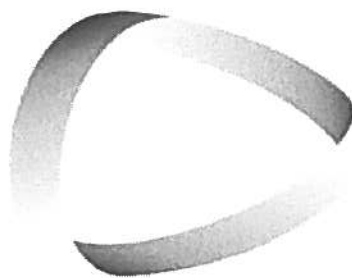


**Forth
Valley
College**



Scottish Charity No. SC021191

FORTH VALLEY COLLEGE OF FURTHER AND HIGHER EDUCATION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 July 2011

The financial statements were approved and authorised for issue on 7 December 2011.

Contents	Page
Operating and Financial Review	5
Statement of Corporate Governance and Internal Control	12
Statement of the Board of Management's Responsibilities	16
Independent Auditors' Report to the Board of Management, the Auditor General for Scotland and the Scottish Parliament	18
Income and Expenditure Account	20
Statement of Historical Cost Surpluses and Deficits	21
Statement of the Total Recognised Gains and Losses	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements	24

Professional Advisers

Financial Statement Auditors: Wylie and Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Internal Auditors: Baker Tilly
23 Queen Street
Edinburgh
EH2 1JX

Bankers: Barclays Bank
Bothwell Street
Glasgow
G2 7JT

Solicitors: MacRoberts
Capella
60 York Street
Glasgow
G2 4TB

Dundas & Wilson
Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EN

OPERATING AND FINANCIAL REVIEW

1 NATURE, OBJECTIVES AND STRATEGIES

The Board of Management present their report and the audited financial statements for the year ended 31 July 2011.

Legal Status

Forth Valley College came into being on 1 August 2005 as a result of the merger of Clackmannan and Falkirk Colleges. The College is a registered charity (Scottish Charity number SCO21191) for the purposes of the Law Reform (Miscellaneous Provisions) (Scotland) Act 2005.

Scope of the Financial Statements

The Financial Statements cover all activities of the College.

Mission Statement

The College Mission Statement is: ***Excellence in Learning***

College Vision

The College Vision is: ***Offering the best*** to learners, employers and partners
Leading the way in professional practice and service delivery
Shaping future success with our communities

Values

Forth Valley College of Further and Higher Education will;

- encourage innovation, creativity and balanced risk taking;
- demonstrate tolerance, understanding and generosity of spirit;
- promote equality, inclusion and mutual respect;
- recognise, celebrate and take pleasure in success;
- provide clear leadership, empower staff and encourage continuous improvement and balanced risk taking;
- support aspirations and ambitions, be outward looking and encourage high expectations;
- demonstrate honesty, openness and accountability;
- deliver what we promise by providing a customer focused, responsive high quality service;
- promote a calm, purposeful and safe environment.

Implementation of our Strategic Plan

2010/11 was a year of ongoing success for the College as we continued to realise our vision of 'excellence in learning'.

Role, Reputation and Influence – 2010/11 has seen the College maintain our position at the forefront of the college sector in Scotland. There are a number of factors which have contributed to this – successful delivery of strategic change, innovative projects and approaches, networking and support for partners, dedicated and engaging staff, positive feedback from HMIE, key specialisms in Science and Technology, and a widespread employer base. We remain committed to developing key, long term partnerships of substance which benefit our local communities. We have continued to work with local authorities, higher education bodies and the third sector to maximise the impact of available local resources and have pursued additional resources to support innovation and to demonstrate where investment leads to savings for the public purse.

OPERATING AND FINANCIAL REVIEW (continued)

Learning Transformation – Our learners are at the heart of all that we do, and in 2010/11 we devoted considerable resource to the design of our portfolio to ensure that learners can access the most relevant skills and training matched to opportunities within the local area and Scotland. Our portfolio design is structured to ensure maximum learner benefit whilst minimising duplication of provision, providing seamless internal and external progression routes to allow for individualised progression routes. We provide our learners with the opportunity to take control of their learning, entering and exiting provision at the level that suits their own needs as well as through the increased provision of individualised learning opportunities via ICT enabled and other routes.

