



**Fife College**

**Annual Accounts 2013-14**

**Annual Accounts**  
**2013-14**

Scottish Charity Number: SCO21203

Pittsburgh Road, Dunfermline, Fife, Scotland. KY11 8DY  
t: 0844 248 0115 e: [info@fife.ac.uk](mailto:info@fife.ac.uk)  
f: 0844 248 0116 w: [www.fife.ac.uk](http://www.fife.ac.uk)

Principal and Chief Executive Hugh Logan

Authorised for Issue:

## **Contents**

<b>Operating and Financial Review 2013-14</b>	<b>2</b>
<b>Corporate Governance Statement 2013-14</b>	<b>7</b>
<b>Statement of Board of Management's Responsibilities</b>	<b>10</b>
<b>Independent auditor's report to the members of the Board of Management of Carnegie College, the Auditor General for Scotland and the Scottish Parliament</b>	<b>16</b>
<b>Consolidated Income and Expenditure Account</b>	<b>18</b>
<b>Statement of Historical Cost Surpluses and Deficits</b>	<b>19</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>19</b>
<b>Balance Sheets</b>	<b>20</b>
<b>Consolidated Cash Flow Statement</b>	<b>21</b>
<b>Notes to the Accounts</b>	<b>22</b>

## Operating and Financial Review 2013-14

Fife College came into being on 1 August 2013 following the merger of Adam Smith College, Carnegie College and the non land based activity of the former Elmwood College in Cupar. Fife College consists of the College itself and the wholly-owned subsidiary, Carnegie Enterprise Limited (CEL). During 2013-14, the College was funded by the Scottish Funding Council to deliver 176,084 WSUMs. In total, grant-in-aid accounted for 71% of the College's total turnover.

In addition to the grant-in-aid work, the College works with the Scottish Prison Service, JobCentre Plus and Skills Development Scotland, as well as providing bespoke training for employers and individuals in the local area and beyond. The College operates out of the following sites:

- Halbeath Campus, Dunfermline
- St Brycedale Campus, Kirkcaldy
- Stenton Campus, Glenrothes
- Levenmouth Campus
- Nairn Campus, Kirkcaldy
- Rosyth Campus (Engineering)
- Cowdenbeath Campus (Built Environment)
- Local access and community centres in Fife
- 7 Scottish Prisons (under the contract which commenced with Scottish Prison Service in August 2011).

Carnegie Enterprise Ltd (a wholly-owned subsidiary of Fife College) operates the Carnegie Conference Centre at Halbeath and turns over around £2 million per annum through conferencing and training.

Academic delivery is undertaken by 7 departments:

- Business, Cookery, Hospitality, Travel and Tourism, Retail and Business Computing
- Built Environment, Maths and Science
- Child Care, Social Care, Social Science, Education and ESOL
- Creative Industries
- Engineering Technology
- Hair and Beauty
- Support for Learning

There are 8 support functions:

- Finance
- Customer Services
- Estates
- Business Development
- Marketing and Communications
- Human Resources and Organisational Development
- Quality Development Services
- Information Technology

## COLLEGE OUTCOME AGREEMENT (COA)

Following the submission to the Scottish Funding Council of the Fife College's COA for the period 2014-2017, a Strategic Plan is now being prepared and has been presented at the Board of Governors meeting on 18 June 2014.

## BOARD OF GOVERNORS

The Board of Governors of Fife College comprises 16 members who are drawn from the public and private sector and who have both an interest in the work of the College and specific expertise, knowledge and skills that contribute to the effective governance of the College. The Board also receives minutes and reports from its four committees:

- Chair's Committee
- Finance, Commercial, Planning and Estates Committee
- Audit and Risk Committee
- Health and Safety and Human Resources Committee

## COLLEGE REGIONALISATION

As was the case throughout the College Sector in Scotland, regionalisation saw one college created in Fife on 1 August 2013. Carnegie College merged with Adam Smith College and in addition, the part of the former Elmwood College's activity that did not transfer to the Scottish Rural University College also became part of the Fife-wide offering.

Both Carnegie College and Adam Smith Boards had committed to the merger with the focus on creating a new College in Fife rather than simply merging the two previously existing institutions.

The final agreement on funding for 2013-14 means that the new Regional College will be responsible for the delivery of around 176,000 WSUMs; similar to what was delivered between the component Colleges in 2012-13.

In addition, the new Regional College will also work on a "mixed" model, that is, it will continue to offer and further develop the non grant-in-aid activity previously undertaken by the Colleges in Fife.

Prior to the merger, the Fife Regional College Partnership Board (FRCPB) was formed, comprising the chairs of the Carnegie College and Adam Smith College Boards, in addition to the two Principals and four members from each of the College Boards.

A Partnership Executive Group was also set up, comprising the two College Principals and the Project Manager, and six workstreams were established:

- Curriculum
- Finance
- IT
- Estates
- HR
- Corporate Services/Support

The six workstreams reported in to the Partnership Executive Group which in turn reported to the FRCPB. The output from the other five workstreams was largely dictated by the output from the Curriculum workstream, for example the regional estate requirements were to be dictated by what will be delivered and where in Fife it is to be delivered going forward.

Legal and Financial due diligence was undertaken by Biggart Baillie and Deloitte respectively. A separate legal and financial due diligence report was drawn up for Carnegie College and Adam Smith College in late February 2013. Representatives from both Boards met to consider the reports and following clarification of a few points, it was agreed by both Boards that the merger could proceed.

It was also agreed that Carnegie College would act as the host college for the merger, in other words at 1 August 2013 Adam Smith College would cease to exist and all assets and liabilities would transfer to Carnegie College. On 1 August 2013, Carnegie College changed its name to Fife College.

## SINCE MERGER

Although "vesting day" for the merger was set by the Scottish Government as 1 August 2013, work has been ongoing and will continue to be ongoing for a considerable time after this date to ensure that the organisations are truly merged.

Transformation funding has been made available by the Scottish Government through the Scottish Funding Council to assist with the merger process. In common with other regions, Fife received an initial £342,000 of transformational funding.

Fife College was also allocated a further £6.5 million of transformational funding. The vast bulk of this sum (£4.2 million) was to fund voluntary severance with the balance being earmarked for IT integration (£1.8 million), student engagement (£300k) and a further £200k for general merger costs

A Merger Document and an accompanying Business Plan were provided to the Scottish Funding Council in March 2013 as requested. The Business Plan indicated that payroll savings of £4.4 million would be required across Fife over the first 3 years, however the take up of the voluntary severance scheme which was open between January and May 2013, resulted in annual savings of £3.8 million. This meant that Fife College began in August 2013 with larger savings in staff costs than the Business Plan had indicated.

Following an external recruitment exercise, Hugh Logan was appointed Principal of Fife College. The four Vice Principal posts were also filled following external recruitment and the four posts were filled by 21 October 2013. These five posts now comprise the Senior Management Team (SMT).

Following a period of intense discussion on the matter, the SMT held a number of consultation meetings with staff across Fife in November and December 2013 around the proposed staffing structure for Fife College. A Change Management Process was agreed with the Trade Unions and where possible staff have been "matched" into posts in the new structure. Where more than one individual "matched" to a post in the new structure, an interview took place.

The Fife College structure is being created and filled in a clear and transparent process.

Throughout the ongoing merger and restructuring exercise, it is imperative that the focus continues to be on the needs of current and future Fife students.

## REVIEW OF THE YEAR

Both the economic environment and the regional merger meant that 2013-14 continued to provide many opportunities and challenges. In addition, the decision by the Office of National Statistics (ONS) to reclassify Scottish Colleges as government bodies meant that plans had to be in place to comply with the changes in accounting practices this entailed.

Part of the reclassification meant the College altering to a government financial year (April to March), this meant that the 2013-14 financial "year" was in fact an 8 month period from August 2013 to March 2014.

An additional part of the preparation for the ONS issue was the requirement to have a single Finance department and a single finance system in place for 1 April 2014. Both these objectives were achieved by 1 April 2014, the College Finance department is now situated in Halbeath, Dunfermline and the College is using the Technology 1 finance system.

