating national circumstances and of the threat this brings to future income streams. However, we will continue to move forward on a sustainable financial platform for aspirational development in order that we can fulfil our educational ambitions. In the immediate years of 2010/2011 to 2012/2013 a very resilient approach is required in managing college finances and developments.

##### Resources

Tangible resources include the main College campus consisting of four major buildings, five outreach learning centres and the nursery. The College owns two learning centres in Montrose and Kirriemuir and leases the centres in Arbroath, Forfar and Brechin.

##### Financial

The College has £16 million of net assets and no long term debt.

## Operating and Financial Review (continued)

### People

The College employs 261 people (expressed as full time equivalents), of whom 141 are teaching staff. The College considers good communication with its staff to be very important and to this end produces regular information updates which are circulated to all staff. A range of briefing, consultation and bargaining arrangements have been developed and these are subject to continual review and improvement.

### Reputation

The College has a good reputation locally, nationally and internationally. Maintaining a quality brand is essential for the College's success in attracting students and developing and maintaining stakeholder relationships. The HMIE Review of May 2009 had unqualified confidence statements, 14 key strengths, 4 excellent and sector leading practices and no identified actions, however, Angus College has continued to seek further improvements and enhancements to our services for students and the wider community.

### Principal Risks and Uncertainties

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

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The Executive Team and the Audit Committee also receive regular reports from internal audit and health, safety and environmental monitoring functions which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control.

The Board of Governors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. In January 2011 the Board of Governors will consider the Audit Committee's annual assessment for the year ended 31 July 2010.

The Board of Governors is of a view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2010 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors and accords with the Turnbull guidance on internal control, as applicable to the further education sector.

## Operating and Financial Review (continued)

The principal risk factors that are currently affecting the College are identified as:

- The effects of the economic downturn on income streams
- The effects of the economic downturn on increasing demand for full time courses
- The likely real term reductions in public spending in 2010/11 onwards
- The potential for overspend on student support funds
- The need to maintain positive staff relations in a difficult funding period

### Stakeholder Relationships

The College has, over an extended period sought to develop relationships with both public and private sector organizations, including:

- Students and Student Representative Council
- Scottish Funding Council
- Staff
- Local, national and international employers
- Local authorities (especially Angus Council)
- Government offices and agencies
- The local community
- Community planning partnership
- Chamber of Commerce
- Scotland's colleges, other FE and HE institutions
- Trade unions
- Professional bodies

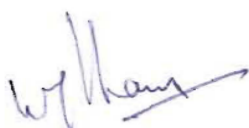
### Equal Opportunities and employment of disabled persons

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

### Disclosure of information to auditors

The Governors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each Governor has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the Board of Governors on ... December 2010 and signed on its behalf by:



Chairman



Principal

## Professional Advisers

External Auditors: RSM Tenon Audit Limited  
Internal Auditors: Henderson Loggie

Bankers: Bank of Scotland  
Solicitors: Thorntons WS

## Statement of Corporate Governance and Internal Control

### Introduction

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of financial statements understand how the principles have been applied.

### Statement of full Combined Code compliance

In the opinion of the Board of Governors, the College complies with all the provisions of the Combined Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2010.

### Board of Governors

The College's Board of Governors meets five times a year and has several committees through which it conducts its business. Each committee has formally constituted terms of reference. These committees comprise a Finance and Facilities Committee, a Human Resources and Quality Committee, an Audit Committee, a Chairman's Committee, a Remuneration and Nominations Committee.

The Finance and Facilities Committee, among other things, recommends to the Board of Governors the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Remuneration and Nominations Committee determines the remuneration of the most senior staff, including the Principal. Details of the remuneration of senior postholders for the year ended 31 July 2010 are set out in note 7 to the financial statements.

The Audit Committee meets up to three times per year with the College's external and internal auditors in attendance at least one meeting. The Audit Committee advises the College of the internal auditors and the auditors' remuneration.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to the Executive Team and the Audit Committee. The Executive Team is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Scottish Funding Council as they affect the College's business and monitors adherence to the regulatory requirements.

Whilst senior executives attend meetings of the Audit Committee, they are not members of the Committee and once a year the Committee meets the external auditors on their own for independent discussions.