Curriculum for Excellence was a key driver for success in the design and delivery of our programmes, with staff and learners embracing the changes brought through the continued implementation of the CfE framework. Our use of programme design, delivery and the innovative use of resources is closely allied to the four capacities within CfE and we worked to enable all of our learners to become successful and confident individuals, responsible citizens and effective contributors.

Best corporate performance – 2010/11 has seen continued improvement in the systems and practices aimed at achieving financial security and generating the cash surpluses required for our estates strategy. Financial monitoring, budget review, curriculum planning and forecasting models enable the College to adopt a pro-active as opposed to reactive position. Our procurement processes continue to ensure value for money is embedded through all aspects of College spend. Business transformation activity continues to review all aspects of College systems, identifying and implementing best practice in areas such as information management and ICT practices.

Commercialisation – 2010/11 continued to present challenges for the College commercial client base owing to the ongoing recession. Despite these pressures, the Business Innovations team has managed to meet their projected targets for the year, providing a valuable contribution to the overall financial performance of the College. The year saw the continued utilisation of PACE funding to assist employers and employees throughout the region. We continued to deliver our acclaimed Engineers of the Future programme in conjunction with Heriot Watt University, which supports learners from Modern Apprenticeship, through HN level qualifications onto a Masters level qualification. During their time on the programme, the learners are also in paid employment with Ineos, gaining valuable practical experience to underpin their learning.

HR and capacity building – 2010/11 saw the first in what is likely to be a continuing series of funding cuts across the entire FE sector. As with other colleges these cuts, on top of the rolling efficiency savings targets which have been in place for a number of years, have necessitated a comprehensive review of the portfolio we offer and the organisational structure of our organisation. We consult extensively with our staff and college Trade Unions on the implementation of new, flexible structures which allow us to focus resource on the areas of greatest benefit to the College, our learners and other stakeholders. Our staff continue to respond positively to the challenges facing the College, with efficiencies being identified and innovative new approaches piloted across the organisation.

While facing the challenge of funding constraint, the College has not lost focus on the benefits of investing in Continuing Professional Development (CPD) for staff, enhancing the high skills levels each individual brings to the College and passes onto our learners. We have implemented a college wide training and development programme to increase the ICT skills of all staff members to ensure we secure the best benefit from the significant ICT investments in recent years, and to enable training delivery via the new methodologies our learners expect in their learning and teaching. We will introduce new practices utilising e-learning and e-assessment to further strengthen our ethos of ensuring learner led independent learning with increased on line resources to support this activity.

Estates Developments

Over the last year we have made significant progress with our estates ambitions.

The biggest success has been the completion and opening of our new Alloa campus in the heart of the town. The stunning new campus, delivered on time and on budget, has received an enthusiastic response from staff, students, employers and the local community and has significantly increased our ability to meet the needs of Clackmannanshire area.

The new Stirling campus, located at Kildean, is also on programme and budget and is planned to open its doors in April 2012.

OPERATING AND FINANCIAL REVIEW (continued)

Estates Developments (continued)

Successful delivery of the new Alloa campus and the on-going construction of the Stirling campus has placed considerable demands upon existing staff resources. The Board of Management and the Senior Management Team have had key roles to play, supported by the externally appointed project team and contractor. However the work involved could not have been progressed so successfully without the input and support of many College staff, and this involvement will continue throughout the life of the project.

Performance Indicators

The College has adopted the core set of performance indicators which were developed by the Colleges' Finance Community of Practice. The table below details performance in 2010/11 and 2009/10.