A new requirement of the regionalisation agenda is the submission to SFC of a "College Outcome Agreement". Basically this document indicates how the College intends to use the SFC funding to effectively meet national and regional objectives. An embryonic plan was created for 2012-13, with a more detailed document covering the period 2014-17.

Fife College began life post-merger with a Board of Governors comprised of four former Carnegie College and three former Adam Smith College Board members, as well as the Chair, Principal and staff and student representatives. At the first Board of Governors Meeting in October 2013, the appointment of new Board members was approved and at the following meeting in December 2013, the new members attended for the first time.

In addition, with the appointment of the new members, the sub-committee membership could be clarified.

Prior to merger, it had been agreed to offer bursaries to students aged 18 or over at the start date of their course, previously only Adam Smith College had offered bursaries to 18 year olds, Carnegie's threshold had been 19. Experience during 2013-14 has indicated that for 2014-15 and beyond, Fife College will only be able to offer bursaries to students aged 19 or over at the start date of their course without incurring a substantial overspend.

The College continues to review, amend and clarify the relationship between itself and its wholly-owned subsidiary, Carnegie Enterprise, to further remove any threat of an OSCR challenge based on our commercial activities.

Graduation Ceremonies were held in Dunfermline Abbey and St. Bryce Church Kirkcaldy, giving another visible demonstration of success with an increased number of graduates attending and progressing to appropriate employment or further study.

## FINANCIAL PERFORMANCE

Fife College finished 2013-14 with an operating surplus of £107k (after the adjustment for FRS 17 which resulted in a cost of £536k). After the revaluation reserve transfer, severance payments and income from merger funds, the historic cost surplus was £1.057 million.

The decision to revalue the College's assets on a consistent basis prior to merger increased the depreciation charge (thus reducing the operating surplus) and increased the revaluation reserve transfer.

Carnegie Enterprise Ltd returned a surplus of £33k, an improvement on the previous year.

During 2013-14 the College paid out £657k in severance payments and received £483k from SFC transformation funding to offset these payments

The Pension Reserve on the balance sheet, the College's share of the Fife Council Pension Scheme deficit, has increased from £8.634 million to £13.138 million at the end of March 2014. For 2013-14, this has again had a significant effect on the net worth of the balance sheet.

With the onset of the ONS reclassification in April 2014, the College set up an Arm's Length Foundation (ALF) prior to 31 March 2014. There was the option to be part of a sector wide ALF, however Fife College's Board of Governors took the decision to set up an ALF solely for Fife College. This meant that any surplus cash on 31 March 2014 could be donated to the ALF by way of a charitable donation, rather than return the cash to SFC. Fife College made a charitable donation of £1.2 million to the ALF on 31 March 2014. The £1.2 million is included as a cost prior to calculating the operating surplus and because the ALF is an independent legal entity, the £1.2 million does not appear on Fife College's balance sheet.

The table below details trend data for Fife College as agreed with the Scottish Funding Council to determine whether institutions are maintaining a "sustainable trajectory".

	2012-13	2013-14
Operating Surplus/Deficit as % of Total Income	-2.4%	0.3%
Non SFC Income as % of Total Income	29.5%	28.6%
Current Assets : Current Liabilities	0.73	0.85
Staff Costs as a % of total turnover	64.6%	57.6%
Ratio of days cash to total expenditure	32.0	27.2
Staff Turnover	11.7%	7.0%
Gearing	32.8%	36.3%
Student Activity (WSUM)	169,249	176,084
Performance Against WSUMs Activity Target	100%	98.3%
WSUMs per Staff FTE	327	399
Early Withdrawal	7.8%	7.0%
Further Withdrawal	12.0%	11.0%

## TREASURY MANAGEMENT

At the end of March 2014, there was a cash balance of £2.572 million, following the donation to the ALF.

Normal practice is to pool funds in an overnight deposit account and to use a longer term deposit when circumstances permit. Fife College complies with the CBI Prompt Payment Code unless the invoice is contested or alternative terms have been arranged. In 2014, the level of creditors in terms of the proportion of year-end creditors to the aggregate invoiced amounts during the year was 25 days (2012-13: 17 days, 2011-12: 30 days, 2010-11: 32 days).

## ESTATES STRATEGY

Given the overall condition of the Fife estate, one of the first decisions following the merger in August 2013 was to tender the production of an Estates Strategy for Fife College. The tender was won by Gardiner and Theobald and a short life working group was set up to progress the issue. This culminated in a Board Strategy Day on Estates, with a decision on an option to take forward.

The Strategy is now being transformed into a business case and the College remains in dialogue with SFC on the issue.

## FUTURE EVENTS

2014-15 will see the remainder of the College restructure completed. The curriculum plan is now in place for 2014-15 with a clear picture of how the College's WSUM allocation is to be used.

Following the submission of the College Outcome Agreement, a Strategic Plan has been presented to the Board of Governors in June 2014.

## EMPLOYMENT OF DISABLED PERSONS

Fife College and Carnegie Enterprise aim to be Equal Opportunity Employers. The organisation's policy is to ensure that all employees are recruited, trained and promoted on the basis of their ability, their suitability for work, and the requirements of the job; and that no job applicant or employee receives less favourable treatment on the grounds of disability. An Equality and Diversity Action Group continues to influence our recruitment policies and practices for staff and students as well as physical developments.

Fife College and Carnegie Enterprise are fully aware of obligations under the Disability Discrimination Amendment Act 1995 as amended by the Special Educational Needs and Disability Act 2001 and has in place a policy and action plan to enhance access to learning and opportunity for disabled persons.

## PROFESSIONAL ADVISORS

Internal Auditors:	BDO, Glasgow
External Auditors:	Grant Thornton UK LLP, Edinburgh
Legal Advisors:	Maclay, Murray and Spens, Edinburgh Anderson Strathern, Edinburgh
Bankers:	Royal Bank of Scotland, Dunfermline HBOS, Kirkcaldy

## **CORPORATE GOVERNANCE STATEMENT 2013-14**

### **INTRODUCTION**

Fife College is committed to exhibiting good practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code 2010. Its purpose is to help the reader of the financial statements to understand how the principles have been applied.

In the opinion of the Board, the College complied with all of the provisions of the UK Corporate Governance Code 2010, in so far as they applied to the further education sector and have complied throughout the period ended 31 March 2014.

### **BOARD OF GOVERNORS**

The College's Board of Governors comprised 17 members who were drawn from the public and private sector and who had both an interest in the work of the College and specific expertise, knowledge and skills that contributed to the effective governance of the College. The Board also included the Principal, two elected Student Representatives and two elected members of staff. The roles of Chair and Deputy-Chair were separated from the College's Principal.

From 1 August 2013, new Board Members were appointed in accordance with the Ministerial Guidance on College Sector Board Appointments.

A separate Board had been established for Carnegie Enterprise, the College's wholly-owned trading subsidiary. Membership of the Board comprised of a majority of members of Fife College's Board of Governors and senior staff of Fife College.

The Board of Governors was responsible for setting the mission and strategic direction of the College and for developing its reputation. The Board approved major developments and partnership projects and actively monitored and promoted financial stability. The Board had strategic responsibility for maintaining the effectiveness of staff, the welfare of students and the standards of teaching and learning. The Board promoted high standards of ethical conduct and integrity.

The Board of Governors meets six times per year and received minutes and reports from its Committees, including the Finance, Commercial, Planning and Estates Committee, Chair's Committee, Audit and Risk Committee, Health and Safety and Human Resources Committee, Equalities Short Life Working Group and Estates Short Life Working Group.

The Board held an annual strategic planning day, together with the Senior Management Team, at which strategic directions, aims and objectives were set for the forthcoming three-year period. This strategic planning process included the identification of significant high-level risks and the incorporation of such risks into the existing strategic risk register, which was in turn reviewed and updated to ensure that it was appropriate and valid. Action plans were put in place to minimise and manage all significant risks. The Audit and Risk Committee then received regular reports identifying progress against the action plans to minimise and manage risks. The Risk Management Policy for Fife College was approved by the Audit and Risk Committee in June 2014.

Evaluation of Board, Committee and Chair performance was carried out. Each committee undertook a review of its effectiveness and the Chair has conducted individual annual reviews with each Board Member. The Chair's Committee undertook an annual review with the Chair.

