



anguscollege

Report & Financial Statements

for the year ended 31 July 2009

Scottish Charity No. SCO21175

Index

	Page
Operating and Financial Review	2-8
Corporate Governance Statement	9-13
Statement of the Board of Governors' Responsibilities	14-15
Report of the Auditors to the Board of Governors	16-18
Statement of Principal Accounting Policies	18-21
Income and Expenditure Account	22
Statement of Historical Cost Surpluses and Deficits	23
Statement of Total Recognised Gains and Losses	23
Balance Sheet	24
Cash Flow Statement	25
Notes to the Accounts	26-44

NATURE, OBJECTIVES AND STRATEGIES

The Board of Governors has pleasure in submitting the audited financial statements for the year ended 31 July 2009.

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 16th 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 2009.

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 14,000 students in 2008/09 from a population of 110,000.

The College employed 468 staff in total in 2008/09 or 262 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)

Strategic Planning

In June 2009 the College adopted a strategic plan for the period 1 August 2009 to 31 July 2012.

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.

The key strategic objectives for the period 2009 to 2012 are:

- To offer a College curriculum which is relevant and beneficial in meeting learners' needs nationally and in our community.
- To ensure the College offers accessible and inclusive education and training opportunities throughout our Community.
- To ensure that the College has an embedded culture of continuous quality improvement.
- To ensure the College is financially sustainable.
- To ensure the College demonstrates effective governance and management practices.

Key Performance Indicators - 2008/09

The College has an agreed set of 24 criteria by which we will judge our success in achieving the 2010 Vision. These criteria reflect 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	10,500	13,800
Weighted SUMS	40,114 (Contract with SFC)	47,500
Early Retention (SRR1)	Top quartile of Scotland's Colleges	97.5%
Student Retention (SRR2)	Top quartile of Scotland's Colleges	95.9%
Student Achievement (SARU)	Top quartile of Scotland's Colleges	93.1%
Positive Student Outcome (PSO)	Top quartile of Scotland's Colleges	95.5%
Local Community Perception - level of satisfaction	80%	> 80%

Operating and Financial Review (continued)

Two areas with potential for improvement are the percentage of College courses reaching our own aspirational targets for Positive Student Outcome and certain aspects of our own aspirational financial platform for future sustainable development (see following comment).

Financial Sustainability

As part of the key criteria in terms of meeting the College Vision by 2010 the goal is 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
- 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

It is likely that, given the recession and limited growth funding, there may be some compromise necessary on turnover/income and commercial income generated in 2009/2010.

FINANCIAL POSITION

Financial Results

The College's income has increased to £12.2m for the year to 31 July 2009 (2007/08 £11.5m), with expenditure increasing in 2008/09 to £12m from £11.3m in 2007/08. The College's income and expenditure account for the period shows a surplus of £193,000 (2008: surplus £153,000 - restated). This represents 1.58% of total income for 2008/09 (1.33% for 2007/08 - restated). £126,000 (2008: £126,000) has been transferred from the revaluation reserve to the income and expenditure account giving a surplus available for carry forward of £3,675,000 (2008: £3,356,000). The College budgeted for a surplus of £29,000 for 2008/09.

At 31 July 2009 the College had accumulated reserves of £8.2m and cash balances of £2.5m. 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 £823,000. This was split between land and buildings of £558,000 and equipment purchased of £265,000.

The College has significant reliance on the Scottish Funding Council for its principal funding source, largely from recurrent grants. In 2008/09 the Scottish Funding Council provided 76% of the College's total income, therefore non SFC income represents 24.0% of total income in 2008/09 (24.2% in 2007/08).

Operating and Financial Review (continued)

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 2008/09 the College utilised £230,000 from operating activities, with further cash inflows from investment interest received (£156,000) and capital grants received (£341,000). With cash outflows for the purchase of fixed assets amounting to £823,000, the net outflow of funds in 2008/09 was £556,000.

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 (£2,100,000). For the current year the College had 79.3 days cash (104.2 in 2007/08).

