Report and Financial Statements

For the year ended 31 July 2016

Registered Charity No: SC021188

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The financial statements on pages 24 to 55 were approved and authorised for issue by the Board of Management on 13 December 2016.

Performance Report

NATURE, OBJECTIVES and STRATEGIES

The Board of Management of Dundee and Angus College presents the report and the audited financial statements of Dundee and Angus College for the year ended 31 July 2016.

Legal Status

The College was established under the Further and Higher Education Act 1992. The College is a registered charity (Scottish Charity Number: SC021188) for the purposes of the Law Reform (Miscellaneous Provision) (Scotland) Act 2005.

Scope of the Financial Statements

The Financial Statements cover all activities of the College, and of its subsidiary company.

Mission and vision

The College's mission is to generate regional economic growth and social well-being through the provision of skills and education for individuals, employers and the wider community.

By 2020 our vision is to be a vibrant, dynamic and confident college that inspires success in its students and staff, delivers outstanding performance, and is highly regarded and sought after by partners, employers and the wider community.

In order to achieve this vision we aim to:

- Develop confident, successful learners who are inspired by their learning experience, achieve their full potential and are actively sought by employers
- Have a major impact on regional and national economic success
- Be highly valued and trusted by all who work with us
- Have staff who are excellent at what they do and are proud and happy to work here
- Create learning spaces and facilities that are dynamic, inviting and inspire success
- Deliver innovative and exciting technology solutions that widen access, transform learning and enhance work
- Ensure financial sustainability and generate significant funds for future investment

STATEMENT FROM PRINCIPAL

2015/16 has been a very successful year for the College.

Our academic performance has been noted in that we are the College with the most successful record in attainment for young people up to the age of 18.

Our learners from the 10% most deprived post codes achieved at 16 percentage points higher than the Scottish average for learners from all socio-economic backgrounds.

We have expanded the numbers of learners moving into advanced places at University year on year.

We are leading on the development of the school/college infrastructure to deliver the Developing the Young Workforce in our region and have more than doubled our activity with schools.

We have successfully negotiated enhanced credit targets with the Scottish Funding Council, one of the very few Colleges in Scotland to have growth recognised.

We have completed the transition to a new Principal, brought two new staff in to our Executive team, and have restructured our academic management team ready to face the challenges for the future.

We have been working hard this year on an outline business case to transform the Kingsway campus.

We have convened a meeting of Dundee and Angus Councils, and the Universities of Abertay and Dundee to look at efficiencies in the learner journey and in estates use. This collaboration supports the Tay Cities Deal.

RESOURCES

The College has various resources that it deploys in pursuit of its strategic objectives:

Estate

The College operates from three main campuses, one in Arbroath and two in Dundee – Kingsway and Gardyne. We have a 10-Year plan for dealing with backlog maintenance requirements. Planned and reactive maintenance programmes will be progressed within the funding available, and capital plans based on priorities which improve our students' learning experience.

As noted in the Statement from the Principal, an Outline Business Case setting out the College's ambition for the transformation of the Kingsway Campus has been produced and will be submitted to SFC to support our bid for funding for this important project.

Financial

The College has income of £39,262,000, net assets of £4,113,000 and a long-term loan of £6,857,000.

People

We have 1,075 staff across curriculum and support areas in our three campuses. We value the contribution made by all members of staff to the success of the College.

Reputation

The College has an excellent reputation locally, nationally and internationally. Maintaining a quality brand is essential to our on-going success ensuring we continue to attract students and grow external partnerships.

REGIONAL OUTCOME AGREEMENT 2016-2018

Over the period of this agreement, the College will deliver the following priority impacts:

1. To be a key contributor to the economic growth opportunities created by the Tay Waterfront and other developments by providing a skilled workforce to support anticipated jobs growth in areas such as hospitality, cultural tourism and the energy sector in partnership with employers, local authorities, and economic development agencies.

2. To deliver on the outcomes of the Commission for Developing Scotland's Young Workforce through working in close partnership with employers, schools and the university sector to deliver streamlined learning and skills opportunities that shorten learner journeys and enhance employment and progression opportunities.

3. To increase the proportion of credits delivered to learners from the 10% most deprived (SIMD) postcode areas by 3%.

4. To maintain sector leading levels of learner retention and attainment, with maintenance of a successful outcome ratio of over 80%.

5. To ensure the sustainability of the regional college through sound financial and resource management that allows reinvestment and directs the maximum level of resource towards learners.

PERFORMANCE ANALYSIS

In accordance with Scottish Funding Council (SFC) requirements, the College is required to publish and report progress against targets for national priorities. The performance indicators used by the College measure actual results against the following areas:

- Financial
- Human Resources
- Academic
- Student retention and Student outcome

These performance indicators are reported to the relevant Board Committee for discussion and to the full Board for information.

Our academic performance was once again outstanding and we are amongst the highest performing Colleges in the sector. Our Further Education pass rates were the best in Scotland and our Higher Education pass rates were in the top band of Colleges, well above the national average.

Our student retention rates at 86% were significantly better than the national average of 80%.

External assessment of our development in the form of our Education Scotland Annual Engagement reported best practice in employability and student support. The Scottish Funding Council's Merger Evaluation report again praised our progress as a merged College.

We have won many national awards including prizes for sustainability, learner engagement and student enterprise. We were the only Scottish College in the finalists for the Times Educational Supplement College of the Year award. We were also the North East of Scotland Employer of the Year in this year's cHeRries HR awards competing against major national companies.

FINANCIAL PERFORMANCE

In the year to 31 July 2016, the consolidated deficit was £2,426,000 (16 months to 31 July 2015 deficit of £1,492,000 before transition to FE/HE SORP 2015 and impairment reversal; surplus of £1,209,000 after transition and impairment reversal). However, underlying cash generation remained positive, with a net cash inflow from operating activities of £1,350,000 (16 months to 31 July 2015 outflow £759,000). Cash increased in the period by £245,000.

Comparative values have been revised where required for accounting under the new Financial Reporting Standard 102. Further details are given in Note 1 and adjustments detailed in Note 25.The most significant change has been the income recognition of non-government capital grants upon entitlement. The consequence has been to substantially increase income in the comparative accounting period.

Total comprehensive income for the year to 31 July 2016 is negative £11,153,000, after an actuarial pension scheme loss of £8,727,000. The comparative performance for the 16 months to 31 July 2015 is £4,229,000.

The group has accumulated reserves of £4,113,000 (2014/15 - £15,367,000); cash balances of £3,206,000 (2014/15 – £2,961,000) and a long-term loan of £6,857,000 (2014/15 - £7,429,000).

Pension liability increased from £11,209,000 to £20,523,000.

Tangible fixed asset additions during the year were £1,106,000, with a depreciation charge of £4,834,000.

Deficit resulting from the use of depreciation cash

One consequence of reclassification of colleges as central government bodies is that, from 1 April 2014, while colleges continued to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated and how the colleges spend the cash funds previously earmarked for depreciation. There is potential for this spend to move the college's Statement of Comprehensive Income into a deficit position.

Since reclassification, the funding which would in the past have been expected to produce a surplus for capital investment has been utilised to both deal with cost pressures and settle balance sheet liabilities where there is no alternative budget cover available.

The Scottish Funding Council has confirmed (in its letter to the College on 30 March 2015) that a deficit resulting from the College following its 30 January 2015 guidance should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the College's ongoing financial sustainability. Audit Scotland accepts that a deficit arising from the use of cash funding originally provided for non-cash depreciation does not indicate an underlying financial sustainability concern.

In the case of the College, net depreciation charged on assets funded from government sources for the year to 31 July 2016 amounts to £1,564,000. This funding has enabled us to continue to make the annual loan repayment of £571,000. The balance of £993,000 has been available to meet additional revenue costs and has contributed to the reported deficit for the 2015-16 accounting year.

The impact on the operating position from these additional costs is detailed below.

Table of net depreciation spend	
Revenue	**£'000**
Pay award	609
Increased national insurance and academic pension contributions	322
Other	62
Total impact on operating position	**993**

Review of Resource outturn for year ended 31 March 2016

Following the reclassification of colleges as public bodies on 1 April 2014, the College has been required to comply with government accounting and budgeting rules on a financial year basis (i.e. to the end of March). The college is given a revenue resource budget (RDEL) and a capital resource budget (CDEL) and must account for this budget on a financial year basis. The resource budgets and final outturn for 2015-16 are outlined below:

	RDEL £'000	CDEL £'000
Final Resource budget for year ended 31 March 2016	33,979	661
Expenditure against resource budget	33,841	692
Net underspend/(overspend) against budget	138	(31)

An RDEL underspend is permissible, and necessary, to meet balance sheet liabilities.