### **SENIOR MANAGEMENT TEAM**

The Senior Management Team received regular reports setting out progress against key performance indicators and objectives and considered possible control issues brought to their attention through management information reports including student recruitment and retention, income and expenditure and staff performance. The Senior Management Team also received reports from internal audit and from quality agencies. All of these reports were also fully considered by operational managers.

The Senior Management Team regularly reviewed progress towards objectives. The Principal prepared a report for each meeting of the Board of Governors on progress towards achievement of planned objectives and targets and a general update on matters affecting the overall progress and development of the College.

#### FINANCE, COMMERCIAL, PLANNING AND ESTATES COMMITTEE

The purpose of the Finance, Commercial, Planning and Estates Committee is to assure the Board of Governors that Fife College has appropriate strategies, plans, budgets and controls in place which manage identified risks creating a sustainable and stable college.

#### CHAIR'S COMMITTEE

The purpose of the Chair's Committee is to ensure that the governance structure of Fife College is fit for purpose and meets legislative obligations; act as a Nomination Committee for recruitment and selection to the Board of Governors; act as a de-selection panel for Board members; review and approve the salaries of the Principal, Vice Principals and the Clerk to the Board; and consider central communications.

#### AUDIT AND RISK COMMITTEE

The purpose of the Audit and Risk Committee is to assure the Board of Governors that Fife College has in place a system of governance, internal control and risk management which is being maintained and developed to meet legislation and regulations applying to the sector.

Internal and External Auditors attended relevant meetings of this Committee. The External Auditors also attended the Board of Governors when the Annual Accounts were being presented. Whilst senior members of College staff including the Principal attended meetings of the Audit and Risk Committee, they were not members of the Committee. Once a year, the Audit and Risk Committee meet both the External Auditors and Internal Auditors for independent discussions.

The Audit and Risk Committee should include one member who has recent financial or audit experience. In June 2014, a qualified practising accountant was co-opted to be a member of this Committee.

#### HEALTH AND SAFETY AND HUMAN RESOURCES COMMITTEE

The purpose of the Health and Safety and Human Resources Committee is to assure the Board of Governors that Fife College has in place appropriate policies and procedures to promote and safeguard the health and safety of staff, students and all stakeholders and satisfies current legislation. With regard to human resources, it is to assure the Board of Governors of the appropriateness of policies and procedures to promote a positive and inclusive culture and meets with relevant legislation.

#### ANNUAL ASSESSMENT

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

The Audit and Risk Committee agenda included a regular item for consideration of risk and control and received reports thereon from the Senior Management Team and the Internal Auditors. The emphasis was on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board of Governors was of the view that there was an ongoing process for identifying, evaluating and managing the College's significant risks, that it had been in place for the year ended 31 March 2014.

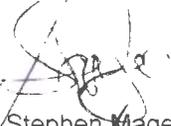
CORPORATE GOVERNANCE STATEMENT 2013-14 (continued)

and up to the date of approval of the annual report and accounts, that it was regularly reviewed by the Board of Governors and that it accords with the UK Corporate Governance Code 2010.

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

The Corporate Governance Statement on pages 7, 8 and 9 was approved by the Board of Governors on 29 September 2014 and signed on its behalf by:

  
Hugh Logan  
Principal and Chief Executive

  
Stephen Magee  
Chair of the Board

## STATEMENT OF BOARD OF GOVERNOR'S 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 enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education 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 of Governors, through its designated Principal, 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 of 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
- judgements 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 the SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the SFC and any other conditions which the SFC 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.

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, all managers within the College
- a comprehensive strategic and operational planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of key performance indicators and monthly reviews of financial results by the College's Senior Management Team supplemented by quarterly reviews to the College's Finance, Commercial, Planning and Estates Committee involving variance reporting and updates of forecast out-turn
- clearly defined 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 and Risk Committee and the Finance, Commercial, Planning and Estates Committee
- an Internal Audit service whose annual programme is reviewed by the Audit and Risk Committee and approved by the Board of Governors, a partner of which provides the Board of Governors with an annual 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
- the implementation of action plans designed to reduce the likelihood and impact of operational and

financial risks as recommended by the Combined Code

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

**THE BOARD OF GOVERNORS OF FIFE COLLEGE**

**Members from 1 August 2013 – 31 March 2014**

<b>Member's Name</b>	<b>Date Appointed</b>	<b>Term of Office</b>	<b>Date Resigned</b>	<b>Status of Appointment</b>	<b>Interests (Employer)</b>	<b>Interests (Related Undertaking / Non-financial interests)</b>	<b>Committees Served</b>
C Bell	April 2009	Until 31.07.14		Academic Staff Representative	Fife College	N/A	Finance, Commercial, Planning and Estates Estates Strategy Short Life Working Group
R Black	10.03.13	Until 02.03.15		Non Executive Member	N/A	Shell International / BG Group Scottish Children's Panel	Audit and Risk
C Ford	01.08.13	1 year		Student Member	Fife College Fife Council	N/A	Health and Safety and Human Resources Equalities Short Life Working Group
B Garmory	March 2008	Until 31.07.14		Non Executive Member	Robert Purvis Plant Hire Ltd	Fife Airport Ltd Fife Chamber of Commerce Dunfermline Athletic Football Club	Finance, Commercial, Planning and Estates
V Ilendo	03.10.13	Until 02.03.15		Non Executive Member	VI Consultancy	Fife Polish Education Trust Fife Migrants Form	Audit and Risk Health and Safety and Human Resources Equalities Short Life Working Group
H Logan	01.08.13	Duration of contract of employment		Principal and Chief Executive	Fife College	Fife Partnership Board Fife Partnership Executive Group Fife Economy Partnership	Health and Safety and Human Resources Finance, Commercial, Planning and Estates Chair's Estates Strategy Short Life Working Group
S Magee	01.08.13 04.03.14	4 years		Non Executive Member (Regional Chair)	University of St Andrews University of Abertay	SOI Ltd Stewart's Melville College / Mary Erskine Schools	Chair's
F McCann	01.08.13	Until 02.03.15		Support Staff	Fife College	N/A	Health and Safety and Human

Member's Name	Date Appointed	Term of Office	Date Resigned	Status of Appointment	Interests (Employer)	Interests (Related Undertaking / Non-financial interests)	Committees Served
				Member			Resources Equalities Short Life Working Group
R McFarlane	03.10.13	03.03.14	05.03.14	Non Executive Member	Fife Council	N/A	Audit and Risk Estates Short Life Working Group
D Munro	01.08.13	Until 31.07.14		Non Executive Member	N/A	Business Gateway Fife Adam Smith Foundation	Audit and Risk Equalities Short Life Working Group
K Munro	Mar 2007	Until 02.03.15		Non Executive Member	Babcock International Group PLC	Babcock International Group	Health and Safety and Human Resources Chair's
B Poole	03.10.13	Until 02.03.15		Non Executive Member	Fife Council	N/A	Audit and Risk Chair's
B Roxburgh	01.08.13	Until 31.07.14		Non Executive Member	N/A	Children's Panel for Scotland Tullis Russell Group Pension Scheme	Finance, Commercial, Planning and Estates Estates Strategy Short Life Working Group
G Smith	03.10.13	Until 02.03.15		Non Executive Member	NCR Financial Solutions Ltd	N/A	Health and Safety and Human Resources
W Smith	04.03.14	Until 31.07.14		Student Member	Fife College	Kingdom Brass A	Finance, Commercial, Planning and Estates Estates Strategy Short Life Working Group
B Taylor	01.08.13	Until 02.03.15		Non Executive Member	N/A	Santander Fife Coast and Countryside Trust Fife Historic Buildings Trust Advisor to the MP – Kirkcaldy / Cowdenbeath Constituency Adam Smith Foundation	Finance, Commercial, Planning and Estates Chair's Estates Strategy Short Life Working Group
G Webber	Mar 2007	Until 02.03.15		Non Executive Member	Edinburgh Napier University	NUVL APUC	Finance, Commercial, Planning and Estates
S Wexelstein	22.06.11	Until 31.07.14		Non Executive Member	Braw Idea Ltd	Planys Cloud Ltd Fife Chamber of Commerce	Audit and Risk