Liquidity

The College has a Current Asset: Current Liability ratio of 3.6:1, one of the highest in the sector, which indicates a very strong liquidity position. The College's sole borrowing is a small interest free loan of £15,000.

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 19.6 days purchases (2008: 34days).

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Review of Academic Year 2008/2009 and Future Development

Student numbers and achievements

In Session 2008/2009 Angus College enrolled a record number of students, 13,860, an increase of 16% and turned out at 47,500 Weighted SUMS, some 16% 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 school pupils and seen a growing demand for Extended Learning Support as we meet the needs of a more diverse client group.

Future Developments

We have continued to invest in new and improved facilities and 2009/2010 academic year will open with a major modernisation of Engineering Workshops (£500,000), a new training restaurant called '56' and a new learning centre based in Brechin High School.

Our ambition remains that of maintaining our position to be Scotland's best community college by 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 to achieve the sustainable financial platform for aspirational development in order that we can fulfil our educational ambitions.

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.

People

The College employs 262 people (expressed as full time equivalents), of whom 138 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.

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 2010 the Board of Governors will consider the Audit Committee's annual assessment for the year ended 31 July 2009.

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 2009 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.

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

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

Operating and Financial Review (continued)

Equal Opportunities and employment of disabled persons

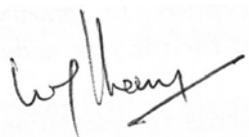
The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. The College's policy is to provide training, 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 15 December 2009 and signed on its behalf by:

Chairman



Principal



Professional Advisers

External Auditors: 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 2009.

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 2009 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	Eligible for Re-election	Term of office
Mr Sandy Watson OBE (Chair) Chair, NHS Tayside	1,2,3	April 1997	Retired 31/03/09	
Mr Graham Hay (Chair from 01/04/09) Retired, Proprietor, Human Resource Consultant	1,2,3	April 2002		4 years Retires 31/03/14
Cllr William Howatson (Vice Chair) Councillor/Journalist	3	April 1997	Retired 31/03/09	
Mr Paul Grant (Vice Chair from 01/04/09) Owner/Mgn Director, MacKays Ltd	2	April 2006		4 years
Mr John Burt OBE Principal, Angus College	1,2			
Mr David Anderson Chartered Accountant	1	Nov 2007	31/10/09	2 years
Mrs Mary Brownlow Trainer, Care Industry	3	April 2006	31/03/10	4 years
Mrs Gail Forbes Partner, Forbes of Kingennie		April 2006	31/03/10	2 years
Mr Andrew Lauchlan Chairman, John M Henderson & Co Ltd	1	April 2002	Resigned 31/08/08	
Mr William Lawrie Farmer	1,3	April 1999	31/03/11	4 years Retires 31/03/11
Mr Douglas Mackintosh Solicitor	2	April 2003	31/03/11	4 years
Mr Gary Malone Manager, Angus Volunteer Centre	3	Nov 2007	31/10/09	2 years
Ms Lorraine Young Strategic Planner, Angus Council	1	Sept 2008	31/08/12	4 years
Mr Mike Ferguson Solicitor	1	April 2009	31/03/13	4 years
Mr John Forster Mgn Director, Forster Roofing	3	April 2009	31/03/13	4 years
Mr David Sawers Chief Executive, Angus Council	2	April 2009	31/03/11	2 years
Mr John Smith Farmer	3	April 2009	31/03/11	2 years
Ms Audrey Smith Support Staff Representative		June 2008	31/03/10	2 years
Ms Cherry Hopton Academic Staff Representative		April 2009	31/03/11	2 years

Mrs Jackie Howie acts as Clerk to the Board of Governors

Statement of Corporate Governance and Internal Control (continued)

- 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 2009 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

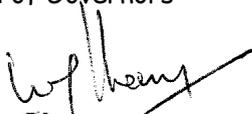
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 2009 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 2009 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 27/11/09

Principal



Date 27/11/09

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.