The CDEL overspend was a consequence of unforeseen difficulties.

In addition, the college received a non-cash budget from the government to cover depreciation costs.

Student Numbers

In 2015/16 the College successfully delivered the core Credit target, as set out in the Regional Outcome Agreement with SFC, along with one tranche of ESF credits allocated at the start of the year and a final tranche allocated in March 2016. This brought the total additional ESF credits delivered to 5,101, representing almost an extra 5% of our core allocation.

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 Policy

The College is required by the Scottish Public Finance Manual to have minimum cash holding. Consequently, interest received is now minimal and the College no longer places money on deposit.

Creditor Payment Policy

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires the College, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the financial year to 31 July 2016, the College incurred no interest charges in respect of late payment for this period.

FINANCIAL OUTLOOK

The financial outlook for the College Sector – as with the wider Public Sector – is certain to be a challenging one. It is highly likely that revenue funding settlements will continue to be very tight, while cost pressures, particularly relating to pay, continue to mount.

This means the College must continually find efficiencies and grow the contribution from non-SFC income in order to achieve a balanced financial position. A strategy for financial sustainability will be developed, to be achieved through a blend of sound financial management and transformational change.

PRINCIPAL RISKS AND UNCERTAINTITIES

Within its Regional Outcome Agreement, the College identifies risks with its Risk Register. Key Risks are categorised in three areas: strategic and structural, financial, and operational. For all key risks, the consequences, impact, likelihood, mitigating controls, residual risk and lead manager or team are identified.

The highest scoring risk areas are as follows:

- failure to achieve financial sustainability, including a new threat of loss of funding following the outcome of the EU referendum;
- non-availability of funding for capital projects, including from SFC and the Dundee & Angus Foundation;
- increasing pay cost pressures and deterioration in industrial relations;
- negative consequences of college reclassification;

STAKEHOLDER RELATIONSHIPS

The College has many stakeholders, including: SFC, Dundee City Council, Angus Council, NHS Tayside, Scottish Enterprise, Skills Development Scotland, The University of Abertay Dundee, The University of Dundee, local schools, employers, other colleges, the local community and our many international partners.

Equal Opportunities and Employment of Disabled Persons

Dundee & Angus College is committed to a comprehensive policy of equal opportunities for its staff, students and other stakeholders and undertakes to adhere to all relevant legislation. The College will ensure that all staff, students and other stakeholders are treated equally, regardless of age, disability, family responsibility, marital status, race, colour, ethnicity, nationality, religion or belief, gender, sexual orientation, trade union activity, or unrelated criminal convictions.

We recognise that some of our students are “vulnerable” owing to their youth, their mental capacity and/or personal circumstances. We will ensure that there are robust procedures in place to identify and support any individuals who may be or are subject to any form of abuse.

The College strives to eliminate all forms of discrimination and to celebrate the diversity of the people who are directly and indirectly involved in the College.

Dundee & Angus College welcomes enquiries from applicants with a disability or learning difficulty. Our policy is to assess applications from disabled persons on the same grounds that are applied to all candidates. The College is committed to improving access to all College buildings and to improving services for disabled students.

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001and 2005.

Climate Change (Scotland) Act 2009
The College is fully aware of its obligations and is fully committed to compliance with the sustainability reporting requirements of the Climate Change (Scotland) Act 2009.

Disclosure of information to auditor
The Board members 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 auditor is unaware; and each Board member 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 auditor is aware of that information.

Approved by order of the members of the Board on 13 December 2016 and signed on its behalf by:

Angela McCusker	**Grant Ritchie**
Chair	Principal

Accountability Report

Corporate Governance Report

Introduction
Dundee & Angus College is committed to exhibiting good practice in all aspects of corporate governance. This summary is written to assist the reader of the financial statements understand how the principles have been applied.

Directors' Report
Dundee & Angus College's Board of Management is constituted in accordance with the requirements of the Further and Higher Education (Scotland) Act, 1992. A number of further responsibilities are included in the Further and Higher Education (Scotland) Act 2005 and the Post-16 Education (Scotland) Act 2013, the Board of Management is required to address these.

The Board comprises lay members, employees and two student representatives. The roles of the Board Chair and Vice Chair are separated from the role of the College Principal, who, as Chief Executive, holds the only executive role on the Board. A list of Board Members for 2015/16 is included on page 13.

A short biography of each Board Member together with their Register of Interests can be accessed on our website. The following link can be used https://dundeeandangus.ac.uk/about-us/governance/

The Board of Management meets formally at least four times each year. It has established the undernoted Standing Committees, all of which are formally constituted with Terms of Reference, as delegated by the Board of Management. All the committees are chaired by a lay member of the Board. The committees are:

- Chairs' Committee
- Audit Committee
- Finance & Property Committee
- Human Resources and Development Committee
- Learning, Teaching & Quality Committee

A list of Committee Members for 2015/16 is included on page 14.

The Chairs' Committee makes recommendations to the Board with regard to membership issues – the filling of vacancies, periods of office and re-election (in accordance with agreed procedures and in line with requirements of Further and Higher Education (Scotland) Act, 1992 and relevant ministerial guidance). The Chairs' Committee has fully delegated authority from the Board to consider and determine salaries and conditions of service for members of the College Senior Leadership Team.

Senior Management Executive officers during the year are listed in the Remuneration and Staff Report.

The Finance & Property Committee meets a minimum of four times each year. It recommends to the Board of Management the College's annual revenue and capital budgets (in consultation with other Standing Committees – Human Resource and Development and Learning, Teaching and Quality) and monitors performance in relation to the approved budgets.

The Audit Committee meets four times each year, with the College's external and internal auditors in attendance. The 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 members of senior management attend Audit Committee meetings, they are not members of the Committee.

Governance Statement

Statement of Compliance

In the opinion of the Principal as Accountable Officer and the Board of Management, governance of the College is compliant with the principles of the Code of Good Governance for Scotland's Colleges (the Code), which came into effect in December 2014, and has been compliant for the period from 1 August 2015 – 31 July 2016.

Corporate Strategy

The Board of Management has responsibility for the on-going strategic direction of the College, for the approval of major developments and for the receipt of regular reports from members of the College Executive on the day-to-day operations of its business.

In respect of its strategic and development responsibilities, each year the Board of Management holds strategic development events jointly with the College Executive. The timing of events is arranged to facilitate Board Members' input to the College's Regional Outcome Agreement.

Board's Statement on Internal Control

The Board of Management is 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 Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control. The Board of Management receives reports on risk from the Executive and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting on exception.

The Executive receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the operational planning process. The Executive and the Audit Committee also receive regular reports from the College's Internal Auditors and the appropriate health, safety and environmental monitoring functions which include recommendations for improvement.

Risk Management has been developed further within Dundee & Angus College and a revised Risk Register has been compiled and is included in the Regional Outcome Agreement.

Regular Risk reports are prepared for the Board of Management and reported via the Audit Committee.

For all the major corporate risks that were identified, action plans to address the risks are in place, with monitoring and the reporting arrangements in place (as outlined above).

The Board of Management is of the view that there is an ongoing process for identifying, evaluating and managing the institution's significant risks that have been in place for the period ended 31 July 2016 up to the date of approval of the annual reports and accounts. This process is regularly reviewed by the Board of Management and accords with the internal control guidance as applicable to the further education sector.

The College also complies with current directives including the revised Scottish Funding Council Financial Memorandum – effective from 1 December 2014

Going Concern

The Board of Management considers that the College has adequate resources and arrangements to ensure the continuation of its functions within the public sector for the foreseeable future.