**Carnegie Enterprise Directors (dates as per above)**

- Bob Garmory
  - Hugh Logan
  - Graeme Smith
  - Steven Wexelstein
- 
- Steve Harrison (Director from 18.07.13)
  - Linda Greig (Managing Director for full year)

## Attendance Record

Member's Name	Board of Governors	Audit and Risk	Finance, Commercial, Planning and Estates	Health and Safety and Human Resources	Chair's	Carnegie Enterprise	Equalities Short Life Working Group	Estates Strategy Short Life Working Group
C Bell	3/4		3/3					4/4
R Black	1/1	0/0						
C Ford	3/4			2/2			0/2	
B Garmory	3/4		0/3			3/6		
V Ilendo	3/4	2/2		1/2			2/2	
H Logan	4/4		3/3	2/2		5/6		
S Magee	4/4				3/3			
F McCann	3/4			2/2			2/2	
R McFarlane	1/3	1/2						0/4
D Munro	2/4	2/2					2/2	
K Munro	4/4			2/2	3/3			
B Poole	3/3	2/2			3/3			
B Roxburgh	4/4		3/3					4/4
G Smith	2/3			1/2		3/3		
W Smith	4/4		3/3					4/4
B Taylor	4/4		3/3		3/3			4/4
G Webber	3/4		3/3					
S Wexelstein	3/4	1/2				6/6		

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

We have audited the financial statements of Fife College for the period ended 31 March 2014 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board of Management and auditor**

As explained more fully in the Statement of Responsibilities of the Board of Management, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Generic scope of the audit of the financial statements**

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

### **Opinion on 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 directions made thereunder by the Scottish Funding Council of the state of the body's affairs as at 31 March 2014 and of its surplus for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006.

#### **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

#### **Opinion on other prescribed matters**

In our opinion the information given in the Operating and Financial Review for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

We are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement of Corporate Governance and Internal Control does not comply with Scottish Funding Council requirements.

We have nothing to report in respect of these matters



Gary Devlin, for and on behalf of Grant Thornton UK LLP

7 Exchange Crescent,

Edinburgh,

EH3 8AN

Date *30 September 2014*

Gary Devlin is eligible to act as an auditor in terms of the Public Finance and Accountability (Scotland) Act 2000

Income and Expenditure Account for the year ended 2014

		Year ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
<b>INCOME</b>			
SFC grants	2	26,730	38,035
Tuition fees and education contracts	3	7,341	10,240
Other grant income	4	465	323
Other operating income	5	2,887	5,214
Endowment and investment income	6	9	115
<b>Total Income</b>		<u>37,432</u>	<u>53,927</u>
<b>EXPENDITURE</b>			
Staff costs	7	21,562	34,831
Exceptional restructuring costs	-	923	3,328
Other operating expenses	9	10,539	13,610
Depreciation	12	2,769	2,729
Charitable donations		1,200	-
Interest payable	10	332	697
<b>Total Expenditure</b>		<u>37,325</u>	<u>55,195</u>
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and before tax		107	(1,268)
Gain/(Loss) on disposal of assets		-	(7)
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and before tax		<u>107</u>	<u>(1,275)</u>
Taxation	11	-	-
<b>Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax</b>		<u>107</u>	<u>(1,275)</u>
<b>Surplus/(Deficit) for the year retained within general reserves</b>		<u>107</u>	<u>(1,275)</u>

The income and expenditure account is in respect of continuing activities

## Statement of Historical Cost Surpluses and Deficits for the year ended 2014

		Year ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
Surplus/(Deficit) on continuing operations before taxation		107	(1,275)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	20	950	615
		<u>1,057</u>	<u>(660)</u>

## Statement of the Total Recognised Gains and Losses for the year ended 2014

		Year ended 31 March	Year ended 31 July
		2014	2013
		£000	£000
Surplus/(Deficit) on continuing operations for the year after depreciation of assets and valuation and tax		107	(1,275)
Expendable Endowment		(43)	(192)
Revaluation of Asset		0	(2,055)
Actuarial gain/(loss) in respect of pension scheme	29	(4,197)	4,553
<b>Total gain/(loss) recognised since last annual report</b>		<u><b>(4,133)</b></u>	<u><b>1,031</b></u>

## Reconciliation

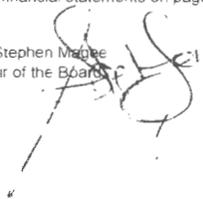
Opening reserves and endowments		26,830	18,557
Total recognised gains/(losses) for the year		<u>(4,133)</u>	<u>10,273</u>
<b>Closing reserves</b>		<u><b>24,697</b></u>	<u><b>28,830</b></u>

Balance Sheet as at 31 March 2014

		Group Year ended 31 March	College Year ended 31 March	Group Year ended 31 July	College Year ended 31 July
Note	2014	2014	2013	2013	
	£000	£000	£000	£000	
<b>Fixed Assets</b>					
Tangible assets	12	77,885	77,806	80,629	80,544
Investments	13	434	406	434	406
<b>Total fixed assets</b>		<b>78,319</b>	<b>78,212</b>	<b>81,063</b>	<b>80,950</b>
<b>Current assets</b>					
Stocks		174	167	100	92
Debtors	15	4,101	4,080	2,716	2,750
Expendable Endowment	14	55	55	98	98
Cash at bank and in hand		2,572	2,425	4,594	4,497
<b>Total current assets</b>		<b>6,902</b>	<b>6,727</b>	<b>7,508</b>	<b>7,437</b>
<b>Less: Creditors - amounts falling due within one year</b>	16	<b>8,119</b>	<b>7,899</b>	<b>10,322</b>	<b>10,145</b>
<b>Net current assets</b>		<b>(1,217)</b>	<b>(1,172)</b>	<b>(2,814)</b>	<b>(2,708)</b>
<b>Total assets less current liabilities</b>		<b>77,102</b>	<b>77,040</b>	<b>78,249</b>	<b>78,242</b>
Less: Creditors - amounts falling due after more than one year	17	8,989	8,989	9,485	9,485
Less: Provision for liabilities	18	3,929	3,929	3,797	3,797
<b>Net Assets excluding pension asset/ (liability)</b>		<b>64,184</b>	<b>64,122</b>	<b>64,967</b>	<b>64,960</b>
<b>Net pension asset/ (liability)</b>	29	<b>(13,138)</b>	<b>(13,138)</b>	<b>(8,634)</b>	<b>(8,634)</b>
<b>NET ASSETS INCLUDING PENSION ASSET/ (LIABILITY)</b>		<b>51,046</b>	<b>50,984</b>	<b>56,333</b>	<b>56,326</b>
<b>Deferred capital grants</b>	19	<b>26,349</b>	<b>26,349</b>	<b>27,503</b>	<b>27,503</b>
Income and expenditure account excluding pension reserve	20	7,531	7,499	6,167	6,191
Pension reserve	20	(13,138)	(13,138)	(8,634)	(8,634)
<b>Total General Reserves</b>	20	<b>(5,607)</b>	<b>(5,639)</b>	<b>(2,467)</b>	<b>(2,443)</b>
Expendable Endowment	20	55	55	96	98
Revaluation reserve	20	30,249	30,219	31,199	31,169
<b>Total reserves</b>		<b>24,697</b>	<b>24,635</b>	<b>28,830</b>	<b>28,824</b>
<b>TOTAL</b>		<b>51,046</b>	<b>50,984</b>	<b>56,333</b>	<b>56,327</b>

The financial statements on pages 2 to 39 were approved by the Board of Management on 29 September 2014 and were signed on its behalf on that date by

Mr Stephen Madge  
Chair of the Board



Mr Hugh Logan  
Principal



## Cash Flow Statement for the year ended 2014

		Year ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
<b>Cash inflow/ (outflow) from operating activities</b>	21	(1,251)	(3,110)
Returns on investments and servicing of finance	22	(258)	(336)
Capital expenditure and financial investment	23	(25)	1,222
Management of liquid resources	27	-	-
Financing	24	(488)	(596)
<b>Increase/ (decrease) in cash in the year</b>		<b>(2,022)</b>	<b>(2,820)</b>
<b>Reconciliation of net cash flow to movement in net funds/ (debt)</b>			
Increase/ (decrease) in cash in the period		(2,022)	(2,820)
Movement in net funds in period		(2,022)	(2,820)
Change in debt - non cash		488	596
Net funds at 1 August	25	(5,572)	(3,348)
<b>Net funds at 31 March</b>	25	<b>(7,106)</b>	<b>(5,572)</b>

## 1 Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### Basis of preparation

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

### Basis of Consolidation

The consolidated financial statements include the College and its subsidiary undertaking, Carnegie Enterprise Limited. Fife College Board of Governors wholly owns Carnegie Enterprise Limited. Intra-group sales and profits are eliminated fully on consolidation. The College has no student union. All financial statements are made up to 31 March 2014.