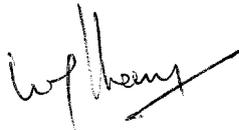
The Board of Governors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. In January 2010 the Board of Governors will consider the Audit Committee's annual assessment for the year ended 31 July 2009.

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 2009 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 27/11/09

Principal



Date 27/11/09

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;
- 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 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)

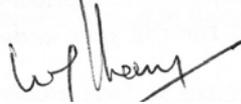
The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- 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 27/11/09

Principal



Date 27/11/09

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 2009 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 2009; 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 judgements 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 2009 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 2009; and

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

Tenon Audit Limited

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

Date: 7/12/09

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 being unable to identify the specific assets and liabilities in relation to the College's employees, there being a fixed rate for all employers in the scheme, has resulted in the College accounting for contributions to the scheme as if they were defined contribution schemes as permitted by FRS 17.

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
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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 2009

	<i>Notes</i>	Year ended 31 July 2009	Year ended 31 July 2008 Restated
		£000	£000
INCOME			
Funding Council Grants	<i>1</i>	9,275	8,709
Tuition fees and education contracts	<i>2</i>	1,857	1,773
Research grants and contracts	<i>3</i>	129	153
Other income	<i>4</i>	779	681
Endowment and Investment income	<i>5</i>	<u>156</u>	<u>183</u>
Total income		<u>12,196</u>	<u>11,499</u>
EXPENDITURE			
Staff costs	<i>6</i>	8,330	7,904
Additional pension enhancement provision	<i>16</i>	35	39
Other operating expenses	<i>8</i>	2,920	2,703
Depreciation	<i>10</i>	<u>718</u>	<u>700</u>
Total expenditure		<u>12,003</u>	<u>11,346</u>
Surplus on continuing operations after depreciation of fixed assets at valuation but before taxation		193	153
Taxation	<i>9</i>	<u>-</u>	<u>-</u>
Surplus on continuing operations after depreciation of fixed assets and taxation	<i>19</i>	193	153

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

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS for the year ended 31 July 2009

	<i>Notes</i>	Year ended 31 July 2009	Year ended 31 July 2008 Restated
		£000	£000
Surplus on continuing operations after depreciating assets		193	153
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	<i>19</i>	<u>126</u>	<u>126</u>
Historical cost surplus for the year		<u>319</u>	<u>279</u>

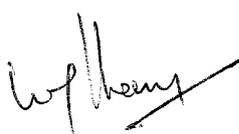
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 July 2009

	<i>Notes</i>	Year ended 31 July 2009	Year ended 31 July 2008 Restated
		£000	£000
Surplus after depreciation of assets at valuation		<u>193</u>	<u>153</u>
Total gains/(losses) recognised for the period		<u>193</u>	<u>153</u>
Reconciliation			
Opening reserves		8,017	7,864
Total recognised gains for the year		<u>193</u>	<u>153</u>
Closing reserves		<u>8,210</u>	<u>8,017</u>

BALANCE SHEET as at 31 July 2009

	<i>Notes</i>	Year ended 31 July 2009	Year ended 31 July 2008 Restated
		£000	£000
Fixed Assets			
Tangible assets	<i>10</i>	<u>13,802</u>	<u>13,697</u>
Current Assets			
Stock		4	3
Debtors	<i>12</i>	1,872	1,515
Investments		2,422	3,016
Cash at bank and in hand		<u>82</u>	<u>74</u>
		4,381	4,608
Creditors: amounts falling due within one year	<i>13</i>	<u>1,230</u>	<u>1,343</u>
Net current assets		<u>3,151</u>	<u>3,265</u>
Total assets less current liabilities		16,953	16,962
Creditors: amounts falling due after more than one year	<i>14</i>	10	15
Provisions for liabilities and charges	<i>16</i>	<u>922</u>	<u>898</u>
NET ASSETS		<u>16,021</u>	<u>16,049</u>
Deferred capital grants	<i>17</i>	7,811	8,032
Reserves			
Revaluation reserve	<i>18</i>	4,535	4,661
Income and Expenditure Account	<i>19</i>	<u>3,675</u>	<u>3,356</u>
Total reserves		<u>8,210</u>	<u>8,017</u>
TOTAL		<u>16,021</u>	<u>16,049</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 27/11/09
Principal		Date 27/11/09