Signed on Behalf of the Board of Management

____________________________ **Date :** ____________________

Angela McCusker
Chair

____________________________ **Date :** ____________________

Grant Ritchie
Principal

DUNDEE & ANGUS COLLEGE - Board of Management Membership

Member's Name	Appointed	Term Ends	Status of Appointment	Profession/Specialism	Chairs
Angela McCusker Regional Chair	July 2014	03/07/18	Scottish Government Appointment	Business, Management, Finance	Board of Management Chairs Committee
Paul Grant	March 2015	30/09/16	Ordinary Member	Business, Manufacturing, HR	Audit Committee
Mike Galloway	March 2015	31/05/17	Ordinary Member	Management, Planning	
Margo Williamson	June 2014	31/05/17	Ordinary Member	Management, Education	Learning, Teaching & Quality Committee
Gary Bissett	June 2014	31/05/17	Ordinary Member	HR, Management, Manufacturing	
Gary Langlands	June 2014	27/09/16	Ordinary Member	Business, Marketing, ICT	
Steven Mill	June 2014	31/05/17	Ordinary Member	Finance, Management	
Wendy Loudon	June 2014	31/05/17	Ordinary Member	Management, HR, Transformation	
Pamela Milne	March 2015	31/03/19	Ordinary Member	HR, Management	Human Resources Committee
George Robertson	March 2015	31/03/19	Ordinary Member	Finance, Management	Finance & Property Committee
Steven Watt	March 2015	31/03/19	Ordinary Member	ICT, Management	
Jane Richardson	Jan 2016	31/12/20	Ordinary Member	Marketing & Brand Management, Management	
Martin Ellins	Jan 2016	31/12/20	Ordinary Member	Energy / Engineering Management	
Grant Ritchie	August 2015	–	Principal		
Sonja Cargill	November 2013	31/10/17	Non-Teaching Staff Member		
Alan O'Neill	April 2015	31/03/17	Teaching Staff Member		
Shazz Muhammad	August 2015	31/07/17	Student Member		

DUNDEE & ANGUS COLLEGE - BOM & Committee Attendance Record – 1 August 2015 – 31 July 2016

Member's Name	Board of Management	Audit Committee	Finance & Property Committee	HR & Development Committee	Learning, Teaching & Quality Committee
Angela McCusker	4/4		4/4		3/4
Paul Grant	3/4	3/4		1/4	
Mike Galloway	2/4		2/4	2/4	
Margo Williamson	3/4	4/4			4/4
Gary Bissett	4/4		3/4	3/4	
Gary Langlands	1/4	4/4		3/4	
Steven Mill	1/4		4/4		2/4
Wendy Loudon	4/4		1/4	4/4	
Pamela Milne	4/4	3/4		3/4	
George Robertson	3/4		4/4		2/4
Steven Watt	2/4	3/4			3/4
Sonja Cargill	4/4		4/4	4/4	3/4
Alan O'Neil	3/4		3/4	4/4	4/4
Jane Richardson	2/2	4/4			3/3
Grant Ritchie	4/4		4/4	4/4	4/4
Shazz Muhammad	3/4				4/4
Martin Ellins	2/2	2/2			2/2

Remuneration and Staff Report

Remuneration Policy

Annually the remuneration of the Principal and Executive Team is the subject of a discussion at the Chairs' Committee – which serves as a Remuneration Committee. In 2015/16 the terms offered to the Principal and Executive Team were the same as those offered to academic staff.

Staff Report

During the year to 31 July 2016 the College employed 687 full-time equivalent staff. At 31 July 2016 the staff headcount was 1,075, comprising of 680 females and 395 males.

Full disclosure of staff costs of £26,598,000 is given in Note 7 to the Accounts.

Agency staff costs, of £224,000, is given in Note 9. Other than one individual engaged under a shared service agreement, with Advanced Procurement for Universities and Colleges, all amounts are paid for temporary staff on an ad hoc basis to cover staff absence or to obtain specialisms not available from permanent staff.

Expenditure on consultancy directly incurred by the College, other than that provided by the vendor as part of an installation project, was £21,000 and is included within agency costs above.

Working days lost through sickness was 2.6%, which remains unchanged from the previous year.

Through the merger transition phase, Dundee and Angus College has taken the opportunity to review and update the full suite of HR policies and related operating processes. This includes the creation of agreed policies in areas including: Recruitment and Selection; Equality and Diversity; Dignity at Work; Staff Induction and Continuing Professional Development.

All HR and related policies are developed in line with up to date HR practices and all are developed and finalised through our Policy Review Group comprising HR team members and representatives from our recognised trades unions.

Monitoring, reporting and action planning in respect of equality related metrics is outlined within our biennial Equalities Mainstreaming Report and feedback on inclusiveness is considered on a regular basis through our Cross-College Equality and Diversity Strategy Group and regular Employee Engagement Surveys.

Remuneration including salary and pension entitlements

The following tables provides detail of the remuneration and pension interests of senior management and are subject to audit.

	12 months ended 31 July 2016			16 months ended 31 July 2015		
Name	**Salary Band £'000**	**Pension Benefit £'000**	**Band Total £'000**	**Salary Band £'000**	**Pension Benefit £'000**	**Band Total £'000**
Ms A McCusker	15-20	-	15-20	15 - 20	-	15 - 20
Mr G J Ritchie	120-125	285-290	410-415	120 - 125	30 - 35	150 - 155
Mr G Westwater	50-55	5-10	60-65	105 - 110	20 - 25	125 - 130
Mr R Mudie	80-85	20-25	105-110	105 - 110	25 - 30	130 - 135
Mrs H D Archibald	30-35	5-10	40-45	105 - 110	25 - 30	130 - 135
Mr S Taylor	80-85	20-25	105-110	105 - 110	30 - 35	135 - 140
Ms C Blake	25-30	5-10	30-35	-	-	-
Mr S Hewitt	55-60	15-20	75-80	-	-	-

Annual Equivalent	12 months ended 31 July 2016			16 months ended 31 July 2015		
Name	**Salary Band £'000**	**Pension Benefit £'000**	**Band Total £'000**	**Salary Band £'000**	**Pension Benefit £'000**	**Band Total £'000**
Ms A McCusker	15-20	-	15-20	10 - 15	-	10 - 15
Mr G J Ritchie	120-125	285-290	410-415	90 - 95	20 - 25	110 - 115
Mr G Westwater	50-55	5-10	60-65	80 - 85	15 - 20	95 - 100
Mr R Mudie	80-85	20-25	105-110	80 - 85	20 - 25	100 - 105
Mrs H D Archibald	30-35	5-10	40-45	80 - 85	15 - 20	95 - 100
Mr S Taylor	80-85	20-25	105-110	80 - 85	20 - 25	100 – 105
Ms C Blake	25-30	5-10	30-35	-	-	-
Mr S Hewitt	55-60	15-20	75-80	-	-	-

Median Remuneration
Colleges are required by the FReM to disclose the relationships between the remuneration of the highest paid official and the median remuneration of their workforce. Based on the 12 month equivalent figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2015-16 was £120,000 - £125,000 (2014-15 £130,000 - £135,000). This was 3.7 times (2014-15: 4.2 times) the median remuneration of the workforce which was £34,377 (2014-15 £30,705).

Accrued Pension Benefits
Pension benefits for teaching staff are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme. The Pension Benefit in the above tables does not represent the cash value of pension contributions made in the year. It is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the member, as required by The Financial Reporting Manual 2015-16 issued by HM Treasury.

STSS is provided by the Scottish Public Pension Agency. It remains a final salary pension scheme for protected members only and, since 1 April 2015, is now a Career Average Revalued Earnings (CARE) scheme for the majority of members.

Non-teaching staff are enrolled into the Local Government Pension Scheme (LGPS). Benefits for all members of this scheme are now provided under CARE arrangements since transition on 1 April 2016.

Contribution rates for both schemes are set annually for all employees and can be found in Note 14.

There is no longer any automatic entitlement to a lump sum. STSS members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. LGPS members can access pension under new pension release rules introduced in April 2015.

Senior Officials Pension

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below, together with the pension contributions made by the College. All are members of the STSS scheme.

Name	Accrued pension at pension age at 31 July 2016	Accrued lump sum at pension age at 31 July 2016	Real increase in pension 1 August 2015 to 31 July 2016	Real increase in lump sum 1 August 2015 to 31 July 2016	CETV at 31 July 2016	CETV at 31 July 2015	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ms A McCusker	-	-	-	-	-	-	-
Mr G J Ritchie	45 - 50	145 - 150	10-15	35 - 40	1,104	783	306
Mr G Westwater	20 - 25	60 - 65	0 - 5	0 - 5	360	352	4
Mr R Mudie	35 - 40	110 - 115	0 - 5	0 - 5	923	884	29
Mrs H D Archibald	5 - 10	-	0 - 5	-	103	96	3
Mr S Taylor	35 - 40	-	0 - 5	-	476	442	24
Ms C Blake	0 - 5	-	0 - 5	-	7	-	4
Mr S Hewitt	5 - 10	-	0 - 5	-	52	42	8

Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

(i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.

(ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

The table below summarises the exit packages by cost band.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£10,000 - £25,000		1	1
Total cost (£)		**20,500**	**20,500**

Salaries and Related costs

	2016	2016	2016	2015 (16 months)
	Directly employed staff £'000s	Seconded and agency staff £'000s	Total	Total
Wages and salaries	21,088	203	21,291	27,038
Social security costs	1,638	0	1,638	1,902
Other pension costs	3,872	0	3,872	4,514
Total	**26,598**	**203**	**26,801**	**33,454**
Average number of FTE	687	6	693	679

The college employed 680 females and 395 males as at 31 July 2016.

Approved by order of the members of the Board on 13 December 2016 and signed on its behalf by:

____

Angela McCusker
Chair

Professional Advisers

External Auditor
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Internal Auditor
Henderson Loggie
20 Greenmarket
Dundee
DD1 4QB

Banking
The Royal Bank of Scotland
277 Strathmartine Road
Dundee
DD3 8NS

Santander UK PLC
301 St Vincent St
Glasgow
G2 5HN

Solicitors
Thorntons WS
Whitehall House,
33 Yeaman Shore
Dundee
DD1 4BJ

Statement of the Board of Management's Responsibilities

In accordance with the Further and Higher Education (Scotland) Act, 1992 the Board of Management 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 Management 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) Acts (1992 and 2005), the Statement of Recommended Practice on Accounting for Further and Higher Education, the 2015-16 Government Financial Reporting Model (FReM) issued by the Scottish Government and other relevant accounting standards.
In addition, within the terms and conditions of the Financial Memorandum agreed between the College and the Scottish Funding Council the Board of Management, through its designated office holder, the 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 Management 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 Management is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements

The Board of Management has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council 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

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 quarterly 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 Management

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance & Property Committee

- the College has appointed Internal Auditors whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management 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 misstatements or loss.

Signed on Behalf of the Board of Management

Date: 13 December 2016

Angela McCusker
Chair

Independent Auditor's Report

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

We have audited the financial statements of Dundee and Angus College and its group for the year ended 31 July 2016 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 Consolidated Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheets, Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Financial Reporting Standard (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.

Respective responsibilities of the Board of Management and auditor

As explained more fully in the Statement of the Board of Management's Responsibilities, 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.

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 circumstances of the college and its group 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 Report and Financial Statements 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 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 affairs of the college and its group as at 31 July 2016 and of its deficit for the year 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 (as amended).

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 part of the Remuneration Report to be audited has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Ministers; and
- the information given in the Performance Report for the financial year 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 and the part of the Remuneration and Staff Report to be audited 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 Governance Statement does not comply with Scottish Funding Council requirements.

We have nothing to report in respect of these matters.

Andrew Shaw for and on behalf of KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2016

	Note	2016 £000 12 Months	2015 £000 16 Months
Income			
Funding council grants	2	30,327	41,432
Tuition fees and education contracts	3	5,824	7,580
Other grants and contracts	4	1,198	3,596
Other income	5	1,904	2,436
Investment income	6	9	29
Total income		**39,262**	**55,073**
Expenditure			
Staff costs	7	26,598	33,454
Fundamental restructuring costs	7	-	836
Other operating expenses	9	9,623	13,661
Depreciation	11	4,834	5,781
Reversal of previous impairment charges	11	-	(1,011)
Interest and other finance costs	10	633	1,170
Total expenditure		**41,688**	**53,891**
(Deficit)/Surplus before other gains losses and share of operating surplus or deficit of associates		**(2,426)**	**1,182**
Gain on disposal of fixed assets		-	27
Share of operating surplus/(deficit) in associate	24	-	-
(Deficit)/Surplus before taxation		**(2,426)**	**1,209**
Actuarial (loss)/gain in respect of pension scheme		(8,727)	3,140
Unrealised (deficit) on revaluation of tangible fixed assets		-	(120)
Total comprehensive income for the year		**(11,153)**	**4,229**

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 July 2016

	Note	2016 £000 12 Months	2015 £000 16 Months
Represented by:			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		-	2,214
Unrestricted comprehensive income for the year		(11,153)	2,015
		(11,153)	**4,229**
(Deficit)/Surplus for the year attributable to:			
Non-controlling interest		-	-
College		(2,426)	1,209
		(2,426)	**1,209**
Total comprehensive (expenditure)/income for the year attributable to:			
Non-controlling interest		-	-
College		(11,153)	4,229
		(11,153)	**4,229**

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

The accompanying notes form part of these financial statements.

Consolidated and College Statement of Changes in Reserves
For the year ended 31 July 2016

	Income expenditure reserves			Revaluation	Total
	Endowment	**Restricted**	**Unrestricted**	**reserve**	
Consolidated	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2014	**-**	**-**	**(4,014)**	**15,051**	**11,037**
Surplus/(Deficit) from the income and expenditure statement	-	2,214	(1,005)	-	1,209
Other comprehensive income	-	-	3,140	(120)	3,020
Transfers between revaluation and income and expenditure reserve	-	-	1,343	(1,343)	-
Release of restricted funds spent in year	-	(1,906)	1,906	-	-
Total comprehensive income for the year		308	5,384	(1,463)	4,229
Balance at 1 August 2015	**-**	**308**	**1,370**	**13,588**	**15,266**
Surplus/(Deficit) from the income and expenditure statement	-	-	(2,426)	-	(2,426)
Other comprehensive income	-	-	(8,727)	-	(8,727)
Transfers between revaluation and income and expenditure reserve	-	-	918	(918)	-
Release of restricted funds spent in year	-	(308)	308	-	-
Total comprehensive income for the year	-	(308)	(9,927)	(918)	(11,153)
Balance at 31 July 2016	**-**	**-**	**(8,557)**	**12,670**	**4,113**
College					
Balance at 1 April 2014			**(3,913)**	**15,051**	**11,138**
Surplus/(Deficit) from the income and expenditure statement	-	2,214	(1,005)	-	1,209
Other comprehensive income	-	-	3,140	(120)	3,020
Transfers between revaluation and income and expenditure reserve	-	-	1,343	(1,343)	-
Release of restricted funds spent in year	-	(1,906)	1,906	-	-
Total comprehensive income for the year	-	308	5,384	(1,463)	4,229
Balance at 1 August 2015	**-**	**308**	**1,471**	**13,588**	**15,367**
Surplus/(Deficit) from the income and expenditure statement	-	-	(2,561)	-	(2,561)
Other comprehensive income	-	-	(8,727)	-	(8,727)
Transfers between revaluation and income and expenditure reserve	-	-	918	(918)	-
Release of restricted capital spent in year	-	(308)	308	-	-
Total comprehensive income for the year	-	(308)	(10,062)	(918)	(11,288)
Balance at 31 July 2016	**-**	**-**	**(8,591)**	**12,670**	**4,079**

Consolidated and College Balance Sheet
As at 31 July 2016

	Note	Consolidated 2016 £000	Consolidated 2015 £000	College 2016 £000	College 2015 £000
Non-current assets					
Fixed assets	**11**	68,043	71,771	68,043	71,771
Investment in associate		-	-	-	-
		68,043	**71,771**	**68,043**	**71,771**
Current assets					
Stocks		17	15	14	12
Trade & other receivables	**12**	1,584	3,696	1,573	3,815
Cash and cash equivalents		3,206	2,961	3,160	2,892
		4,807	6,672	4,747	6,719
Creditors: amounts falling due within one year	**13**	6,803	7,800	6,777	7,746
Net current liabilities		**(1,996)**	**(1,128)**	**(2,030)**	**(1,027)**
Total assets less current liabilities		**66,047**	**70,643**	**66,013**	**70,744**
Less: Creditors falling due after more than one year	**14**	41,411	44,168	41,411	44,168
Net assets excluding pension liability		**24,636**	**26,475**	**24,602**	**26,576**
Net pension liability	**15**	20,523	11,209	20,523	11,209
Total net assets		**4,113**	**15,266**	**4,079**	**15,367**
Restricted reserves					
Income and expenditure reserve – restricted reserve		**-**	308	-	308
Unrestricted reserves					
Income and expenditure reserve – unrestricted		**(8,557)**	1,370	(8,591)	1,471
Revaluation reserve		**12,670**	13,588	12,670	13,588
Total reserves		**4,113**	**15,266**	**4,079**	**15,367**