### Basis of accounting

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain fixed assets.

### Recognition of income

Income from grants (excluding European funds), contracts and other services rendered is included 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.

Recurrent grants from the Scottish Funding Council (SFC) are recognised in the period in which they are receivable.

Revenue grants from European funds are recognised in the period in which they are receivable.

Endowment income is released through the income & expenditure account in line with the related expenditure.

### Tangible fixed assets

#### Land and buildings

The College's buildings were revalued at depreciated replacement cost on 31 July 2013 and are depreciated over their expected useful remaining economic life. Freehold land is not depreciated. If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

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 released to income and expenditure account over the estimated life of the building 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 any fixed asset may not be recoverable.

Assets under construction are accounted for at cost based on the value of architects' certificates and other direct costs incurred to 31 March 2014. They are not depreciated until they are brought into use.

The expected useful life of buildings can vary from 10 to 50 years as determined by professional opinion and valuation.

### Other Assets

A review of all depreciation policies was carried out and implemented for the year ending 31 July 2013. Capitalised equipment is depreciated over its useful economic life as follows:

Building Fixtures	10% per year
Surface Works - Car Parks	25% per year
Non-ICT Equipment	25% per year
ICT Equipment	25% per year
ICT Software	25% per year
vehicles	25% per year

## Notes to the Financial Statements (continued)

## 1 Statement of Principal Accounting Policies (continued)

**Equipment (continued)**

Where items of equipment 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 released to income and expenditure account over the estimated life of the asset on a basis consistent with the depreciation policy.

Where equipment is brought into use mid-way through a year the depreciation charge in the first year will be prorated to reflect the number of months that the asset was in use.

**Leased assets**

Rental costs under operating leases are charged to expenditure at the cost incurred in the year.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases.

The lease rentals are treated as consisting of capital and interest. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the income & expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over their useful life.

**Investments**

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value or at a fair estimate of value placed on such assets by an independent valuer for insurance purposes. Artwork investments are subject to an independent valuation every five years.

**Stocks**

Stocks held are valued at cost.

**Taxation**

The College is an exempt charity and is therefore not liable for corporation tax under section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. The subsidiary company transfers its profits to the College by gift aid in order to minimise their tax liabilities.

The College does not receive exemption in respect of Value Added Tax (VAT).

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation although where profits are transferred by gift aid corporation tax will not be liable.

**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.

**Agency arrangements**

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the College Income and 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 those 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.

**Retirement benefits****Fife Council Pension Fund**

The Fife Council Pension Fund is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method - variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. The amount charged to the income and expenditure account represents the service cost expected to arise from employee service in the current year.

**Scottish Teachers' Superannuation Scheme**

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits' accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the year.

		Year ended 31 March	Year ended 31 July
	Note	2014	2013
		£000	£000
<b>2 SFC grants</b>			
FE recurrent grant (including fee waiver)		20,152	28,928
Childcare funds		863	989
Release of deferred capital grants	19	799	843
Other SFC grants		3,220	3,737
Funding for Merger		1,696	3,538
<b>Total</b>		<b><u>26,730</u></b>	<b><u>38,035</u></b>
<b>3 Tuition fees and education contracts</b>			
FE fees - UK		103	288
FE fees - non EU		-	1
HE fees		2,434	3,429
SDS Contracts		1,973	2,052
Education contracts		2,827	4,462
Other contracts		4	8
<b>Total</b>		<b><u>7,341</u></b>	<b><u>10,240</u></b>
<b>4 Other grant income</b>			
European funds		107	(152)
Release of deferred capital grants	19	355	347
Other grants		3	128
		<b><u>465</u></b>	<b><u>323</u></b>
<b>5 Other operating income</b>			
Residences and catering		279	380
Other income-generating activities		2,102	3,944
Other income		506	890
<b>Total</b>		<b><u>2,887</u></b>	<b><u>5,214</u></b>

## Notes to the Financial Statements (continued)

		Year ended 31 March 2014 £000	Year ended 31 July 2013 £000
<b>6 Endowment and investment income</b>		-	-
Income from restricted endowment asset investments		-	-
Income from unrestricted endowment asset investments		-	-
Income from expendable endowment		-	-
Other interest receivable		9	115
		<u>9</u>	<u>115</u>
Net return/ (Cost) on pension asset/ liability	29	-	-
<b>Total</b>		<u><u>9</u></u>	<u><u>115</u></u>
<b>7 Staff costs</b>			
Wages and salaries		17,671	28,339
Social security costs		1,257	2,132
Other pension costs (including FRS 17 adjustments of £242k (previous year £218k):	29	2,634	4,360
Restructuring costs		923	3,328
<b>Total</b>		<u><u>22,485</u></u>	<u><u>38,159</u></u>
Academic/ Teaching Departments		13,644	21,240
Academic/ Teaching Services		1,116	1,803
Other Support Services		426	636
Administration and Central Services		4,645	7,170
Premises		649	1,110
Catering and Residences		102	142
Full Cost Activities		576	1,241
Other expenditure		162	729
Pension Charge less contributions paid	29	242	558
<b>Sub-total</b>		<u><u>21,562</u></u>	<u><u>34,831</u></u>
Restructuring costs		923	3,328
<b>Total</b>		<u><u>22,485</u></u>	<u><u>38,159</u></u>
Employment costs for staff on permanent contracts		21,036	31,269
Employment costs for staff on temporary contracts		284	3,004
Pension charge less contribution paid	29	242	558
Restructuring costs		923	3,328
		<u><u>22,485</u></u>	<u><u>38,159</u></u>

The average number of full-time equivalent employees, including higher paid employees, during the year was

	No.	No.
Academic/ Teaching Departments	441	518
Academic/ Teaching Services	36	64
Other Support Services	9	16
Administration and Central Services	216	220
Premises	26	36
Catering and Residences	8	7
Full Cost Activities	25	38
Other staff	5	23
<b>Total</b>	<u><u>768</u></u>	<u><u>924</u></u>

## 7 Staff costs (continued)

The number of staff including senior post-holders and the Principal, who received emoluments in the following ranges were (A split is shown below for 2014 between staff whose emoluments include a voluntary severance (VS) payment and those that do not include a VS payment)

	2014	2014	2014	2013
	VS included	No VS included	Total	Total
			No.	No.
£50,001 to £60,000 per annum	3	10	13	16
£60,001 to £70,000 per annum	2	3	5	14
£70,001 to £80,000 per annum	-	2	2	20
£80,001 to £90,000 per annum	-	1	1	5
£90,001 to £100,000 per annum	-	-	-	2
£100,001 to £110,000 per annum	-	-	-	1
£110,001 to £120,000 per annum	-	1	1	1
£120,001 to £130,000 per annum	-	1	1	-
£130,001 to £140,000 per annum	-	-	-	-
£140,001 to £150,000 per annum	-	-	-	-

## 8 Senior post-holders' emoluments

The number of senior post-holders, including the Principal was

2014	2013
No.	No.
1	3

The Principal's emoluments are made up as follows

	Year ended 31 March	Year ended 31 July
	2014	2013
	£	£
Salaries	86,667	280,586
Benefits in kind	-	932
Pension contributions	12,913	35,628
Loss of Office	-	155,429
Total emoluments	<u>99,580</u>	<u>472,575</u>

## Notes to the Financial Statements (continued)

## 8 Senior post-holders' emoluments (continued)

No staff pay award was given during the period.

The Principal and 6 other senior post-holders were members of the Scottish Public Pensions Agency. All pension contributions were paid at the same rate as for other members of staff.