CASH FLOW STATEMENT

for the year ended 31 July 2009

	<i>Notes</i>	Year ended 31 July 2009	Year ended 31 July 2008 Restated
		£000	£000
Cash flow from operating activities	<i>21</i>	(230)	227
Returns on investments and servicing of finance	<i>22</i>	156	183
Capital expenditure and financial investment	<i>23</i>	(482)	7
Management of liquid resources	<i>24</i>	594	(371)
Financing	<i>25</i>	<u>(5)</u>	<u>(5)</u>
(Decrease)/Increase in cash in the year		<u>33</u>	<u>41</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year		33	41
Cash inflow from financing		5	5
Cash inflow from liquid resources		<u>(594)</u>	<u>371</u>
Movement in net funds in year		(556)	417
Net funds as at 1 August 2008		<u>3,017</u>	<u>2,600</u>
Net funds at 31 July 2009	<i>26</i>	<u>2,461</u>	<u>3,017</u>

NOTES TO THE ACCOUNTS

1 Grants from Scottish Funding Council

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
Recurrent grant	7,035	6,709
Fee Waiver grant	1,180	1,141
Specific SFC grants:		
SFC funded projects	152	-
Funding for increased STSS contributions	40	81
Other SFC grants	190	194
Childcare	186	130
Releases of deferred capital grants		
Buildings (note 17)	273	252
Equipment (note 17)	<u>219</u>	<u>202</u>
TOTAL	<u>9,275</u>	<u>8,709</u>

NOTES TO THE ACCOUNTS

2 Tuition Fees and Education Contracts

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
UK Higher Education Students	537	447
Non EU Students	-	14
UK Further Education Students	<u>454</u>	<u>441</u>
Total fees paid by or on behalf of individual students	991	902
Education contracts	<u>866</u>	<u>871</u>
TOTAL	<u>1,857</u>	<u>1,773</u>

3 Research Grants and Contracts

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
Other grants and contracts	58	85
Release from deferred capital grant (non-SFC) (Note 17)	<u>71</u>	<u>68</u>
TOTAL	<u>129</u>	<u>153</u>

4 Other Income

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
European Commission	130	90
Catering	337	342
Other income	<u>312</u>	<u>249</u>
TOTAL	<u>779</u>	<u>681</u>

NOTES TO THE ACCOUNTS

5 Investment Income

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
Interest receivable	<u>156</u>	<u>183</u>

6 Staff Costs

	Year ended 31 July 2009	Year ended 31 July 2008
	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	138	131
Teaching support	15	15
Administration and central	60	59
Premises	20	21
Other income generating	14	13
Catering	<u>8</u>	<u>8</u>
TOTAL	<u>262</u>	<u>254</u>
Analysed as		
Staff on permanent contracts	233	227
Staff on temporary contracts	<u>29</u>	<u>27</u>
TOTAL	<u>262</u>	<u>254</u>

NOTES TO THE ACCOUNTS

6 Staff Costs (continued)

Staff costs for the above persons

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
Wages and salaries	6,946	6,598
Social security costs	489	467
Other pension costs	<u>895</u>	<u>839</u>
TOTAL	<u>8,330</u>	<u>7,904</u>
Senior Management	535	501
Teaching staff	4,638	4,410
Teaching support	560	520
Administration and central	1,824	1,673
Premises	360	333
Other income generating	274	337
Catering	<u>139</u>	<u>130</u>
TOTAL	<u>8,330</u>	<u>7,904</u>
Analysed as		
Staff on permanent contracts	7,559	7,129
Staff on temporary contracts	<u>771</u>	<u>775</u>
TOTAL	<u>8,330</u>	<u>7,904</u>

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 2009	Year ended 31 July 2008
	Number	Number
	Senior post-holders	Senior post-holders
£55,001-£65,000	5	5
£65,001-£75,000	-	1
£75,001-£85,000	1	-
£85,001-£95,000	-	-
£95,001-£105,000	<u>1</u>	<u>1</u>
TOTAL	<u>7</u>	<u>7</u>

A pay award was made to academic staff from August 2008 of 3%, to management and support staff of 3% and senior post holders of 3% also from August 2008.