## Members

The members of the Board of Governors who served the College during the period were as follows:

		Original Appointment	Term of office
<b>Mr Graham Hay (Chair from 01/04/09)</b> Retired, Proprietor, Human Resource Consultant	1,2,3	April 2002	4 years
<b>Mr Paul Grant (Vice Chair from 01/04/09)</b> Owner/Managing Director, Mackays Ltd	2	April 2006	4 years
<b>Mr John Burt OBE</b> Principal, Angus College	1,2		
<b>Mr David Anderson</b> Chartered Accountant	1	Nov 2007	2 years
<b>Mrs Mary Brownlow</b> Trainer, Care Industry	3	April 2006	4 years
<b>Mr William Lawrie</b> Farmer	1,3	April 1999	4 years Retires 31/03/11
<b>Mr Douglas Mackintosh</b> Solicitor	2	April 2003	4 years
<b>Mrs Gail Forbes</b> Partner, Forbes of Kingennie		April 2006	
<b>Mr Gary Malone</b> Manager, Angus Volunteer Centre	3	Nov 2007	2 years
<b>Ms Lorraine Young</b> Strategic Planner, Angus Council	1	Sept 2008	4 years
<b>Mr Mike Ferguson</b> Solicitor	1	April 2009	4 years
<b>Mr John Forster</b> Managing Director, Forster Roofing	3	April 2009	4 years
<b>Mr David Sawers</b> Chief Executive, Angus Council	2	April 2009	2 years
<b>Mr John Smith</b> Farmer	3	April 2009	2 years
<b>Mrs Marlene Anderson</b> Support Staff Representative		June 2010	2 years
<b>Ms Cherry Hopton</b> Academic Staff Representative		April 2009	2 years

Mrs Jackie Howie acts as Clerk to the Board of Governors

- 1 Finance and Facilities Committee
- 2 Human Resources and Quality Committee
- 3 Audit Committee

### **Appointments to the Board of Governors**

Any new appointments to the Board of Governors are a matter for the consideration of the Board of Management as a whole. The Board of Governors has a Nominations Committee, consisting of three non-executive members of the Board of Management, which is responsible for the selection and nomination of any new member for the Board of Governors' consideration.

The Board of Governors ensures that a process is in place to provide appropriate induction training to new Board of Governors members and new Board members are expected to undertake induction training. The Procedures for Appointing New Board members are available from the Clerk to the Board of Governors. Members of the Board of Governors are appointed for an initial term of office not exceeding four years and may be reappointed.

### **Remuneration Committee**

The Remuneration Committee comprises three non-executive members of the Board of Management. The Committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and senior staff.

Details of the remuneration of senior post-holders for the year ended 31 July 2010 are set out in notes 6 and 7 to the financial statements.

### **Audit Committee**

The Audit Committee comprises five non-executive members of the Board of Governors (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Board of Governors.

The Audit Committee meets three times a year and provides a forum for reporting by the College's external and internal auditors, who have access to the Committee for independent discussion, without the presence of College management.

The Audit Committee advises the College on the appointment of the internal auditors and the auditors' remuneration. The Audit Committee establishes the College's risk tolerance and monitors risk.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to the Audit Committee to ensure such recommendations have been implemented.

The Audit Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Scottish Funding Council and Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements.

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

### Finance and Facilities Committee

The Finance and Facilities Committee comprises four non-executive members of the Board of Governors in addition to the Principal and Chair. The Committee operates in accordance with written terms of reference approved by the Board of Governors.

The Finance and Facilities Committee meets four times a year and, among other matters, recommends to the Board of Governors the College's annual revenue and capital budgets and monitors performance in relation to approved budgets. It monitors the College's financial and business perspectives. It undertakes an annual self evaluation, including review of its terms of reference.

### Risk Management and Internal Control

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

The Board of Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the Scottish Funding Council. He is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

### The Purpose of the System of Internal Control

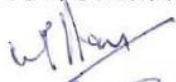
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 2010 and up to the date of approval of the annual report and accounts.

### Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2010 and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board of Governors.

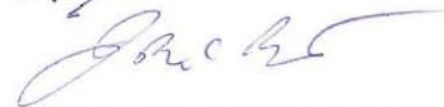
By order of the Board of Governors

Chairman



Date 6-12-10

Principal



Date 6-12-10

Angus College, Keptie Road, Arbroath, Angus, DD11 3EA  
Copy documents can be obtained from the above address.

## Statement of Corporate Governance and Internal Control

In respect of its strategic and development responsibilities, the Board of Governors receives recommendations and advice from the Executive Team.

### Board's Statement on Internal Control

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

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The Executive Team and the Audit Committee also receive regular reports from internal audit and health, safety and environmental monitoring functions which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control.

The Audit Committee's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. In January 2011 the Board of Governors will consider the Audit Committee's annual report for the year ended 31 July 2010.

The Board of Governors is of a view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2010 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors and accords with the Turnbull guidance on internal control, as applicable to the further education sector.

### Going Concern

The Board of Governors considers that the College has adequate resources to continue in operational existence for the foreseeable future.