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

	Year ended 31 March 2014 £000	Year ended 31 July 2013 £000
<b>9 Other operating expenses</b>		
Academic/ Teaching Departments	1,944	1,984
Academic/ Teaching Services	11	42
Other Support Services	47	96
Administration and central services	2,717	4,192
Bursary Overspend	309	59
Merger Costs	1,101	289
General Education	290	517
Premises costs	2,942	4,597
Planned maintenance	30	46
Interest on early retirement provision	57	9
Other Expenses	529	932
Other income generating activities	367	619
Residences and catering	175	228
<b>Total</b>	<b>10,539</b>	<b>13,610</b>

Other operating costs include:

Auditors' remuneration	- external audit of these financial statements	46	49
	- internal audit services	-	40
	- other services	8	18

	Year ended 31 March 2014 £000	Year ended 31 July 2013 £000
<b>10 Interest payable</b>		
On bank loans, overdrafts and other loans		
Repayable within five years - not by instalments	9	37
Repayable within five years - by instalments	169	265
Repayable wholly or partly in more than five years	36	69
	216	371
Net return (Cost) on pension asset/ liability	29	65
On finance leases	51	80
<b>Total</b>	<b>332</b>	<b>697</b>

## 11 Taxation

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

## 12 Tangible Fixed Assets

	Land and Buildings £000	Equipment £000	Total Assets £000	Assets in the Course of Construction £000	Total £000
<b>Cost or valuation</b>					
At 1 August 2013	80,280	6,274	86,554	29	86,583
Under Construction	-	-	-	25	25
Capitalised	-	-	-	(54)	(54)
Revaluation	-	-	-	-	-
Additions	13	41	54	-	54
Disposals	-	-	-	-	-
<b>At 31 March 2014</b>	<b>80,293</b>	<b>6,315</b>	<b>86,608</b>	<b>-</b>	<b>86,608</b>
<b>Depreciation</b>					
At 1 August 2013	1,499	4,455	5,954	-	5,954
Provided during year	2,366	403	2,769	-	2,769
Revaluation	-	-	-	-	-
On disposals	-	-	-	-	-
<b>At 31 March 2014</b>	<b>3,865</b>	<b>4,858</b>	<b>8,723</b>	<b>-</b>	<b>8,723</b>
NBV at 1 August 2013	78,781	1,819	80,600	29	80,629
<b>NBV at 31 March 2014</b>	<b>76,428</b>	<b>1,457</b>	<b>77,885</b>	<b>-</b>	<b>77,885</b>
Inherited	38,476	-	38,476	-	38,476
Financed by capital grant	21,307	746	22,053	-	22,053
Other	16,643	709	17,352	-	17,352
<b>At 31 March 2014</b>	<b>76,428</b>	<b>1,457</b>	<b>77,885</b>	<b>-</b>	<b>77,885</b>

## 12 Tangible Fixed Assets (College Only)

	Land and Buildings £000	Equipment £000	Total Assets £000	Assets in the Course of Construction £000	Total £000
<b>Cost or valuation</b>					
At 1 August 2013	80,251	5,813	86,064	16	86,080
Under Construction	-	-	-	-	-
Capitalised	-	-	-	(16)	(16)
Revaluation	-	-	-	-	-
Additions	-	16	16	-	16
Disposals	-	-	-	-	-
<b>At 31 March 2014</b>	<b>80,251</b>	<b>5,829</b>	<b>86,080</b>	<b>-</b>	<b>86,080</b>
<b>Depreciation</b>					
At 1 August 2013	1,490	4,046	5,536	-	5,536
Provided during year	2,359	379	2,738	-	2,738
Revaluation	-	-	0	-	-
On disposals	-	-	0	-	-
<b>At 31 March 2014</b>	<b>3,849</b>	<b>4,425</b>	<b>8,274</b>	<b>-</b>	<b>8,274</b>
NBV at 1 August 2013	78,761	1,767	80,528	16	80,544
<b>NBV at 31 March 2014</b>	<b>76,402</b>	<b>1,404</b>	<b>77,806</b>	<b>-</b>	<b>77,806</b>
Inherited	38,476	-	38,476	-	38,476
Financed by capital grant	21,307	747	22,054	-	22,054
Other	16,617	657	17,274	-	17,274
<b>At 31 March 2014</b>	<b>76,402</b>	<b>1,404</b>	<b>77,806</b>	<b>-</b>	<b>77,806</b>

## Notes to the Financial Statements (continued)

The transitional rules set out in FRS17 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

Included in the College's tangible fixed assets (land and buildings) is a finance lease asset with a net book value of £1.66 million. The finance lease is for a 25-year period commencing October 2003. Under the terms of the lease the amount payable is reviewed every 5 years.

	Group Year ended 31 March 2014	College Year ended 31 March 2014	Group Year ended 31 July 2013	College Year ended 31 July 2013
	£000	£000	£000	£000
<b>13 Investments</b>				
Investments in subsidiary companies	-	2	-	2
Investments in associated companies	404	404	404	404
Preference Shares in former subsidiary	-	-	-	-
CEL Artworks	30	-	30	-
<b>Total</b>	<b>434</b>	<b>406</b>	<b>434</b>	<b>406</b>

The College owns 100% of the issued ordinary £1 shares of Carnegie Enterprise Limited, a company incorporated in Scotland. The principal business activity of Carnegie Enterprise Limited is to provide high quality training and company development services.

The College owns 100% of the issued ordinary £1 shares of Lauder Holdings Limited, a company incorporated in Scotland. Lauder Holdings Limited is a dormant company.

The College owns 50% of the issued ordinary £1 shares of Lauder Learning Limited, a company incorporated in Scotland. The principal business activity of Lauder Learning Limited is leasing property.

<b>14 Expendable Endowment Asset</b>	Year ended 31 March 2014 £000	Year ended 31 July 2013 £000
Balance at 1 August	98	290
Additions	-	-
Disposals	(43)	(192)
Balance at 31 March	<u>55</u>	<u>98</u>
<b>Represented by:</b>	<u>55</u>	<u>98</u>
Cash Balance	<u>55</u>	<u>98</u>

In July 2010 the College received a donation of \$ Canadian 1million (£638K) to set up the Whitlock Energy Collaboration Centre at the College's Rosyth campus.

<b>15 Debtors: Amounts falling due within one year</b>	Group Year ended 31 March 2014 £000	College Year ended 31 March 2014 £000	Group Year ended 31 July 2013 £000	College Year ended 31 July 2013 £000
Trade debtors - net of provision for doubtful debts	1,809	1,600	1,006	864
European funding	486	486	542	542
Amounts owed by SFC	98	981	678	678
Amounts owed by subsidiaries	-	20	-	185
VAT	-	-	-	-
Prepayments and accrued income	825	800	490	481
	<b>4,101</b>	<b>4,080</b>	<b>2,716</b>	<b>2,750</b>

	Group Year ended 31 March 2014	College Year ended 31 March 2014	Group Year ended 31 July 2013	College Year ended 31 July 2013
<b>16 Creditors: Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	517	517	511	511
Obligations under finance leases	172	172	170	170
Trade creditors	924	878	787	757
VAT	5	-	45	15
Pension	461	461	438	438
Amounts owed to SFC	432	432	1,731	1,731
Other taxation and social security	655	645	714	705
Other creditors	13	13	21	21
Accruals and deferred income	4,806	4,695	5,758	5,650
Bursaries and Access funds for future disbursement	86	86	147	147
	<b>8,119</b>	<b>7,899</b>	<b>10,322</b>	<b>10,145</b>

	Year ended 31 March 2014	Year ended 31 July 2013
<b>17 Creditors: Amounts falling due after more than one year</b>	<b>£000</b>	<b>£000</b>
Bank loans	7,082	7,463
Obligations under finance leases	1,907	2,022
Loans from subsidiary and associated companies	-	-
	<b>8,989</b>	<b>9,485</b>
<b>18 Provisions for liabilities and charges</b>		
At 1 August 2013	5,797	5,084
Expenditure in the period	(142)	(1,380)
Additional provision required in year	-	-
Revaluation adjustment	13	15
Interest charged	261	78
At 31 March 2014	<b>3,929</b>	<b>3,797</b>