7 Senior Post-Holders' Emoluments

	Year ended 31 July 2009	Year ended 31 July 2008
	Number	Number
The number of senior post-holders including the Principal was:	<u>7</u>	<u>7</u>
	£000	£000
Salaries	428	401
Pension contributions	<u>66</u>	<u>62</u>
Total emoluments	<u>494</u>	<u>463</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 2009	Year ended 31 July 2008
	£000	£000
Salary	91	86
Pension contributions	<u>13</u>	<u>12</u>
	<u>104</u>	<u>98</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 2009	Year ended 31 July 2008 Restated
	£000	£000
Teaching departments	955	871
Administration and central services	611	626
Premises costs	548	521
Planned maintenance	154	140
Other income-generating activities	41	19
Catering	180	179
Other expenses	<u>431</u>	<u>347</u>
TOTAL	<u>2,920</u>	<u>2,703</u>

Other Operating Expenses include:

Auditors' Remuneration		
- internal audit	13	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 2008	15,995	3,578	19,573
Additions	558	265	823
Disposals	<u>-</u>	<u>(34)</u>	<u>(34)</u>
At 31 July 2009	<u>16,553</u>	<u>3,809</u>	<u>20,362</u>
Depreciation			
At 1 August 2008	3,066	2,810	5,876
Charge for year	369	349	718
Eliminated in respect of disposals	<u>-</u>	<u>(34)</u>	<u>(34)</u>
At 31 July 2009	<u>3,435</u>	<u>3,125</u>	<u>6,560</u>
Net book value at 31 July 2009	<u>13,118</u>	<u>684</u>	<u>13,802</u>
Net book value at 1 August 2008	<u>12,929</u>	<u>768</u>	<u>13,697</u>
Inherited	4,535	-	4,535
Financed by capital grant (Note 17)	6,442	621	7,063
Other	<u>2,141</u>	<u>63</u>	<u>2,204</u>
Net book value at 31 July 2009	<u>13,118</u>	<u>684</u>	<u>13,802</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 2009	31 July 2008
	£000	£000
	<u>—</u>	<u>—</u>

11 Charitable Trust

Angus College Charitable Trust was set up in order to raise funds for future College developments and to provide assistance to students in financial hardship. The Trust is independent of Angus College.

12 Debtors

	31 July 2009	31 July 2008
	£000	£000
Debtors	188	196
Prepayments and accrued income	797	414
Prepaid property lease	<u>887</u>	<u>905</u>
TOTAL	<u>1,872</u>	<u>1,515</u>

(b) Operating Leases

	31 July 2009	31 July 2008
	£000	£000
Due within 1 year	32	32
Due between 2 and 5 years	128	128
Due after 5 years	<u>727</u>	<u>745</u>
	<u>887</u>	<u>905</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

13 Creditors: Amounts Falling Due Within One Year

	31 July 2009 £000	31 July 2008 £000
Overdraft	28	55
Loans	5	5
Trade creditors	175	251
Taxation and social security	259	242
Other creditors	352	583
Accruals	<u>411</u>	<u>207</u>
	<u>1,230</u>	<u>1,343</u>

14 Creditors: Amounts Falling Due After More Than One Year

	31 July 2009 £000	31 July 2008 £000
Loans	<u>10</u>	<u>15</u>

15 Borrowings

Loans

	31 July 2009 £000	31 July 2008 £000
Loans are repayable as follows:		
In one year or less	5	5
Between one and two years	5	5
Between two and five years	5	10
Over 5 years	-	-
TOTAL	<u>15</u>	<u>20</u>

During the year ended 31 July 2006 a £25,000 interest free loan was received from the Mathew Trust. This loan is repayable in 5 annual installments commencing on December 2007.