	Year ended 31 July 2011	Year ended 31 July 2010	
Operating deficit as % of total income: deficit on continuing activities after depreciation of assets at valuation and before disposal of assets and tax expressed as percentage of total income.	-7.7%	-1.3%	
Non SFC Income as % of total income: total of non-SFC income expressed as a percentage of total income.	23.8%	22.3%	
Current assets : current liabilities: ratio of total current assets to the total of creditors: amounts falling due within one year.	2.1:1	1.7:1	
Gearing: the ratio of creditors: amounts falling due after one year to the sum of total endowments and total reserves.	1:1	0.6:1	
Days cash: cash and short-term investments divided by total expenditure less depreciation and expressed in days.	106 days	121 days	
WSUMs per staff FTE: actual WSUMs delivered in the year per FES return divided by total of FTEs involved in delivery of WSUMs.	422	417	
Performance against WSUMs activity target: actual WSUMs delivered in the year divided by target WSUMs.	100%	100%	
Student outcomes: total enrolments for students completing programme with a national qualification aim, expressed as a percentage of all enrolments (per the student and staff performance indicator publication).	FE	94%	90%
	HE	85%	86%
Student retention: measures number of enrolments for which the student has completed the programme, expressed as a percentage of all enrolments meeting the required date for funding (per the student and staff performance indicator publication).	FE Full time	80%	80%
	FE Part time	95%	92%
	HE Full time	87%	87%
	HE Part time	96%	96%
Staff turnover: FTE staff on a permanent contract of employment that leave for whatever reason during the year divided by the total FTE permanent staff at the college at the year end.	18%	5%	

OPERATING AND FINANCIAL REVIEW (continued)

Working days lost through sickness absence: Working days lost per staff FTE through sickness absence divided by the total FTEs employed at the institution at the year end (expressed as percentage). 3% 3%

2 FINANCIAL POSITION

Financial Results

The finances of Forth Valley College are regulated by the Financial Memorandum between the Board of Management and the Scottish Funding Council (SFC) under which the Principal is designated as Accounting Officer, responsible to the Chief Executive of the Council for the stewardship of the College's finances and assets. The financial statements have been prepared to comply with the Accounts Direction issued by SFC and with the associated revised Statement of Recommended Practice: Accounting for Further and Higher Education which was issued in July 2007.

The College's financial objectives are:

- maintain a position of financial security in the context of significant internal and external demand upon resource;
- optimise land and other assets in the interest of the College;
- manage the impact of estates upon financial security;
- continue to seek increased allocations from SFC to meet demographic demand;
- grow commercial activity rates and overall contribution to the College;
- implement efficiencies and improvements identified through our business transformation activity;
- embedded sustainability throughout College practices;

The financial results for 2010/11 and 2009/10 are summarised below.

	2011	2010
	£'000	£'000
Income	31,464	33,553
Expenditure	31,117	30,332
	<u>347</u>	<u>3,221</u>
Surplus on continuing operations after depreciation of assets at valuation and before tax and exceptional items		
Exceptional items	(2,774)	(3,671)
Gain on disposal of tangible fixed assets	841	0
	<u>(1,586)</u>	<u>(450)</u>
Operating deficit		
Difference between historical cost depreciation and the actual charge based on the revalued amount	502	554
Historical (deficit) / surplus for the year	<u><u>(1,084)</u></u>	<u><u>104</u></u>
Reserves		
Income and expenditure account	(2,484)	(1,699)
Pension Reserve	(6,550)	(7,170)
Restricted Reserve	145	145
Revaluation Reserve	18,819	19,321
	<u><u>9,930</u></u>	<u><u>10,597</u></u>

2010-11 has been another challenging yet successful year for the college with the generation of a surplus, prior to estates related exceptional items, in excess of the original budget.

OPERATING AND FINANCIAL REVIEW (continued)

The SFC continue to remain the primary source of College total income, with 76% (78% - 2009/10) of funds coming from them. The reported reduction in SFC funding for 2010-11 is attributable to an additional release of deferred capital grant in 2009-10 relating to the exceptional write off of assets in line with the new estates development rather than a reduction in the recurrent GIA funding.

Overall non SFC income has remained relatively constant despite the challenges of the current economic climate, with surplus cash being effectively managed to maximise the investment returns.

Staff costs, excluding non cash adjustments for FRS 17 and exceptional restructuring costs, have reduced despite increased employers pension contributions, a 1% cost of living pay award to all members of staff and contractual incremental increases awarded to those entitled to receive them. Our continued drive for efficiencies throughout the year has offset those increased costs.

The depreciation charge for the college has reduced significantly from 2009-10 primarily due to the asset write off and impairment review in 2009-10.

As part of the estates development programme, the College terminated the PFI agreement for the Stirling Centre in September 2010. As required by FRS 12 the College made a provision in the 2009-10 accounts of £1,236k for the loss incurred in exiting this contract. In 2010-11 the SFC allocated £206k additional funding towards the cost of this exit.