The above liability is in respect of future pension liabilities arising from early retrials

	SFC £000	Other £000	Total £000
<b>19 Deferred Capital Grants</b>			
<b>At 1 August 2013</b>			
Land and Buildings	18,078	8,695	26,773
Equipment	617	113	730
<b>New Grants</b>			
Land and Buildings	-	-	-
Equipment	-	-	-
<b>Disposals</b>			
Land and Buildings	-	-	-
Equipment	-	-	-
<b>Released to Income and Expenditure Account</b>			
Land and Buildings	618	339	955
Equipment	183	16	199
<b>At 31 March 2014</b>			
Land and Buildings	17,462	8,356	25,818
Equipment	434	97	531
	<b>17,896</b>	<b>8,453</b>	<b>26,349</b>

## Notes to the Financial Statements (continued)

20 Reserves	Group Year ended 31 March 2014 £000	College Year ended 31 March 2014 £000	Group Year ended 31 July 2013 £000	College Year ended 31 July 2013 £000
<b>Revaluation Reserve</b>				
At 1 August 2013	31,199	31,169	24,552	24,522
Impairment	-	-	-	-
Transfer to income & Expenditure account in respect of	-	-	-	-
Depreciation on revalued assets	(950)	(950)	(615)	(615)
Revaluation	-	-	7,262	7,262
<b>At 31 March 2014</b>	<b>30,249</b>	<b>30,219</b>	<b>31,199</b>	<b>31,169</b>
<b>General Reserve</b>				
At 1 August 2013	(2,467)	(2,443)	(6,285)	(6,242)
Surplus/ Deficit for the year	107	51	(1,275)	(1,294)
Revaluation of Asset	-	-	(75)	(75)
Transfer from revaluation reserve	950	950	615	615
Actuarial gain/ (loss) in pension scheme	(4,197)	(4,197)	4,553	4,553
<b>At 31 March 2014</b>	<b>(5,607)</b>	<b>(5,639)</b>	<b>(2,467)</b>	<b>(2,443)</b>
<b>Expendable Endowment Reserve</b>				
At 1 August 2013	98	96	290	290
Net Additions/ Disposals	-	-	-	-
Transfer to Income & expenditure account	(43)	(43)	(192)	(192)
Disposals	-	-	-	-
<b>At 31 March 2014</b>	<b>55</b>	<b>55</b>	<b>98</b>	<b>98</b>
<b>Pension Reserve</b>				
At 1 August 2013	(8,634)	(8,634)	(12,383)	(12,383)
Current service cost	1,378	1,378	(91)	(91)
Employer contributions	1,136	1,136	1,704	1,704
Past service gains	(307)	(307)	(617)	(617)
Settlements & Curtailments	-	-	(5)	(5)
Net return on assets	132	132	(129)	(129)
Transfer to/ (from) income & expenditure	(2,514)	(2,514)	(2,135)	(2,135)
Actuarial gains/ (losses)	(4,329)	(4,329)	4,549	4,549
<b>At 31 March 2014</b>	<b>(13,138)</b>	<b>(13,138)</b>	<b>(8,634)</b>	<b>(8,634)</b>

21 Reconciliation of Consolidated operating surplus/(deficit) to net cash flow from operating activities	Note	Year ended 31 March 2014	Year ended 31 July 2013
		£000	£000
Operating surplus/(deficit) after depreciation of assets at valuation and tax		107	(1,275)
Pension costs less contribution payable		242	558
Depreciation	12	2,769	2,729
Deferred capital grants released to income	19	(1,154)	(1,190)
Loss on disposal of asset		-	7
(increase)/Decrease in stocks		(74)	(17)
(increase)/Decrease in debtors	15	(1,385)	1,544
Increase/(Decrease) in creditors	16	(2,150)	(4,745)
(Decrease)/Increase in provisions	18	132	(1,287)
Revaluations of investments	13	-	-
(Net return)/ Cost on pension asset/ liability	6	65	113
Interest receivable	6	(9)	(115)
Interest payable	10	267	584
Increase/(Decrease) in student funds		(61)	(16)
Net cash (inflow)/ outflow from operating activities		<u>(1,251)</u>	<u>(3,110)</u>
<b>22 Returns on investments and servicing of finance</b>			
Interest received	6	9	115
Interest paid	10	(216)	(371)
Interest element of finance lease repayments	10	(51)	(80)
Net cash inflow/ outflow from returns on investments and servicing of finance		<u>(258)</u>	<u>(336)</u>
<b>23 Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	12	(25)	(658)
Sales of tangible fixed assets		-	-
Receipts from sale of endowed assets		-	-
Deferred capital grants received	19	-	1,880
Net cash inflow/ outflow from capital expenditure		<u>(25)</u>	<u>1,222</u>
<b>24 Financing</b>			
Capital element of finance lease rental payments	26	(113)	(166)
New loans/Lease		-	125
Repayment of amounts borrowed	26	(375)	(555)
Net cash inflow from financing		<u>(488)</u>	<u>(596)</u>

## Notes to the Financial Statements (continued)

## 25 Analysis of changes in net funds

	At 31 July		Other Changes	At 31 March	
	2013	Cash Flows		2014	
	£000	£000		£000	£000
Cash	4,594	(2,022)	-	2,572	
Finance lease/hire purchase contracts	(2,192)	-	113	(2,079)	
Debt due within 1 year	(511)	-	(6)	(517)	
Debt due after 1 year	(7,463)	-	381	(7,082)	
<b>TOTAL</b>	<b>(5,572)</b>	<b>(2,022)</b>	<b>488</b>	<b>(7,106)</b>	

## 26 Financing

		Year ended 31	
		March	July
		2014	2013
		£000	£000
<b>Debt due beyond a year:</b>			
New unsecured loans			
Repayment of amounts borrowed	24	375	555
Capital element of finance lease rentals	24	(113)	(166)
<b>Net cash inflow/ (outflow) from financing</b>		<b>262</b>	<b>389</b>

## 27 Management of liquid resources

	Year ended 31		
	March	July	
	2014	2013	
		£000	£000
Sale of investments		-	-
<b>Net cash inflow from management of liquid resources</b>		<b>-</b>	<b>-</b>

## 28 Lease commitments

The annual commitments under operating leases for equipment are as follows

	Year ended 31		
	March	July	
	2014	2013	
		£000	£000
Expiry - within one year	114	71	
- within two to five years	153	241	
- after five years	-	-	

**29 Pensions and similar obligations**

The College's employees belong to two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) and the Fife Council Pension Scheme (LGPS). The CEL employees belong to the Norwich Union Pension Scheme which is noted in the CEL Annual Accounts.

The total pension costs for the institution was

	<b>8 months to 31 March 14</b>	<b>12 months to 31 July 13</b>
	<b>£000</b>	<b>£000</b>
Contribution to STSS	1,396	2,251
Contribution to LGPS	982	1,523
Norwich Union Scheme	14	28
<b>Total pension cost (Note 7)</b>	<b><u>2,392</u></b>	<b><u>3,802</u></b>
<b>Contribution rates</b>		
STSS	14.90%	14.90%
LGPS	17.90%	17.90%

**Scottish Teachers Superannuation Scheme (STSS)**

The STSS 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 purpose of determining contribution rate.

**Fife Council Pension Scheme**

The Fife Council Pension Scheme is a notional fund and is a defined benefit multi-employer scheme. The latest actuarial valuation for the scheme was carried out as at 31 March 2014.

The assumptions which have the most significant effect on the valuation and other relevant data are as follows:

Rate of return on investments in excess of rate of increase in salaries	0.60%	0.60%
Rate of return on investments in excess of rate of increase in pensions	3.20%	2.90%
Market value of the assets as at 31 March 2014	£45,636,000	£43,661,000

The following notes are derived from the Actuarial report supplied by Hymans Robertsons LLP dated 23 June 2014 to comply with the reporting requirements of FRS17, as amended.

The FCPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. It is contracted out of the State Second Pension.

In June 2010 the Chancellor announced that future pension increases would be linked to the Consumer Price Index (CPI) and not the Retail Price Index (RPI). The effect of this change comes through as a negative past service cost item and this has been accounted for in the income & expenditure account.