Chairman



Date 6-12-10

Principal



Date 6-12-10

## Statement of the Board of Governors' Responsibilities

In accordance with the Further and Higher Education (Scotland) Act 1992, the Board of Governors is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council (SFC) and the College's Board of Governors, the Board, through the Principal as Accountable Officer, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgments and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- ensure that funds from SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

## Statement of the Board of Governors' Responsibilities (continued)

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors.
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance Committee;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors whose head provides the Board of Governors with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

By order of the Board of Governors

Chairman



Date 6-12-16

Principal



Date 6-12-16

## INDEPENDENT AUDITORS' REPORT

Independent auditor's report to the members of the Board of Governors of Angus College, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of Angus College for the year ended 31 July 2010 under the Further and Higher Education (Scotland) Act 1992. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Angus College and to the Auditor General for Scotland in accordance with sections 21 and 22 of the Public Finance and Accountability (Scotland) Act 2000. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. In accordance with the Code of Audit Practice approved by the Auditor General for Scotland this report is also made to the Scottish Parliament, as a body. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Angus College or the Auditor General for Scotland, for this report or the opinions we have formed.

### Respective responsibilities of the Board of Governors, Accountable Officer and auditor

The Board of Governors and Accountable Officer are responsible for preparing the Annual Report and the financial statements in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction issued thereunder by the Scottish Funding Council which requires compliance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions. They are also responsible for ensuring the regularity of expenditure and income. These responsibilities are set out in the Statement of the Board of Governors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

We report our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction. We also report if, in our opinion, the Report of the Board of Governors is not consistent with the financial statements, if the body has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit. We also report whether in all material respects

- the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers;
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1 January 2006 and any other terms and conditions attached to them for the year ended 31 July 2010; and
- funds from whatever source administered by the college for specific purposes have been properly applied for the intended purposes.

We review whether the Corporate Governance Statement reflects the college's compliance with the requirements of the Scottish Funding Council. We report if, in our opinion, it does not comply with these requirements or if it is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered,

## INDEPENDENT AUDITORS' REPORT (continued)

whether the statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the college's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Board of Governors and Statement of the Board of Governors' Responsibilities for the Accounts.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and income included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board of Governors and Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the college's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

#### Financial statements

In our opinion

- the financial statements give a true and fair view, in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction, of the state of affairs of the college as at 31 July 2010 and of its surplus, total recognised gains and losses and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction made thereunder.

#### Regularity

In our opinion in all material respects

- the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1 January 2006 and any other terms and conditions attached to them for the year ended 31 July 2010; and

- funds from whatever source administered by the college for specific purposes have been properly applied for the intended purposes.

RSM Tenon Audit Limited

RSM Tenon Audit Limited  
Statutory Auditor  
5 Kings Place, Perth, PH2 8AA

Date:

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### Basis of Preparation

These financial statements are prepared in accordance with the Further & Higher Education (Scotland) Act 1992 and the Accounts Directions issued thereunder by the Scottish Funding Council which requires compliance with the Statement of Recommended Practice: Accounting for Further & Higher Education (2007).

### Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

### Recognition of Income

Income from grants, fees, contracts and other services rendered is recognised in the income and expenditure account in proportion to the extent of completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. The main annual recurrent allocation from SFC, which is intended to meet recurrent costs, is credited direct to the income and expenditure account.

### Maintenance of Premises

The College has a five-year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

### Pension Schemes

Retirement benefits to employees of the College are provided by the Scottish Teachers' Superannuation Scheme (Scotland) and the Tayside Superannuation Fund. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension

Scheme. Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

Provision is made for the future cost of enhanced pensions in respect of early retirements in the year of retirement.

Due to the multi-employer nature of the schemes and there being a fixed contribution rate for all participating employers, the Board of Governors consider that they are unable to track the specific assets and liabilities on a consistent and reasonable basis. This has resulted in the College accounting for contributions to the scheme as if they were contributions to defined contribution schemes, as permitted by FRS17.

## Tangible Fixed Assets

### A Land and Buildings

Land and buildings inherited from Tayside Regional Council and additions from the date of incorporation to 31 March 1995 are stated in the balance sheet at valuation as at 31 March 1995. These are specialised properties for which there is no market evidence and have therefore been valued on the depreciated replacement cost basis. Additions from 1 April 1995 are stated at cost. Feuhold land associated with the buildings and undeveloped feuhold land is not depreciated. Feuhold buildings are depreciated over their expected useful economic life to the College of between 10 and 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

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

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at implementation have been retained.