During 2010-11 the SFC also released additional capital funding of £3m. A condition of this grant is that future sale proceeds of the existing Alloa campus up to the value of the grant be returned to SFC. The College has therefore provided for the return to the SFC of the proceeds from the sale of the existing campus at Alloa.

Fixed assets comprise mainly land and buildings owned by the College and equipment. The College has made significant investment in its estates during the year funded from a combination of capital grants and cash reserves. Some of the capital grants received from SFC will be retained to help to fund the ongoing estates developments for the Alloa and Stirling campuses.

Treasury Management

The College has a treasury management policy in place to ensure that treasury management is effective in the successful identification, monitoring and control of financial risk. In balancing risk against return, the College will adopt a risk-averse approach rather than maximising returns.

Cash Flows

Cash flow plans were presented to the SFC as part of the final approval process for both the Alloa and Stirling developments. These detail the impact over the next twenty five years of the estates development programme on the operating cash position of the College.

Liquidity

At the start of 2010/11 the College finalised an unsecured £8m loan facility with Barclays Bank, with an option to increase the facility to £10m, subject to the Board of Management and Scottish Funding Council approval. The loan facility is to assist in the overall funding of the estates development programme. The level of funding required is within borrowing limits approved by SFC and deemed serviceable under their project funding model.

Creditor Payment Policy

The College has a policy of paying suppliers within agreed terms unless the invoice is contested, and aims to comply with the DTI's Better Payment Practice code. Disputes and complaints are handled as quickly as possible. Every effort is made to take advantage of additional discount where this is offered for prompt payment. The College did not make any late interest payments during the year.

On a weekly basis the college pays invoices which are dated within the previous thirty days and are authorised for payment on the finance system. The average number of days taken to pay suppliers was thirty one days (2010 - thirty days).

OPERATING AND FINANCIAL REVIEW (continued)**Taxation Status**

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

3 CURRENT AND FUTURE DEVELOPMENTS**Student numbers**

In 2010/11 the College met its weighted SUMs target enabling full draw down from the SFC of Activity Based Funding of £19.6m. In 2010/11 the College enrolled 3,256 full time students and 10,440 part time students.

Student Achievements

Overall student achievement at Forth Valley College continues to be excellent with FE achievement rates showing a 4% increase. Retention ratios remain positive, and are at or above the published for the sector in academic year 2009-10.

Curriculum Developments

During the academic year the College worked closely with its partners, including local authorities, schools and Skills Development Scotland, to prepare for implementation of the senior phase of Curriculum for Excellence. The College has embedded the entitlements of the senior phase within its Learning Strategy for 2010–2013 and its portfolio review and self-evaluation processes and is well placed for implementation within the planned timescale.

We have an excellent reputation with our employers, delivering both mainstream courses within our campuses and bespoke training on employers' premises throughout the world. We value these close links and utilise employer input to maintain the vocational relevance of the training we offer, and to secure the future employability of our learners. Our work on knowledge transfer has also delivered real benefit to employers in difficult economic circumstances, helping them to adapt rapidly to changing local and national demands.

School college partnerships are well established across the three local authorities and a range of courses are offered to the young people of Forth Valley on a part time basis, from Skills for Work through to Intermediate 1, 2 and Higher Programmes. In 2010 we launched our refreshed Learning Strategy: Engaging Learners, which ensures that we are engaging fully with the principles of Curriculum for Excellence. To date this has included:

- review of year 1 of the implementation of the Learning Strategy 2010-2013;
- staff development to ensure all staff are confident and competent in use of Interactive White Boards;
- introduction of integrated modes of delivery of Passport to Learning programme at new Alloa Campus;
- innovative approach to delivery of core skills within all non advanced provision;
- considerable development in Moodle activity at both departmental and cross college; and
- strategic discussions underway across the three local authorities to consider best use of resources and learning opportunities for the Senior Phase of A Curriculum for Excellence.

Future Developments

The current state of the economy, the outcome the Scottish government's budget and the ongoing consultation on the reform of the College sector will have significant implications for the future operations of the College. Further unprecedented reductions in the level of funding allocated to the sector on top of the 10.4% cut already imposed for 2011/12 will place severe pressure on the College's finances.