NOTES TO THE ACCOUNTS

16 Provisions for Liabilities and Charges

	Pension Enhancement £000
At 1 August 2008	898
Expenditure in the period	(60)
Transferred from income and expenditure account	49
Additional pension enhancement provision	<u>35</u>
At 31 July 2009	<u>922</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.

17 Deferred Capital Grants

	SFC £000	Other Grants £000	Total £000
At 1 August 2008			
Land and Buildings	4,529	1,961	6,490
Equipment	<u>1,482</u>	<u>60</u>	<u>1,542</u>
	<u>6,011</u>	<u>2,021</u>	<u>8,032</u>
Cash received			
Land and Buildings	271	-	271
Equipment	<u>43</u>	<u>27</u>	<u>70</u>
	<u>314</u>	<u>27</u>	<u>341</u>
Released to income and expenditure account			
Land and Buildings	(273)	(46)	(319)
Equipment	<u>(219)</u>	<u>(24)</u>	<u>(243)</u>
	<u>(492)</u>	<u>(70)</u>	<u>(562)</u>
At 31 July 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>

NOTES TO THE ACCOUNTS

18 Revaluation Reserve

	31 July 2009	31 July 2008
	£000	£000
At 1 August 2008	4,661	4,787
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets (Note 19)	<u>(126)</u>	<u>(126)</u>
At 31 July 2009	<u>4,535</u>	<u>4,661</u>

19 Movement on General Reserve

	Total
	£
Balance brought forward	3,356,000
Surplus on continuing operations before transfer from revaluation reserve	193,000
Transfer from revaluation reserve	<u>126,000</u>
Balance carried forward	<u>3,675,000</u>

20 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 £977,000 (2008: £914,000).

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:

Employees	6.4%
Employers	14.9%

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 31st 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. The total LGPS pension cost for the College was £383,000 (2007/08 £358,000). This includes £NIL (2007/08 £NIL) outstanding contributions at the balance sheet date.

NOTES TO THE ACCOUNTS

21 Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	Year ended 31 July 2009	Year ended 31 July 2008 Restated
	£000	£000
Surplus on continuing operations after depreciation of assets at valuation	193	153
Depreciation (note 10)	718	700
Deferred capital grants released to income (note 1&3)	(563)	(522)
Interest paid	-	-
(Increase)/Decrease in stocks	(1)	-
Decrease/(Increase) in debtors	(334)	112
(Decrease)/Increase in creditors	(111)	(66)
Increase in provisions	24	33
Interest receivable (note 5)	<u>(156)</u>	<u>(183)</u>
Net cash inflow from operating activities	<u>(230)</u>	<u>227</u>

22 Returns on Investments and Servicing of Finance

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
Other interest received (note 5)	156	183
Interest payable	<u>-</u>	<u>-</u>
Net cash inflow from returns on investments and servicing of finance	<u>156</u>	<u>183</u>

NOTES TO THE ACCOUNTS

23 Capital Expenditure

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
Purchase of tangible fixed assets	(823)	(560)
Deferred capital grants received	<u>341</u>	<u>567</u>
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(482)</u>	<u>7</u>

24 Management of Liquid Resources

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
Cash deposits	<u>(594)</u>	<u>371</u>

25 Financing

	Year ended 31 July 2009	Year ended 31 July 2008
	£000	£000
Repayment of loan	<u>(5)</u>	<u>(5)</u>
	<u>(5)</u>	<u>(5)</u>

NOTES TO THE ACCOUNTS

26 Analysis of Net Funds

	At 31 July 2008 £000	Cash Flows £000	At 31 July 2009 £000
Cash	74	8	82
Debt due within 1 year	(58)	25	(33)
Debt due after 1 year	(15)	5	(10)
Current asset investments	<u>3,016</u>	<u>(594)</u>	<u>2,422</u>
	<u>3,017</u>	<u>(556)</u>	<u>2,461</u>

27 Capital Commitments

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Commitments authorised but not contracted	-	-
Commitments contracted	<u>-</u>	<u>390</u>
	<u>-</u>	<u>390</u>