### B Equipment

Equipment costing less than £10,000 per item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Other assets are depreciated over their useful economic life as follows:

Equipment	10% to 25% per year
Motor Vehicles	25% per year

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

### **Subsequent Expenditure on existing fixed assets**

Where significant expenditure is incurred on tangible fixed assets, it is charged to the income & expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the following basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the assets life beyond that conferred by repairs & maintenance

## **Stocks**

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

## **Taxation**

As a registered charity the College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

The College is partially exempt from VAT.

## **Liquid Resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

## **Provisions**

Provisions are recognised when the college has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by the Scottish Funding Council.

Unfunded pensions are accounted for under FRS 12 as required by the Accounts Direction issued by the Scottish Funding Council.

## Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

## Revaluation Reserve

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation charged on the revalued amount of these assets is transferred from the revaluation reserve to income & expenditure account together with any surplus or deficit on disposal.

## Agency Arrangements

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the Income & Expenditure Account, and movements have been disclosed in the notes to the accounts. Where the College has more discretion in the manner in which specific funds are disbursed, and these funds do not meet the definition of agency funds, the income and expenditure relating to those funds are shown in the College Income and Expenditure Account.

# INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 July 2010

	<i>Notes</i>	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
<b>INCOME</b>			
Funding Council Grants	<i>1</i>	9,459	9,275
Tuition fees and education contracts	<i>2</i>	2,265	1,857
Research grants and contracts	<i>3</i>	174	129
Other income	<i>4</i>	658	779
Endowment and Investment income	<i>5</i>	<u>67</u>	<u>156</u>
<b>Total income</b>		<b><u>12,623</u></b>	<b><u>12,196</u></b>
<b>EXPENDITURE</b>			
Staff costs	<i>6</i>	8,691	8,330
Additional pension enhancement provision	<i>15</i>	113	35
Other operating expenses	<i>8</i>	2,994	2,920
Depreciation	<i>10</i>	<u>771</u>	<u>718</u>
<b>Total expenditure</b>		<b><u>12,569</u></b>	<b><u>12,003</u></b>
Surplus on continuing operations after depreciation of fixed assets at valuation but before taxation		54	193
Gain/(Loss) on disposal of fixed assets		<u>14</u>	<u>-</u>
Surplus on continuing operations after depreciation of fixed assets at valuation but before taxation		68	193
Taxation	<i>9</i>	<u>-</u>	<u>-</u>
<b>Surplus on continuing operations after depreciation of fixed assets and taxation</b>	<i>18</i>	<b>68</b>	<b>193</b>

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

## STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS for the year ended 31 July 2010

	<i>Notes</i>	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
Surplus on continuing operations after depreciating assets		68	193
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	<i>18</i>	<u>127</u>	<u>126</u>
Historical cost surplus for the year		<u>195</u>	<u>319</u>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 July 2010

	<i>Notes</i>	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
Surplus after depreciation of assets at valuation		<u>68</u>	<u>193</u>
Total gains/(losses) recognised for the period		<u>68</u>	<u>193</u>
<b>Reconciliation</b>			
Opening reserves		8,210	8,017
Total recognised gains for the year		<u>68</u>	<u>193</u>
Closing reserves		<u>8,278</u>	<u>8,210</u>

## BALANCE SHEET as at 31 July 2010

	<i>Notes</i>	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
<b>Fixed Assets</b>			
Tangible assets	<i>10</i>	<u>13,754</u>	<u>13,802</u>
<b>Current Assets</b>			
Stock		4	4
Debtors	<i>11</i>	1,356	1,872
Investments		3,436	2,422
Cash at bank and in hand		<u>96</u>	<u>82</u>
		4,892	4,381
Creditors: amounts falling due within one year	<i>12</i>	<u>1,487</u>	<u>1,230</u>
Net current assets		<u>3,405</u>	<u>3,151</u>
Total assets less current liabilities		17,159	16,953
Creditors: amounts falling due after more than one year	<i>13</i>	-	10
Provisions for liabilities and charges	<i>15</i>	<u>1,020</u>	<u>922</u>
<b>NET ASSETS</b>		<u>16,139</u>	<u>16,021</u>
Deferred capital grants	<i>16</i>	7,861	7,811
<b>Reserves</b>			
Revaluation reserve	<i>17</i>	4,408	4,535
General Reserves	<i>18</i>	<u>3,870</u>	<u>3,675</u>
Total reserves		<u>8,278</u>	<u>8,210</u>
<b>TOTAL</b>		<u>16,139</u>	<u>16,021</u>

The financial statements on pages 22 to 44 were approved and authorised for issue by the Board of Governors and signed on its behalf by:

Chairman 

Date 6-12-10

Principal 

Date 6-12-10

## CASH FLOW STATEMENT

### for the year ended 31 July 2010

	<i>Notes</i>	Year ended 31 July 2010	Year ended 31 July 2009
		£000	£000
Cash flow from operating activities	<i>20</i>	1,002	(230)
Returns on investments and servicing of finance	<i>21</i>	67	156
Capital expenditure and financial investment	<i>22</i>	(31)	(482)
Management of liquid resources	<i>23</i>	(1,013)	594
Financing	<i>24</i>	<u>(15)</u>	<u>(5)</u>
(Decrease)/Increase in cash in the year		<u>10</u>	<u>33</u>
 <b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/Increase in cash in the year		10	33
Cash inflow from financing		15	5
Cash inflow from liquid resources		<u>1,013</u>	<u>(594)</u>
 Movement in net funds in year		 1,038	 (556)
Net funds as at 1 August 2009		<u>2,461</u>	<u>3,017</u>
 Net funds at 31 July 2010	 <i>25</i>	 <u>3,499</u>	 <u>2,461</u>

## NOTES TO THE ACCOUNTS

### 1 Grants from Scottish Funding Council

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Recurrent grant	7,234	7,035
Fee Waiver grant	1,172	1,180
Specific SFC grants:		
SFC funded projects	167	152
Funding for increased STSS contributions	-	40
Other SFC grants	183	190
Childcare	157	186
Releases of deferred capital grants		
Buildings (note 16)	286	273
Equipment (note 16)	<u>260</u>	<u>219</u>
<b>TOTAL</b>	<b><u>9,459</u></b>	<b><u>9,275</u></b>

## NOTES TO THE ACCOUNTS

### 2 Tuition Fees and Education Contracts

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
UK Higher Education Students	676	537
Non EU Students	3	-
UK Further Education Students	<u>431</u>	<u>454</u>
Total fees paid by or on behalf of individual students	1,110	991
Education contracts	<u>1,155</u>	<u>866</u>
TOTAL	<u>2,265</u>	<u>1,857</u>

### 3 Research Grants and Contracts

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Other grants and contracts	92	58
Release from deferred capital grant (non-SFC) (Note 16)	<u>82</u>	<u>71</u>
TOTAL	<u>174</u>	<u>129</u>

### 4 Other Income

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
European Commission	105	130
Catering	330	337
Other income	<u>223</u>	<u>312</u>
TOTAL	<u>658</u>	<u>779</u>

## NOTES TO THE ACCOUNTS

### 5 Investment Income

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Interest receivable	<u>67</u>	<u>156</u>

### 6 Staff Costs

	Year ended 31 July 2010	Year ended 31 July 2009
	Number	Number
The average monthly number of persons (including senior post-holders) employed by the College during the period, expressed as full-time equivalents was:		

Senior Management	7	7
Teaching staff	141	138
Teaching support	15	15
Administration and central	57	60
Premises	19	20
Other income generating	13	14
Catering	<u>9</u>	<u>8</u>
TOTAL	<u>261</u>	<u>262</u>

#### Analysed as

Staff on permanent contracts	234	233
Staff on temporary contracts	<u>27</u>	<u>29</u>
TOTAL	<u>261</u>	<u>262</u>

## NOTES TO THE ACCOUNTS

### 6 Staff Costs (continued)

#### Staff costs for the above persons

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Wages and salaries	7,224	6,946
Social security costs	513	489
Other pension costs	<u>954</u>	<u>895</u>
<b>TOTAL</b>	<b><u>8,691</u></b>	<b><u>8,330</u></b>
Senior Management	538	535
Teaching staff	4,884	4,638
Teaching support	572	560
Administration and central	1,892	1,824
Premises	360	360
Other income generating	299	274
Catering	<u>146</u>	<u>139</u>
<b>TOTAL</b>	<b><u>8,691</u></b>	<b><u>8,330</u></b>
<b>Analysed as</b>		
Staff on permanent contracts	7,862	7,559
Staff on temporary contracts	<u>829</u>	<u>771</u>
<b>TOTAL</b>	<b><u>8,691</u></b>	<b><u>8,330</u></b>

## NOTES TO THE ACCOUNTS

### 6 Staff Costs (continued)

The number of staff, including senior post-holders and the Principal, who received emoluments in the following ranges was:

	Year ended 31 July 2010	Year ended 31 July 2009
	Number	Number
	Senior post-holders	Senior post-holders
£60,001-£65,000	5	5
£65,001-£75,000	-	-
£75,001-£85,000	1	1
£85,001-£95,000	-	-
£95,001-£105,000	-	1
£105,001-£115,000	<u>1</u>	<u>-</u>
TOTAL	<u>7</u>	<u>7</u>

A pay award was made to academic staff from August 2009 of 2.5%, to management and support staff of 2.5% and senior post holders of 2.5% also from August 2009.