OPERATING AND FINANCIAL REVIEW (continued)

To ensure Forth Valley College is in a position to respond to the challenges ahead while maintaining financial security, scenario planning, involving not only the senior managers of the College but also the Board of Management, is now integrated into our planning process. We will continue to review our operational delivery methods, performance and structures and implement efficiencies to ensure the resources available to Forth Valley College are utilised in the most effective and efficient manner to deliver first class learning and training.

4 RESOURCES

The college has net assets of £42.8m. The college employees 547 people, excluding modern apprentices, (expressed as full time equivalents).

5 PRINCIPAL RISKS AND UNCERTAINTIES

The College recognises the need to take informed and calculated risks to allow for the growth of the College. The College has comprehensive risk management systems in place to ensure that risks are fully analysed and receive the appropriate level of approval before activity commences. All risks identified within the College are monitored on an ongoing basis and specialist registers are created for large individual projects such as the estates developments.

The College has updated the risk register to align the new strategic plan for 2011-2014. The risk register covers four key risk areas; corporate, financial, operational and estates. The risk areas provide details of individual risks associated with the area and controls in place to negate the risk.

The key risks that may affect the College at this time include;

- Changes to the sector arising from Governmental policy/legal shifts
- The impact of significant cuts to the level of public funding on the operations of the College
- Continuing economic uncertainty impacting upon revenue generation activity within the College

The College risk register is presented to each meeting of the Board of Management Audit Committee.

6 STAKEHOLDER RELATIONSHIPS

In line with other Colleges, Forth Valley College has many stakeholders including; the Scottish Government, the Scottish Funding Council, Local Authorities, Community Planning Partnerships, Learners, Skills Development Scotland, Sector Skills Councils, employers, businesses and staff. The senior roles in the organisation are designed to enhance and promote these key strategic relationships.

Equalities Policy

Forth Valley College is committed to the provision of equal opportunities in all aspects of college life.

Our Equalities policies ensure that staff, learners and visitors are treated equally regardless of the protected characteristics of gender, gender reassignment, race, disability, sexual orientation, religion or belief, age, pregnancy and maternity, marriage and civil partnership. We value diversity and aim to advance equality of opportunity, foster good relations and eliminate discrimination, harassment and victimisation in all our activities.

Our Single Equality Scheme and corresponding Action Plan outlines how we will develop and implement policies and procedures to ensure that equalities issues are integrated in all strategic, departmental and service area plans. Our Equalities Policy outlines how we ensure that the provisions of the Equality Act 2010 are implemented throughout College for all groups sharing the protected characteristics listed above.

Health & Safety

The health, safety and welfare of all staff, students and visitors is of paramount importance at Forth Valley College. Health and Safety performance is monitored and reviewed by the College Health and Safety Operational Team and full time Health and Safety Manager. With guidance from this team, managers, health and safety representatives and employees across the College ensure that legislative requirements are met and sustained. There is an active Health and Safety Committee which monitors strategic health and safety matters, and reports health and safety related issues regularly to the Senior Management Team. At Board level, the HR Committee closely monitors and reviews the College Health and Safety Strategy on a regular basis.

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all areas of corporate governance. This summary describes the manner in which the College has applied the principles in The UK Corporate Governance Code (formerly the Combined Code) issued by the Financial Reporting Council in 2010 (<http://www.frc.org.uk/corporate/ukcgcode.cfm>) and Turnbull guidance. Its purpose is to help the readers of the financial statements understand how the principles have been applied.

In the opinion of the Board of Management, the College complies with all the provisions of the UK Corporate Governance Code, in so far as they apply to the further education sector, and it has complied for the year ended 31 July 2011. It further believes that it has followed and complied with the guidance contained in the Turnbull Guidance.

The Board of Management is aware of the need for effective internal control and acknowledges its responsibility for such a control system to be in place. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal control is based on a framework of regular management information, financial regulations and administrative procedures including the segregation of duties.