The financial statements on pages 24 to 55 were approved and authorised for issue by the Board of Management on 13 December 2016 and signed on its behalf by:

Angela McCusker– Chair   Catriona Blake – Vice Principal   Grant Ritchie - Principal

Consolidated Statement of Cash Flows
For the year ended 31 July 2016

	Note	2016 £000 12 Months	2015 £000 16 Months
Cash flow from operating activities			
(Deficit)/Surplus for the year		(2,426)	1,209
Adjustment for non-cash items			
Depreciation	11	4,834	5,781
Impairment reversal	11	-	(1,011)
(Increase)/Decrease in stocks		(2)	5
Decrease in debtors		2,112	1,467
Increase in creditors		(943)	(3,008)
Pension costs less contributions payable		587	195
Share of operating surplus/(deficit) in associate		-	-
Adjustment for investing or financing activities			
Investment income	6	(9)	(29)
Interest payable	10	238	352
Gain on the sale of fixed assets		-	(27)
Capital grant income		(3,041)	(5,693)
Net cash inflow/(outflow) from operating activities		**1,350**	**(759)**
Cash flow from investing activities			
Proceeds from sale of fixed assets		-	25
Proceeds from sale of assets held for disposal		-	165
Investment income		9	29
Deferred capital grants received		797	1,225
Non-government capital grants		-	2,214
Payments made to acquire fixed assets		(1,106)	(3,294)
Net cash (outflow)/inflow from investing activities		**(300)**	**364**
Cash flow from financing activities			
Interest paid		(234)	(347)
Repayments of amounts borrowed		(571)	(571)
Net cash outflow from financing activities		**(805)**	**(918)**
Increase/(Decrease) in cash and cash equivalents in the period		**245**	**(1,313)**
Cash and cash equivalents at beginning of the period		**2,961**	**4,274**
Cash and cash equivalents at end of the period		**3,206**	**2,961**

Notes to the Accounts

1 Statement of Principal Accounting Policies

Charity Information The College was established under the Further and Higher Education Act 1992. The College is a registered charity (Scottish charity Number: SC021188) for the purposes of the Law Reform (Miscellaneous Provision) (Scotland) Act 2005. The registered office is Old Glamis Road, Dundee, DD3 8LE.

Basis of Preparation The financial statements are prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992, the Statement of Recommended Practice (SORP) 2015: Accounting in Further and Higher Education, and the The Financial Reporting Manual 2015-16 issued by HM Treasury and in accordance with applicable Accounting Standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006. They conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

The college is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

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

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy the accounting policy which is judged to be most appropriate to the College for the purpose of giving a true and fair view has been selected. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out.

The financial statements are presented in Sterling (£).

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

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

The Board of Management rely on external professionals for certain assumptions;

- Independent Actuarial services for pension assumptions
- Independent Chartered Surveyors for Non-Current Asset valuations

Basis of Consolidation The consolidated financial statements for the Group bring together the financial statements of the College and its wholly owned subsidiary 'Gardyne Theatre Limited'.

The wholly owned subsidiary, 'Gardyne Theatre Limited', has an investment in an Associate, 'Jackie The Musical Limited'.

Investment in Subsidiaries The consolidated financial statements incorporate the financial statements of the college and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investment in Associates Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, total comprehensive income and equity of the associate, less any impairment.

Where the group's cost of acquisition is equal to the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, no goodwill will be recognised (as part of the investment in the associate) or amortised. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the college has incurred legal or constructive obligations or has made payments on behalf of the associate.

Recognition of Income Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

All income from short-term deposits and investments is credited to the statement of income and expenditure on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure account

Grant Funding Government revenue grants including the recurrent grants from the Scottish Funding Council (SFC) are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and Endowments Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:
1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital Grants Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. The funds will be held in deferred income under creditors until conditions are met.

European Funded Projects Advances received in respect of European Funded projects, along with any relevant provisions against non-payment of claims or claw back of claims paid, are offset against the total European funding debtor in the Balance Sheet.

Maintenance of Premises Property maintenance is carried out as a result of surveys, ongoing inspections and in accordance with the College Estates Strategy. The cost of the maintenance is charged to the income and expenditure account in the year in which it is incurred.

Pension Schemes The College participates in two multi-employer defined benefit pension schemes.

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency. The College is unable to identify its share of the underlying assets and liabilities of the STSS and therefore, as required by FRS 102, accounts for its participation in the STSS as if it were a defined contribution scheme. Contributions are charged to the income and expenditure account as they arise. This is expected to result in the pension cost being 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 basis.

Non-teaching staff may join the Tayside Superannuation Scheme which is administered by Dundee City Council and which requires contributions to be made to its number 1 fund. The Fund is a defined benefit pension scheme, contracted out of the State Earnings-Related Pension Fund. Benefits are provided based on length of service, together with final pensionable pay to 31 March 2015 and Career Average Revalued Earnings thereafter. Assets and Liabilities of the Fund are held separately from those of the College. Fund assets are measured using market values. Fund 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 Fund 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. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular costs are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the Fund is recognised in the Income and Expenditure Account on a systematic basis over the expected average remaining lives of members of the Fund in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

Employment Benefits Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the college. Any unused benefits are accrued and measured as the additional amount the college expects to pay as a result of the unused entitlement.

Tangible Fixed Assets

(a) Land and Buildings

Land and buildings inherited from the local education authority, inherited but not in use for education purposes and other acquired land and buildings since incorporation are stated in the balance sheet at valuation. Land is not depreciated.

Buildings are depreciated over their expected useful economic life within the following major components:

Buildings and main sub-structure	50 years
Internal structure/Mechanical & Electrical	25 years
Internal Fixtures & Property Improvements	10 years
Information & Communications Infrastructure	5 years

Property improvements are depreciated on a straight line basis over ten years.

Depreciation is revised to amortise building components over remaining economic life when this has been identified as part of the revaluation process described below.

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

Where land and buildings are acquired with the aid of specific Government grants, 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.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July 2016. They are not depreciated until they are brought into use.

(b) Property Revaluation

In accordance with the 2015-16 Government Financial Reporting Model (FReM) issued by the Scottish Government, the tangible fixed assets are required to be valued on the current value basis.

(c) Subsequent Expenditure on Existing Fixed Assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and 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 relevant basis:

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

(d) Equipment

Equipment costing less than £25,000 (inclusive of VAT) per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its useful economic life as follows:

Heavy plant	10 years
Light plant and equipment	5 years
Motor vehicles	4 years
Computer equipment	3 years

Where equipment is acquired with the aid of specific Government grants, the related grant is 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.

Equipment acquired by Non-Government Grants is carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historical cost is deemed to be more appropriate than revaluing for equipment as it is common for such assets to reduce in value, rather than increase, as they are utilised by the College.

Leased Assets Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

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. Assets held under finance leases are depreciated over their useful life.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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.

Leases not meeting the criteria of a finance lease are treated as an operating lease. Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

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

Debtors Debtors are measured at transaction price, less any impairment, unless the arrangement represents a financing transaction. If the arrangement constitutes a financing transaction, the college measures the financial asset at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Loan receivables are measured initially at the present value of cash receivable, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Financial assets identified as non-basic will be measured at fair value.

Creditors Short Term Creditors are measured at transaction price.

Other financial liabilities, including bank loans are measured initially at the present value of cash payable, and are measured subsequently at amortised cost using the effective interest method.

Financial liabilities identified as non-basic will be measured at fair value.

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 related to those funds are shown in the College Income and Expenditure Account.

Taxation The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable organisation for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt from 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 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.

Reserves Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the college, are held as a permanently restricted fund which the college must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the college is restricted in the use of these funds.

Transition to 2015 SORP The college is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the college is provided in note 25.

Application of first time adoption grants certain exemption from the full requirements of 2015 SORP in the transition period. The college has not adopted any of the exemptions available.