### 7 Senior Post-Holders' Emoluments

	Year ended 31 July 2010	Year ended 31 July 2009
	Number	Number
The number of senior post-holders including the Principal was:	<u>7</u>	<u>7</u>
	£000	£000
Salaries	431	428
Pension contributions	<u>66</u>	<u>66</u>
Total emoluments	<u>497</u>	<u>494</u>

## NOTES TO THE ACCOUNTS

### 7 Senior Post-Holders' Emoluments (continued)

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

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Salary	94	91
Pension contributions	<u>14</u>	<u>13</u>
	<u>108</u>	<u>104</u>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Scottish Teachers Superannuation Scheme and the Tayside Superannuation Scheme.

Contributions to the Tayside Superannuation Fund are paid at the same rate as for other employees.

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

## NOTES TO THE ACCOUNTS

### 8 Other Operating Expenses

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Teaching departments	1,032	955
Administration and central services	520	611
Premises costs	585	548
Planned maintenance	151	154
Other income-generating activities	192	41
Catering	168	180
Other expenses	<u>346</u>	<u>431</u>
<b>TOTAL</b>	<b><u>2,994</u></b>	<b><u>2,920</u></b>

#### Other Operating Expenses include:

Auditors' Remuneration		
- internal audit	10	13
- external audit	15	15
- other services from internal audit	-	-
- other services from external audit	<u>-</u>	<u>-</u>

### 9 Taxation

The Board does not believe the College was liable for any corporation tax arising out of its activities during the year.

## NOTES TO THE ACCOUNTS

### 10 Tangible Fixed Assets

	Freehold Land and Buildings £000	Vehicles and Equipment £000	Total £000
Cost or valuation			
At 1 August 2009	16,553	3,809	20,362
Additions	375	352	727
Disposals	<u>-</u>	<u>(37)</u>	<u>(37)</u>
At 31 July 2010	<u>16,928</u>	<u>4,124</u>	<u>21,052</u>
Depreciation			
At 1 August 2009	3,435	3,125	6,560
Charge for year	402	369	771
Eliminated in respect of disposals	<u>-</u>	<u>(33)</u>	<u>(33)</u>
At 31 July 2010	<u>3,837</u>	<u>3,461</u>	<u>7,298</u>
Net book value at 31 July 2010	<u>13,091</u>	<u>663</u>	<u>13,754</u>
Net book value at 1 August 2009	<u>13,118</u>	<u>684</u>	<u>13,802</u>
Inherited	4,535	-	4,535
Financed by capital grant (Note 16)	7,220	641	7,861
Other	<u>1,336</u>	<u>22</u>	<u>1,358</u>
Net book value at 31 July 2010	<u>13,091</u>	<u>663</u>	<u>13,754</u>

## NOTES TO THE ACCOUNTS

### 10 Tangible Fixed Assets (continued)

Land and Buildings were valued at 31 March 1995 for the purpose of the 1995 financial statements by Donaldsons, Chartered Surveyors. The basis of valuation used was depreciated replacement cost as defined by the Statements of Asset Valuation Practice and Guidance notes issued by the Royal Institution of Chartered Surveyors.

If inherited land and buildings had not been valued they would have been included at the following amounts.

31 July 2010	31 July 2009
£000	£000
<u>—</u>	<u>—</u>

### 11 Debtors

	31 July 2010	31 July 2009
	£000	£000
Debtors	200	188
Prepayments and accrued income	301	797
Prepaid property lease	<u>855</u>	<u>887</u>
TOTAL	<u>1,356</u>	<u>1,872</u>

#### (b) Operating Leases

	31 July 2010	31 July 2009
	£000	£000
Due within 1 year	32	32
Due between 2 and 5 years	128	128
Due after 5 years	<u>695</u>	<u>727</u>
	<u>855</u>	<u>887</u>

The College has entered into a 30 year lease agreement with Angus Council for the use of the sports facility in the extension to the Saltire Leisure Centre in Arbroath. The terms of the lease allow the College exclusive use of the facility during college hours and during the college academic year. The College contributed approximately half of the construction costs (£958,000) over the 2 years to 31 July 2007. The College is also committed to a proportion of the running costs and a nominal £1 per annum rent.