## Notes to the Financial Statements (continued)

## 29 Pensions and similar obligations (continued)

## Reconciliation of Defined Benefit Obligation

Year ended	31 March 2014 £000	31 July 2013 £000
Opening Defined Benefit Obligation	56,092	48,971
Current Service Cost	1,324	1,931
Interest Cost	1,717	2,039
Contributions by Members	319	488
Actuarial Losses / (Gains)	4,025	3,536
Past Service Costs / (Gains)	38	326
One-off exceptional gain pension adjustment	-	-
Losses on curtailments	16	5
Estimated Unfunded Benefits Paid	(145)	(209)
Estimated Benefits Paid	(683)	(995)
Closing Defined Benefit Obligation	<u>62,703</u>	<u>56,092</u>

## Balance Sheet

Year ended	31 March 2014 £000	31 July 2013 £000
Fair Value of Employer Assets	45,636	43,661
Present Value of Wholly Funded Obligations	(58,774)	(52,295)
Net (Under) Funding in Funding Plans	(13,138)	(8,634)
Unrecognised Past Service Cost	-	-
Net (Liability) held in Balance Sheet	<u>(13,138)</u>	<u>(8,634)</u>

The present value of Unfunded Obligations is £3,928K (was £3,767 in 12/13) in relation to Early Retirements agreed in previous years. There are no partly funded obligations.

## Reconciliation of Fair Value of Employer Assets

Year Ended	31 March 2014 £000	31 July 2013 £000
Opening value	43,661	36,103
Expected Return on Assets	1,652	1,797
Contributions by Members	319	488
Contributions by the Employer	991	1,680
Contributions in respect of Unfunded Benefits	145	24
Actuarial (Losses) / Gains	(304)	4,586
Unfunded Benefits Paid	(145)	(24)
Benefits Paid	(683)	(995)
Closing Fair Value of Employer Assets	<u>45,636</u>	<u>43,661</u>

## Fair Value of Employer Assets

Year Ended	31 March 2014 £000	31 July 2013 £000
Equities	32,402	30,999
Bonds	7,302	6,986
Properties	4,107	3,493
Cash	1,825	2,183
Total	<u>45,636</u>	<u>43,661</u>

## Analysis of amounts included in interest receivable (Note 6 &amp; 10)

	31 March 2014 £000	31 July 2013 £000
Net return/ (Cost) on pension asset/ liability	(65)	(246)
Expected return on pension scheme assets	1,652	1,797
Interest on pension liabilities	(1,717)	(2,039)
Net return	<u>(65)</u>	<u>(242)</u>

## Analysis of amounts charged to staff costs (Note 7)

	31 March 2014 £000	31 July 2013 £000
Pension Charge less contributions paid	242	558
Current service costs	1,324	1,931
Past service costs	38	326
Curtailment & Settlements	16	5
Total operating charge	<u>1,378</u>	<u>2,262</u>
Less Contributions Paid	(1,136)	(1,704)
Pension costs less contributions payable	<u>242</u>	<u>558</u>

## Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	31 March 2014 £000	31 July 2013 £000
Actuarial gain/(loss) in respect of pension scheme	(4,197)	4,553
Difference between the expected and actual return on Scheme Assets	(303)	4,586
Experience gains and (losses) arising on Scheme Liabilities	(59)	485
Change in the assumptions underlying the present value of the Scheme Liabilities	(3,835)	(517)
Actuarial (losses)/gains recognised in STRGL (Cumulative)	<u>(4,197)</u>	<u>4,553</u>

## 29 Pensions and similar obligations (continued)

## Actuarial Assumptions

The Actuarial recommended assumptions are summarised below

Year Ended	31 March 2014	31 July 2013
	% p.a	% p.a
Rate of increase in salaries	£ 10%	£ 10%
Rate of increase in pensions	£ 80%	£ 80%
Expected return on Assets	£ 00%	£ 70%
Discount rate for liabilities	4.30%	4.60%

The expected return on assets is based on the long-term future investment for each asset class as at 31 March

Year Ended	31 March 2014	31 July 2013
	% p.a	% p.a
Equities	6.7%	6.4%
Bonds	4.0%	4.0%
Property	4.8%	4.6%
Cash	3.7%	3.4%

The actual return on the Fund in market value terms for the period to 31 March 2014 is estimated based on actual Fund returns provided and index returns where necessary. Details are given below

Actual return for period from 1 August 2013 to 31 March 2014  
Estimated return for period to 31 March 14

## Mortality Rates

The average life expectancy after retiring at the age of 65 is assumed to be as follows

	Males	Females
Current Pensioners	23.0	25.8
Future Pensioners	24.9	27.7

## Amounts for the current and previous accounting periods

Year to 31 March (previous years to 31 July)	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Fair value of Employer Assets	48,636	17,179	14,033	14,094	12,012
Present Value of Defined Benefit Obligation (Deficit)	(56,774)	(20,756)	(19,469)	(16,501)	(15,132)
Experience Gains / (Losses) on Assets	(304)	1,798	(1,549)	609	832
Experience Gains / (Losses) on Liabilities	(59)	(4)	1,795	(1)	16

## Notes to the Financial Statements (continued)

## 30 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 Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The College had transactions during the year or worked in partnership with the following publicly funded or representative bodies in which members of the Board of Governors hold or held official positions:

## COMPANY

Babcock Marine/ International Group  
Business Gateway Fife  
DAFC  
Edinburgh Napier  
Fife Chamber of Commerce

Fife Council  
HBOS  
Lloyds TSB  
NHS Fife  
Planys Cloud Ltd  
Robert Purvis

Scottish Childrens Panel  
Scottish Engineering  
SEMTA  
Shell International  
University of Abertay  
University of St Andrews

## 31 FE Bursary and other Student Support Funds

	FE				Year ended 31	Year ended 31
	Bursary	Hardship	EMA's	Other	March	July
	£000	£000	£000	£000	2014	2013
Balance brought forward	36	4	(13)	3	67	62
Allocation received in year	5,580	350	510	263	6,703	7,854
	<u>5,616</u>	<u>391</u>	<u>497</u>	<u>266</u>	<u>6,770</u>	<u>7,916</u>
Expenditure	(5,855)	(32)	(497)	(170)	(6,843)	(7,883)
Repayable to Funding Council as Clawback	(9)	(20)	-	-	(29)	(20)
College Contribution to funds	19	(7)	-	-	19	59
Virements	-	(48)	-	-	(48)	(5)
Balance Carried forward	<u>(50)</u>	<u>(5)</u>	<u>-</u>	<u>96</u>	<u>41</u>	<u>67</u>
Represented by						
Repayable to Funding Council as Clawback	-	-	-	-	-	-
Retained by College for Students	<u>(50)</u>	<u>(5)</u>	<u>-</u>	<u>96</u>	<u>41</u>	<u>67</u>
	<u>(50)</u>	<u>(5)</u>	<u>-</u>	<u>96</u>	<u>41</u>	<u>67</u>

All grants are available solely for students the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

32 FE Childcare Funds	Year ended 31 March 2014 £000	Year ended 31 July 2013 £000
Balance brought forward	65	46
Allocation received in year	741	1,008
	<u>807</u>	<u>1,054</u>
Expenditure	(863)	(994)
Repayable to Funding Council as Clawback	(65)	-
College contribution to funds	118	-
Virements	48	5
Balance Carried forward	<u>45</u>	<u>65</u>
Represented by		
Repayable to Funding Council as Clawback	-	-
Retained by College for Students	45	65
	<u>45</u>	<u>65</u>

Childcare Fund transactions are included within the College Income & Expenditure account in accordance with Accounts Direction issued by the Scottish Funding Council

33 Capital Commitments	Year ended 31 March 2014 £000	Year ended 31 July 2013 £000
Contracted for at 31 March 2014	<u>-</u>	<u>-</u>

#### 34 Post Balance Sheet Events

In October 2010 the UK Office of National Statistics made a decision to reclassify further education colleges to central government bodies from 1 April 2014

The key changes will be as follows

\* the year end will move from 31 July to become in line with central government year end of 31 March

\* the college will move under central government budgeting regime which will restrict the use of reserves and the ability to carry forward surpluses