2 Scottish Funding Council grants	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
SFC recurrent grant	23,368	33,091
SFC childcare funds	1,179	1,433
Release of deferred capital grants	2,829	3,279
Merger Transitional funding	-	616
Other SFC grants	2,951	3,013
	30,327	**41,432**

3 Tuition Fees and Education Contracts	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
FE fees - UK & EU	1,021	1,194
FE fees – non EU	103	231
HE fees	3,010	3,764
Education contracts	1,673	2,344
Other contracts	17	47
	5,824	**7,580**

4 Other Grants and Contracts	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
European funds	111	295
Releases of deferred capital grants (non SFC)	211	200
Other grant income	876	3,101
	1,198	**3,596**

5 Other Income	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
Residences, catering and conferences	1,231	1,445
Other income-generating activities	650	936
Other income	23	55
	1,904	**2,436**

6 Investment Income	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
Interest receivable	9	29
	9	**29**

7 Staff Costs	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
Wages and salaries	21,088	27,038
Social security costs	1,638	1,902
Other pension costs	3,872	4,514
Fundamental restructuring costs	-	836
	26,598	**34,290**

Academic/teaching departments	16,475	20,399
Academic/teaching services	427	649
Administrative and central services	7,519	9,738
Premises	1,529	1,875
Catering and residences	648	793
Sub-total	26,598	33,454
Fundamental restructuring costs	-	836
	26,598	**34,290**

The average number of full-time equivalent employees (including higher paid employees) during the period was:

	Year to 31 July 2016 Number	16 months to 31 July 2015 Number
Academic/teaching departments	367	358
Academic/teaching services	16	20
Administrative and central services	211	206
Premises	62	59
Catering and residences	31	31
Total	**687**	**674**

The introduction of National pay Bargaining has resulted in pay awards being determined for each fiscal year, rather than the financial year as before. Consequently, there were two awards during the year, the first being effective from 1 April 2015, when staff received the greater of 1% or £300 consolidated. £100 was also paid to both Academic and Support Staff retrospectively during 2016/17 fiscal year. From 1 April 2016, Teaching Staff received a consolidated £450. Support Staff pay award is still under negotiation and a provision has been made for the final four months of this year.

Members of the College Executive received the same pay award as Academic Staff.

The number of staff, which consists of 6 senior post-holders including the Principal, who received emoluments in the following ranges (increased for 2016 from £50,000 to £60,000), on a 12-month basis (2015 - 16 month period is annualised), was:

	2016	2015
£60,001 - £70,000	3	4
£70,001 - £80,000	-	-
£80,001 - £90,000	2	4
£90,001 - £100,000	-	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001- £130,000	1	1
	6	10

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8 Senior Post-Holders' Emoluments

	Year to 31 July 2016 Number	16 months to 31 July 2015 Number
The number of senior post-holders including the Principal was:	15	13
Senior post-holders' emoluments are made up as follows:		
	£000	£000
Salaries	916	1,346
Pension contributions	152	208
Total emoluments	1,068	1,554

The above emoluments are for Key Management Personnel and include amounts payable to the Principal (who was the highest paid senior post-holders) of:

	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
Salary	125	176
Pension contributions	21	26
	146	202

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 or Local Government Superannuation Scheme, and are paid at the same rate as for other employees.

Other than as stated above, no member of staff received any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Compensation for the loss of office paid to senior post holders:

	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
Compensation for the loss of office paid to senior post holders	21	-

9 Other Operating Expenses

	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
Academic/teaching departments	1,257	1,804
Academic/teaching services	144	170
Administration and central services	3,336	5,244
Premises costs	2,663	3,701
Catering and residence operations	593	746
Other Income Generating Activities	227	235
SFC Childcare funds	1,179	1,433
Agency staff costs	224	328
Total	**9,623**	**13,661**

	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
Other operating expenses include:		
External Auditor's remuneration - In respect of these financial statements	29	30
Internal Auditor's remuneration		
- internal audit	8	19
- other services	11	30

10 Interest and Other Finance Costs

	Year to 31 July 2016 £000	16 months to 31 July 2015 £000
Loan	238	352
Pension	395	818
	633	**1,170**

11 Tangible Assets — Consolidated & College

	Land and Buildings			
	Feuhold £000	Assets in the course of construction £000	Equipment £000	Total £000
Valuation/Cost				
At 31 July 2015	92,520	1,977	5,577	100,074
Additions	-	1,106	-	1,106
Transfers	1,835	(3,067)	1,232	-
At 31 July 2016	**94,355**	**16**	**6,809**	**101,180**
Depreciation				
At 31 July 2015	24,241	-	4,062	28,303
Charge for year	3,960	-	874	4,834
At 31 July 2016	**28,201**	**-**	**4,936**	**33,137**
Net Book Value				
At 31 July 2015	68,279	1,977	1,515	71,771
At 31 July 2016	**66,154**	**16**	**1,873**	**68,043**

Feuhold Land and Buildings with a net book value of £ 29,577,000 have been financed by exchequer funds. These assets can only be sold in accordance with the terms of the Procedure Notes for the Disposal of Exchequer-Funded Assets and the Retention of Proceeds by FE Colleges.

Land and Buildings were revalued at 31 July 2015 at depreciated replacement cost by a firm of independent chartered surveyors.

The carrying value of the revalued assets, had they not been revalued, would have been:

	Feuhold 2016 £000	Feuhold 2015 £000
Cost	79,350	77,515
Aggregate depreciation based upon cost	(25,866)	(23,459)
Net book value	53,484	54,056

12 Debtors	Consolidated		College	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade Debtors	305	643	300	633
European Funding	-	122	-	122
Prepayments / Accrued Income	1,279	2,931	1,273	3,060
	1,584	**3,696**	**1,573**	**3,815**

Debtors include £16,000 (2015: £696,000) due from the Funding Council.
College Debtors net of provision for bad debts includes £nil (2015: £140,000) due from subsidiary.

13 Creditors: amounts falling due within 1 year	Consolidated		College	
	2016 £000	2015 £000	2016 £000	2015 £000
Deferred income and payments received in advance	1,181	1,413	1,179	1,411
Trade creditors	521	1,202	515	1,190
Other creditors	112	123	110	121
Other tax and Social Security	536	586	530	591
Accruals	941	857	931	814
Bursaries and Access Funds for future disbursement	233	285	233	285
Bank Term Loan	567	567	567	567
Deferred Capital Grant	2,712	2,767	2,712	2,767
	6,803	**7,800**	**6,777**	**7,746**

Creditors includes £567,000 (2015: £732,000) relating to Funding Council grants. This includes strategic funds of £284,000 (2015: £544,000) held for the benefit of the sector, with the College acting as paying agent.

College Creditors includes £nil (2015:£nil) due to subsidiary.

14 Creditors: amounts falling after 1 year	Consolidated 2016 £000	Consolidated 2015 £000	College 2016 £000	College 2015 £000
Deferred Capital Grant	35,162	37,351	35,162	37,351
Bank Term Loan	6,249	6,817	6,249	6,817
	41,411	**44,168**	**41,411**	**44,168**

Analysis of borrowings

Bank loans are repayable as follows:

	Consolidated 2016 £000	Consolidated 2015 £000	College 2016 £000	College 2015 £000
Between one and two years	567	567	567	567
Between two and five years	1,703	1,703	1,703	1,703
In five years or more	3,979	4,547	3,979	4,547

Initially borrowed as a revolving credit facility, on 29th June 2012 this sum transferred to a term loan repayable over 15 years commencing July 2014 at £571,428 per annum. Amount repayable within one year is shown within Creditors: amounts falling due within one year.

15 Pension and Similar Obligations

The College's employees belong to two principal pension schemes; the Scottish Teachers' Superannuation Scheme (STSS) and the Local Government Pension Scheme (LGPS).

The total pension contributions paid for the period was £3,262,000 (2015: £4,007,000).

	2016 £000	2015 £000
STSS: contributions paid	2,017	2,397
LGPS: contributions paid	1,245	1,610
Total pension contributions paid for the year	**3,262**	**4,007**

Scottish Teachers' Superannuation Scheme - The STSS scheme 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.

Under the definitions set out under FRS 102, 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 employer contribution increased to 17.2% on 1 September 2015.