NOTES TO THE ACCOUNTS

28 Bursaries and other Student Support Funds

	FE Bursary Year Ended 31 July 2009 £000	FE Hardship Year Ended 31 July 2009 £000	EMAs Year Ended 31 July 2009 £000	Other Year Ended 31 July 2009 £000	Total Year Ended 31 July 2009 £000	Total Year Ended 31 July 2008 £000
Balance brought forward	143	56	(12)	23	210	228
Allocation received in year (prior to clawback)	1,479	143	334	81	2,037	1,972
Expenditure	(1,504)	(133)	(401)	(66)	(2,104)	(1,826)
Repaid to/by Funding Council/funding body (clawback)	<u>(143)</u>	<u>(56)</u>	<u>12</u>	<u>(2)</u>	<u>(189)</u>	<u>(102)</u>
Balance carried forward	<u>(25)</u>	<u>10</u>	<u>(67)</u>	<u>36</u>	<u>(46)</u>	<u>272</u>
Represented by:						
Repayable to Funding Council/ funding body as clawback	-	-	-	25	25	62
Virements	(25)	-	-	-	(25)	-
Retained by the college for students	-	10	(67)	11	(46)	210

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

29 FE Childcare Funds

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Balance brought forward	128	123
Allocation received in year	248	130
Expenditure	(212)	(125)
Repaid to Funding Council/funding body (clawback)	(104)	-
Virements	<u>(25)</u>	<u>-</u>
Balance carried forward	<u>35</u>	<u>128</u>
Represented by:	-	-
Repayable to Funding Council as clawback	35	128
Retained by college for students		

30 Prior Year Adjustment

In preparing the Annual Report for the year ended 31 July 2009, the Board of Governors took further advice in relation to the applicability of the accounting provisions of Financial Reporting Standard 17 (Retirement Benefits) ("FRS17") to the College's participation in the Tayside Superannuation Fund. FRS17 provides that where an entity participates in a multi-employer retirement benefit scheme, that entity should apply the accounting provisions, and recognize its share of the actuarial surplus or deficit on its balance sheet, only where the entity's share of scheme assets and liabilities has been tracked on a consistent and reasonable basis.

Having made enquiries of the scheme actuary, the Board of Governors have reached the conclusion that the scheme assets have not been tracked on a consistent and reasonable basis and that there is therefore scope within the administration of the scheme for a significant level of cross-subsidisation between participating employers. On that basis, the Board of Governors have assessed that the accounting provisions of FRS17 should not be applied in respect of the College's participation in the Tayside Superannuation Fund and that the charge to the Income and Expenditure for the year should represent only the value of the contributions made.

The effect of the change in accounting policy on the prior year figures are as follows:

- To reduce the operating surplus by £17,000
- To remove from the Statement of Total Recognised Gains and Losses, an actuarial loss for the prior year of £491,000
- To remove from the Balance Sheet at 31 July 2008, a Pension Liability and matching Pension Fund Reserve of £2,269,000.

NOTES TO THE ACCOUNTS

As the Board consider that no reliable figures are available in respect of the College's participation in the Tayside Superannuation Fund during the year ended 31 July 2009, they are unable to state the effect of the change in accounting policy on the current year results or financial position.

Reconciliation of Balance Sheet as at 31 July 2008

	As previously Stated £000	Revised 31 July 2008 £000
Total assets less current liabilities	16,962	16,962
Creditors: amounts falling due after more than one year	15	15
Provisions for liabilities and charges	898	898
Net Assets excluding pension liability	<u>16,049</u>	<u>16,049</u>
Pension liability	(2,269)	-
Net assets including Pension Liability	<u>13,780</u>	<u>16,049</u>
Deferred capital grants	8,032	8,032
Reserves		
Revaluation Reserve	4,661	4,661
Income and expenditure reserve	3,356	3,356
Pension reserve	<u>(2,269)</u>	<u>-</u>
Total reserves	<u>13,780</u>	<u>16,049</u>

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.