## NOTES TO THE ACCOUNTS

### 12 Creditors: Amounts Falling Due Within One Year

	31 July 2010	31 July 2009
	£000	£000
Overdraft	32	28
Loans	-	5
Trade creditors	209	175
Taxation and social security	265	259
Other creditors	714	352
Accruals	<u>267</u>	<u>411</u>
	<u>1,487</u>	<u>1,230</u>

### 13 Creditors: Amounts Falling Due After More Than One Year

	31 July 2010	31 July 2009
	£000	£000
Loans	<u>-</u>	<u>10</u>

### 14 Borrowings

#### Loans

	31 July 2010	31 July 2009
	£000	£000
Loans are repayable as follows:		
In one year or less	-	5
Between one and two years	-	5
Between two and five years	-	5
Over 5 years	<u>-</u>	<u>-</u>
TOTAL	<u>-</u>	<u>15</u>

During the year ended 31 July 2006 a £25,000 interest free loan was received from the Mathew Trust. This loan is now fully paid.

## NOTES TO THE ACCOUNTS

### 15 Provisions for Liabilities and Charges

	Pension Enhancement £000
At 1 August 2009	922
Expenditure in the period	(64)
Transferred from income and expenditure account	49
Additional pension enhancement provision	<u>113</u>
At 31 July 2010	<u>1,020</u>

In accordance with FRS 17, the College provides for a) the capital cost of enhanced pension commitments in the year of retirement and b) the excess of the pension cost over the contributions period.

### 16 Deferred Capital Grants

	SFC £000	Other Grants £000	Total £000
At 1 August 2009			
Land and Buildings	4,527	1,915	6,442
Equipment	<u>1,306</u>	<u>63</u>	<u>1,369</u>
	<u>5,833</u>	<u>1,978</u>	<u>7,811</u>
Cash received			
Land and Buildings	371	79	450
Equipment	<u>205</u>	<u>23</u>	<u>228</u>
	<u>576</u>	<u>102</u>	<u>678</u>
Released to income and expenditure account			
Land and Buildings	(286)	(46)	(332)
Equipment	<u>(260)</u>	<u>(36)</u>	<u>(296)</u>
	<u>(546)</u>	<u>(82)</u>	<u>(628)</u>
At 31 July 2010			
Land and Buildings	5,272	1,948	7,220
Equipment	<u>591</u>	<u>50</u>	<u>641</u>
	<u>5,863</u>	<u>1,998</u>	<u>7,861</u>

## NOTES TO THE ACCOUNTS

### 17 Revaluation Reserve

	31 July 2010 £000	31 July 2009 £000
At 1 August 2009	4,535	4,661
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets (Note 18)	<u>(127)</u>	<u>(126)</u>
At 31 July 2010	<u>4,408</u>	<u>4,535</u>

### 18 Movement on General Reserve

	Income and Expenditure Account	Designated Reserve	Total £
Balance brought forward	3,675	-	3,675
Surplus on continuing operations before transfer from revaluation reserve	68	-	68
	(1,000)	1,000	
Transfer from revaluation reserve	<u>(127)</u>	<u>-</u>	<u>127</u>
Balance carried forward	<u>2,870</u>	<u>1,000</u>	<u>3,870</u>

The designated reserve represents funds earmarked for essential backlog maintenance as identified by the Watts Group report commissioned by the Scottish Funding Council.

### 19 Pensions and Similar Obligations

The College's employees belong to two principal pension schemes, the Scottish Teachers' Superannuation Scheme (STSS) and the Local Government Superannuation Scheme (LGSS), which are defined benefit schemes. The STSS is administered by the Scottish Public Pensions Agency and the LGSS by the Tayside Superannuation Fund.

The total pension cost was £954,000 (2009: £895,000).

#### Scottish Teachers' Superannuation Scheme (STSS, Teaching Staff)

The Scottish Teachers' Superannuation Scheme (STSS), in common with most other public service superannuation schemes, has no real fund and is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

## NOTES TO THE ACCOUNTS

Under the definitions set out in Financial Reporting Standard 17: Retirement Benefits, the STSS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has accounted for its contributions as if it were a defined contribution scheme.

The current contribution rates are variable based on income.

### **Local Government Pension Scheme (Administrative Staff)**

The Tayside Superannuation Fund LGPS is a funded defined benefit scheme, with the assets held in separate administered funds. The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 31 March 2008.

In view of the fact that contributions to the scheme are currently established on a scheme-wide basis and that the College's share of the scheme assets is only derived on a notional basis and has no impact on the College's contribution rates as an employer, the Board of Governors is of the view that the scheme should be accounted for as if it was a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account is equal to the contributions payable to the scheme for the year.

The most recent actuarial valuation was carried out as at 31<sup>st</sup> March 2008. The value of the fund was £1550m, and there was a deficiency of £37.6m. The funding level was 97.6% and an average required contribution rate was 18.5% of the pensionable pay. The contribution rate for the three years 2010 to 2012 was agreed at 18.5%. The funding objective is to achieve and maintain a funding level of 100%. The contribution rates paid by Angus College over the accounting periods are as follows:

April 2009 to March 2010 18.5% of pensionable pay

April 2010 to March 2011 18.5% of pensionable pay

April 2011 to March 2012 18.5% of pensionable pay

These figures include the past service element of the contribution rate.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment.