Local Government Pension Scheme - The LGPS is a defined benefit statutory scheme, with the assets held in separate trustee administered funds. It currently provides benefits based on career average revalued earnings. The scheme is subject to triennial valuations by independent actuaries, with the most recent valuation being carried out as at 31 March 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2016 £000	**%**	**2015 £000**	**%**
Equities	28,992	69	26,662	71
Gilts	2,214	5	2,058	5
Other Bonds	5,458	13	4,542	12
Property	4,822	12	4,254	11
Cash	475	1	486	1
Total	**41,961**	**100**	**38,002**	**100**

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2016	**2015**
Discount rate at 31 July	2.6%	3.8%
Future salary increases	4.0%	4.4%
Future pension increases	2.2%	2.6%
<u>Life expectancy from age 65 years:</u>		
Non-pensioners:		
Male	21.3	21.2
Female	23.3	23.2
Pensioners (retiring in 20 years):		
Male	23.5	23.4
Female	25.6	25.5

Balance Sheet position Net Pension Asset as at:	**2016** **£000**	**2015** **£000**
Present value of the defined benefit obligation	(56,901)	(43,771)
Fair value of Fund assets (bid value)	41,961	38,002
Deficit	(14,940)	(5,769)
Present value of unfunded obligation	(5,583)	(5,440)
Unrecognised past service cost	-	-
Impact of asset ceiling	-	-
Net defined benefit liability	(20,523)	(11,209)

Amounts recognised in the Income and Expenditure Account	**2016** **£000**	**2015** **£000**
Service cost	1,847	2,307
Net interest on the defined (liability) / asset	395	818
Administration expenses	21	25
Total cost	**2,263**	**3,150**

Asset and benefit obligation reconciliation

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2016 **£000**	**2015** **£000**
Opening defined benefit obligation	49,211	47,506
Current service cost	1,847	2,167
Interest cost	1,843	2,896
Change in financial assumptions	11,055	1,817
Change in demographic assumptions	-	(2,128)
Experience loss/(gain) on defined benefit obligation	(13)	(1,652)
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(1,485)	(1,525)
Past service cost, including curtailments	-	140
Contributions by scheme participants and other employers	438	542
Unfunded pension payments	(412)	(552)
Closing defined benefit obligation	**62,484**	**49,211**

Changes in the fair value of scheme assets

Reconciliation of opening and closing balances of the fair value of scheme assets	2016 £000	2015 £000
Opening fair value of scheme Assets	38,002	34,004
Interest on assets	1,448	2,078
Return on assets less interest	2,315	2,871
Other actuarial (losses)	-	(1,694)
Administration expenses	(21)	(25)
Contributions by employer included unfunded	1,676	2,303
Contributions by scheme participants and other employers	438	542
Estimated benefits paid unfunded net of transfers in	(1,897)	(2,077)
Fair value of scheme assets at end of period	**41,961**	**38,002**

The total return on the fund assets for the year to 31 July 2016 is £3,763,000

Re-measurements in other comprehensive income

Re-measurement of the net assets / (defined liability):

	2016 £000	2015 £000
Return on Fund assets in excess of interest	2,315	2,871
Other actuarial gains/(losses) on assets	-	(1,694)
Change in financial assumptions	(11,055)	(1,817)
Change in demographic assumptions	-	2,128
Experience gain/(loss) on defined benefit obligation	13	1,652
Changes in effect of asset ceiling	-	-
Re-measurement of the (defined liability)/net assets	**(8,727)**	**3,140**

		2016	2015
16	**Capital Commitments**	**£000**	**£000**
	Commitments contracted for at period end	19	1,122
	Commitments entered into but not yet contracted for at period end	285	89

		2016	2015
17	**Financial Commitments**	**£000**	**£000**
	At period end the College had annual commitments under operating leases as follows:		
	Payable During the year		
	Land and Buildings	72	79
	Plant and Machinery	5	-
	Others	106	172
		183	**251**
	Land and Buildings		
	Not later than 1 year	73	72
	Later than 1 year and not later than 5 years	207	266
	Later than 5 years	357	357
		637	**695**
	Plant and Machinery		
	Not later than 1 year	3	5
	Later than 1 year and not later than 5 years	-	3
	Later than 5 years	-	-
		3	**8**
	Others		
	No later than 1 year	101	106
	Later than 1 year and not later than 5 years	46	165
	Later than 5 years	-	-
		147	**271**

18 Post Balance Sheet Events

No Post Balance Sheet Events have had a material effect on the Annual Accounts.

19 Contingent Liability

Full provision has been made for all known liabilities. There were no contingent liabilities at 31 July 2016.

20 Related Party Transactions

The Board of Management of Dundee and Angus College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 sponsored by the Scottish Funding Council (SFC), who in turn are sponsored by the Scottish Government Employability, Skills and Lifelong Learning Directorate (SGESLLD).

SGESLLD is regarded as a related party. During the period the College had various material transactions with other entities for which SGESLLD is regarded as the sponsor Department, viz; Students Awards Agency for Scotland and Scottish Enterprise Tayside and SFC.

In addition Dundee and Angus College has had a number of material transactions with other Government Departments and other central government bodies.

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 Management hold or held official positions.

Member	Organisation
Mike Galloway	Dundee City Council
Steven Watt	University of St Andrews
Pamela Milne	University of Dundee
Margo Williamson	Angus Council
Steven Mill	Angus Council
Wendy Loudon	NHS Tayside

Due to the nature of the College's operations and the composition of the Board of Management (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 Management or key Managers of the College may have an interest. All transactions involving organisations in which a member of the Board of Management or a key Manager of the College may have a material interest are conducted at arm's length in accordance with normal project and procurement procedures, and their involvement is recorded in the published Register of Members' Interests.

There were no transactions during the year ended 31 July 2016 with non-public bodies in which any member of the Board of Management or key Manager of the College has an interest and which in aggregate exceeded £5,000.

The following transactions were between the college wholly owned subsidiary, Gardyne Theatre Ltd, and Gardyne Theatre Ltd's associate, Jackie The Musical Ltd.

Volume of Activity: £117,455
Balance at 31 July: £24,167

College Board Member George Robertson is a director of Jackie The Musical Ltd. and, until 9 June 2016, was also a director of Gardyne Theatre Ltd.

21 Bursaries and other student support funds		**Year ended 31 July 2016**			**Period Ended 31 July 2015**
	FE Bursary £000	**EMA's £000**	**Other £000**	**Total £000**	**Total £000**
Balance b/fwd	23	57	192	**272**	**111**
Allocation received	5,750	446	525	**6,721**	**8,672**
In year Expenditure	(5,603)	(405)	(498)	**(6,506)**	**(8,400)**
Repaid to Funding body as Clawback	(23)	(57)	(192)	**(272)**	**(111)**
Balance c/fwd	147	41	27	**215**	**272**
Represented by :					
Repayable to Funding body as clawback	147	41	27	**215**	**272**
Retained by College for students	-	-	-	-	**-**

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 2015/16 issued by the SFC, Further Education Childcare Funds have been included in the Income and Expenditure Account. The Childcare funds reported in Note 22 below now incorporate both Higher and Further Education funds.

22 FE & HE Childcare Funds

	Year Ended 31 July 2016 £000	Period Ended 31 July 2015 £000
Balance b/fwd	13	-
Allocation received in year	1,187	1,433
Expenditure	(1,179)	(1,420)
Repaid to Funding body as clawback	(13)	-
Balance c/fwd	**8**	**13**
Represented by:		
Repayable to Funding body as clawback	**8**	**13**
Retained by College for students	-	-

23 Subsidiary Undertakings

Details of the subsidiary company, which is registered in Scotland and 100% owned by the College, is as follows:

Company	Principal Activity
Gardyne Theatre Limited	Promotion of performing arts

The company has no share capital, but is limited by guarantee. The ultimate controlling party is Dundee and Angus College, the only member, and control is exercised by virtue of the provisions of the Memorandum and Articles of Association.

The trading results of the subsidiary have been included in the consolidated results.

24 Associate Undertakings

Details of the associate company, which is registered in Scotland and 48% owned by the wholly owned subsidiary (Note 22) of the College, are as follows:

Company	**Principal Activity**
Jackie The Musical Limited	Promotion of performing arts

Year End	**Capital & Reserves**	**Profit/Loss**
31 July 2016	Not Available	Not Available

The associate company prepared dormant accounts to 31st July 2015 and has not yet prepared the accounts to 31st July 2016. The Directors of Gardyne Theatre Ltd. are satisfied from the management accounts provided that a significant loss has been incurred. The company is not liable for any portion of this loss.

FRS102 requires the Group to use the equity model for accounting for investments in associates. With losses incurred by the associate company, under the equity method, the Group would recognise the loss only to the extent that the cost of investment is written down to zero; being £48.

Details of balances and transactions between Jackie The Musical Limited and the rest of the group has been disclosed in Note 20.

25 Transition to FE/HE Statement of Recommended Practice: Accounting for Further and Higher Education

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the FE/HE SORP 2015. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the period ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 April 2014.

An explanation of how the transition to FRS 102 and the FE/HE SORP 2015 has affected the College's and Group's financial position, financial performance and cash flows is set out in the following tables.