## NOTES TO THE ACCOUNTS

### 20 Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	Year ended 31 July 2010	Year ended 31 July 2009 Restated
	£000	£000
Surplus on continuing operations after depreciation of assets at valuation	68	193
Depreciation (note 10)	771	718
Net (Gain)/Loss on disposal of fixed assets	(14)	-
Deferred capital grants released to income (note 1&3)	(628)	(563)
Interest paid	-	-
(Increase)/Decrease in stocks	-	(1)
Decrease/(Increase) in debtors	516	(334)
(Decrease)/Increase in creditors	258	(111)
Increase in provisions	98	24
Interest receivable (note 5)	<u>(67)</u>	<u>(156)</u>
Net cash inflow from operating activities	<u>1,002</u>	<u>(230)</u>

### 21 Returns on Investments and Servicing of Finance

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Other interest received (note 5)	67	156
Interest payable	—	—
Net cash inflow from returns on investments and servicing of finance	<u>67</u>	<u>156</u>

## NOTES TO THE ACCOUNTS

### 22 Capital Expenditure

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Purchase of tangible fixed assets	(727)	(823)
Sale of fixed assets	18	-
Deferred capital grants received	<u>678</u>	<u>341</u>
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(31)</u>	<u>(482)</u>

### 23 Management of Liquid Resources

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Cash deposits	<u>1,013</u>	<u>(594)</u>

### 24 Financing

	Year ended 31 July 2010	Year ended 31 July 2009
	£000	£000
Repayment of loan	<u>(15)</u>	<u>(5)</u>
	<u>(15)</u>	<u>(5)</u>

## NOTES TO THE ACCOUNTS

### 25 Analysis of Net Funds

	At 31 July 2009 £000	Cash Flows £000	At 31 July 2010 £000
Cash	82	14	96
Debt due within 1 year	(33)	1	(32)
Debt due after 1 year	(10)	10	-
Current asset investments	<u>2,422</u>	<u>1,013</u>	<u>3,435</u>
	<u>2,461</u>	<u>1,038</u>	<u>3,499</u>

## NOTES TO THE ACCOUNTS

### 26 Bursaries and other Student Support Funds

	FE Bursary Year Ended 31 July 2010 £000	FE Hardship Year Ended 31 July 2010 £000	EMAs Year Ended 31 July 2010 £000	Other Year Ended 31 July 2010 £000	Total Year Ended 31 July 2010 £000	Total Year Ended 31 July 2009 £000
Balance brought forward	(25)	10	(67)	36	(46)	210
Allocation received in year (prior to clawback)	1,716	94	311	80	2,201	2,037
Expenditure	(1,574)	(86)	(282)	(70)	(2,012)	(2,104)
Repaid to/by Funding Council/funding body (clawback)	—	—	—	(26)	(26)	(189)
Balance carried forward	<u>117</u>	<u>18</u>	<u>(38)</u>	<u>20</u>	<u>117</u>	<u>(46)</u>
Represented by:						
Repayable to Funding Council/ funding body as clawback	(117)	(18)	38	(20)	(117)	25
Virements	-	-	-	-	-	(25)
Retained by the college for students	-	-	-	-	-	(46)

Grants and bursary funds received from both SFC and the Students Award Agency for Scotland are available solely for students; the College acts only as paying agent. The funds and related disbursements are therefore excluded from the Income and Expenditure Account, with the exception noted below.

In accordance with Accounts Direction for 2008-09 issued by the SFC, Childcare Funds have been included in the Income and Expenditure Accounts this year and comparative figures for last year provided also.

## NOTES TO THE ACCOUNTS

### 27 FE Childcare Funds

	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Balance brought forward	35	128
Allocation received in year	189	248
Expenditure	(160)	(212)
Repaid to Funding Council/funding body (clawback)	-	(104)
Virements	<u>-</u>	<u>(25)</u>
Balance carried forward	<u>64</u>	<u>35</u>
Represented by:	-	-
Repayable to Funding Council as clawback	64	35
Retained by college for students		

## Related Party Transactions

Due to the nature of the College's operations and the composition of its Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the College's Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures.

The Board of Governors of Angus College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 sponsored by the Scottish Funding Council (SFC).

SFC is regarded as a related party. During the year Angus College had various material transactions with SFC and with other entities for which SFC is regarded as the sponsor Department namely Student Awards Agency for Scotland.

In addition Angus College has had a small number of material transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the Scottish Government.