Transition adjustment (Consolidated)

	Cumulative transition to 31 March 2014 £000	Transition for year to 31 July 2015 £000	Cumulative transition to 31 July 2015 £000
Statement of comprehensive income			
Holiday Pay Accrual	(614)	197	(417)
Deferred Capital grant adjustments	180	(78)	102
Non-Government grant income		2,214	2,214
Financial Instrument adjustments	50	(5)	45
Pension Costs adjustments	-	(652)	(652)
Adjustment to endowment release	-	(13)	(13)
Impact on (deficit) / surplus	**(384)**	**1,663**	**1,279**
Adjustment to pension scheme actuarial gain/(loss)	-	652	652
Adjustment to endowment release	-	13	13
Impact on comprehensive income	**(384)**	**2,328**	**1,944**
Balance Sheet			
Trade & other receivables			
At 31 March / 31 July as previously stated	5,163	-	3,470
Accrued Income – Non Government Grants	-	226	226
At 31 March / 31July	**5,163**		**3,696**
Creditors falling due within one year			
At 31 March / 31 July as previously stated	(8,085)	-	(4,703)
Holiday Pay Accrual	(614)	197	(417)
Financial Instrument adjustments	5	(1)	4
Reclassification of Deferred Capital Grants	(2,767)	-	(2,767)
Deferred Income re non-government grant adjustments	-	83	83
At 31 March / 31July	**(11,461)**		**(7,800)**

Creditors falling due after more than one year	Cumulative transition to 31 March 2014 £000	Transition for year to 31 July 2015 £000	Cumulative transitions to 31 July 2015 £000
At 31 March / 31 July as previously stated	(7,429)	-	(6,858)
Reclassification of Deferred Capital Grants	(39,783)	425	(39,358)
Deferred Capital grant adjustments	180	1,827	2,007
Financial Instrument adjustments	45	(4)	41
At 31 March / 31 July	**(46,987)**		**(44,168)**
Deferred capital grants			
At 31 March / 31 July as previously stated	(42,550)	-	(42,125)
Reclassification to creditors	42,550	(425)	42,125
At 31 March / 31 July	**-**		**-**
Expendable Endowments			
At 31 March / 31 July as previously stated	(83)	-	(70)
Transfer to I&E Account Reserves	83	(13)	70
At 31 March / 31 July	**-**		**-**
Income & Expenditure Account Reserves - Restricted			
At 31 March / 31 July as previously stated	-	-	-
Impact on comprehensive income	-	(2,214)	(2,214)
Transfer to/(from) Unrestricted Reserves	-	1,906	1,906
At 31 March / 31 July	**-**		**(308)**
Income & Expenditure Account Reserves - Unrestricted			
At 31 March / 31 July as previously stated	3,713	-	336
Impact on comprehensive income	384	(114)	270
Transfer from Expendable Endowments	(83)	13	(70)
Transfer to/(from) Restricted Reserves	-	(1,906)	(1,906)
At 31 March / 31 July	**4,014**		**(1,370)**

Transition Adjustment (College)

	Cumulative Transition to 31 March 2014 £000	Transition for year to 31 July 2015 £000	Cumulative Transition to 31 July 2015 £000
Statement of comprehensive income			
Holiday Pay Accrual	(614)	197	(417)
Deferred Capital grant adjustments	180	(78)	102
Non-Government grant income		2,214	2,214
Financial Instrument adjustments	50	(5)	45
Pension Costs adjustments	-	(652)	(652)
Adjustment to endowment release	-	(13)	(13)
Impact on (deficit) / surplus	**(384)**	**1,663**	**1,279**
Adjustment to pension scheme actuarial gain/(loss)	-	652	652
Adjustment to endowment release	-	13	13
Impact on comprehensive income	**(384)**	**2,328**	**1,944**

Balance Sheet			
Trade & other receivables			
At 31 March / 31 July as previously stated	5,256	-	3,589
Accrued Income – Non Government Grants	-	226	226
At 31 March / 31 July	**5,256**		**3,815**
Creditors falling due within one year			
At 31 March / 31 July as previously stated	(8,047)	-	(4,649)
Holiday Pay Accrual	(614)	197	(417)
Financial Instrument adjustments	5	(1)	4
Reclassification of Deferred Capital Grants	(2,767)	-	(2,767)
Deferred Income re non-government grant adjustments	-	83	83
At 31 March / 31 July	**(11,423)**		**(7,746)**

Creditors falling due after more than one year	Cumulative Transition to 31 March 2014 £000	Transition for year to 31 July 2015 £000	Cumulative Transition to 31 July 2015 £000
At 31 March / 31 July as previously stated	(7,429)	-	(6,858)
Reclassification of Deferred Capital Grants	(39,783)	425	(39,358)
Deferred Capital grant adjustments	180	1,827	2,007
Financial Instrument adjustments	45	(4)	41
At 31 March / 31 July	**(46,987)**		**(44,168)**
Deferred capital grants			
At 31 March / 31 July as previously stated	(42,550)	-	(42,125)
Reclassification to creditors	42,550	(425)	(42,125)
At 31 March / 31 July	**-**		**-**
Expendable Endowments			
At 31 March / 31 July as previously stated	(83)	-	(70)
Transfer to I&E Account Reserves	83	(13)	70
At 31 March / 31 July	**-**		**-**
Income & Expenditure Account Reserves - Restricted			
At 31 March / 31 July as previously stated	-	-	-
Impact on comprehensive income	-	(2,214)	(2,214)
Transfer to/(from) Unrestricted Reserves	-	1,906	1,906
At 31 March / 31 July	**-**		**(308)**
Income & Expenditure Account Reserves - Unrestricted			
At 31 March / 31 July as previously stated	3,612	-	235
Impact on comprehensive income	384	(114)	270
Transfer from Expendable Endowments	(83)	13	(70)
Transfer to/(from) Restricted Reserves	-	(1,906)	(1,906)
At 31 March / 31 July	**3,913**		**(1,471)**

Statement of Cash Flows (Consolidated)	As previously stated 2015 £000	Transition Adjustments 2015 £000	2015 £000
Cash flow from operating activities			
Surplus/(Deficit) for the year	(454)	1,663	1,209
Adjustment for non-cash items			
Depreciation	5,781	-	5,781
Impairment reversal	(1,011)	-	(1,011)
(Loss)/Gain on endowments	(13)	13	
(Increase)/Decrease in stocks	5	-	5
Decrease/(Increase) in debtors	1,760	(293)	1,467
(Decrease)/Increase in creditors	(3,448)	440	(3,008)
Pension costs less contributions payable	195	-	195
Share of operating surplus/(deficit) in associate	-	-	-
Adjustment for investing or financing activities			
Investment income	(29)	-	(29)
Interest payable	347	5	352
(Gain)/Loss on the sale of fixed assets	(27)	-	(27)
Capital grant income	(3,557)	(2,136)	(5,693)
Net cash inflow/(outflow) from operating activities	**(451)**	**(308)**	**(759)**
Cash flow from investing activities			
Proceeds from sale of fixed assets	25	-	25
Proceeds from sale of assets held for disposal	165	-	165
Investment income	29	-	29
Deferred capital grants received	3,131	(1,906)	1,225
Non-government capital grants	-	2,214	2,214
Payments made to acquire fixed assets	(3,294)	-	(3,294)
Net cash inflow/(outflow) from investing activities	**56**	**308**	**364**
Cash flow from financing activities			
Interest paid	(347)	-	(347)
Repayments of amounts borrowed	(571)	-	(571)
Net cash inflow/(outflow) from financing activities	**(918)**	**-**	**(918)**
Increase/(Decrease) in cash and cash equivalents in the period	**(1,313)**	**-**	**(1,313)**
Cash and cash equivalents at beginning of the period	**4,274**	**-**	**4,274**
Cash and cash equivalents at end of the period	**2,961**	**-**	**2,961**

Appendix - 1

2015-16 Accounts direction for Scotland's colleges and universities

1 It is the Scottish Funding Council's direction that colleges and universities comply with the 2015 *Statement of Recommended Practice: Accounting for Further and Higher Education* (SORP) in preparing their annual report and accounts.

2 Colleges and universities must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (for assigned colleges).

3 Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2015-16 (FReM) where applicable.

4 Incorporated colleges are also reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2016.

5 The annual report and accounts should be signed by the chief executive officer and by the chair, or one other member of the governing body.

6 Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
24 August 2016