In particular it includes:

- comprehensive budgeting systems with an annual budget approved by the Board of Management;
- regular reviews by the Finance Committee of quarterly and annual financial reports which indicate financial performance against the forecasts; and
- setting targets to measure financial and non-financial performance.

The College has an internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Audit Committee. The internal auditors report to the Principal and to the Audit Committee on a regular basis and have direct access to the Chair of the Audit Committee. The internal auditors have issued an annual report which gives an opinion of the adequacy, reliability and effectiveness of the College's internal control systems. On the basis of the work undertaken during the year the auditors have expressed an opinion that the governance and internal control framework in place within the college is effective and have given the college an overall assurance rating of 'satisfactory' (2010 - 'satisfactory').

The Board of Management is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2011 and up to the date of approval of the Financial Statements. This process is reviewed by the Board of Management through the Audit Committee and accords with the internal control guidance as applicable to the further education sector. A formal Business Continuity Plan is in existence, and is regularly tested and updated.

The Board of Management comprises lay, staff and student members appointed under the terms of the Further and Higher Education (Scotland) Act 1992. All except the Principal and two staff representatives are non-executive and are independent of the College in terms of the requirements of the Combined Code. A list of members of the Board who served during the financial year is shown on page 11. Open advertising was used during the year to seek potential new members for the Board of Management.

The role of the Chair of the Board is separated from the role of the Principal. Matters reserved to the Board of Management are set out in the Standing Orders and Operating Guidelines, the Scheme of Delegation, and under the Financial Memorandum with the Funding Council. The Board of Management is responsible for the ongoing strategic direction of the College, approval of major developments and the approval of annual budgets.

The Board of Management normally meets formally four times per year and has a number of committees which are formally constituted with terms of reference.

Statement of Corporate Governance and Internal Control (continued)

MEMBERS

The Members who served on the Board of Management during the year were as follows and the board met on four occasions:

Board Member	Status of appointment	Date of Appointment	Date of Retiral	Number of board meetings attended	
Mr H Hall	Chair	Independent member	01/09/2009	Attended 4 meetings	
Mr E Bell-Scott	Vice Chair	Independent member	01/04/2003	31/03/2011	Attended 3 meetings
Mr J Blackie		Independent member	01/04/2006		Attended 4 meetings
Dr W Blair		Independent member	01/08/2006		Attended 3 meetings
Mr J Callander		Independent member	01/07/2004		Attended 3 meetings
Mr N McLean		Independent member	01/08/2009		Attended 1 meeting
Mr D Connell		Student Member	01/08/2009	31/07/2011	Attended 4 meetings
Mr B Gil		Independent member	01/08/2007		Attended 1 meeting
Mr J Fisher		Independent member	01/09/2008		Attended 3 meetings
Mrs S Struthers		Independent member	01/09/2008		Attended 4 meetings
Mrs E McGeorge		Support Staff member	01/09/2009		Attended 4 meetings
Mr R Adie		Lecturing staff member	01/04/2010		Attended 3 meetings
Mrs L McKay		Principal	10/05/1999		Attended 3 meetings
Mr T Moore		Independent member	27/06/2001		Attended 3 meetings
Mrs A Mearns	Vice Chair from 15/06/11	Independent member	24/06/2009		Attended 3 meetings
Mr A Carver		Independent member	30/03/2011		Attended 0 meetings
Ms B Hamilton		Independent member	30/03/2011		Attended 1 meeting

Since the year end the following changes to Board membership have taken place:

Board Member	Committees Served	Status of appointment	Date of Appointment	Date of Retiral
Ms K Underhill		Student Member	21/09/2011	
Mr J Fisher	Audit. and Strategic	Independent member		26/09/11

The board determines that a board member is independent if they:

- have not been an employee of the College within the last five years;
- have not within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the College;
- have not received or receives additional remuneration from the College apart from expenses, participates in the College's pension scheme;
- have no close family ties with any of the College's advisers, or senior employees; and
- do not holds cross-board membership or has significant links with other board members through involvement in other companies or bodies.

Finance Committee

The committee met on five occasions during the year and recommends to the Board the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

Mr J Callander	Chair	Attended 5 meetings
Mr N McLean	Member	Attended 5 meetings
Mrs S Struthers	Member	Attended 5 meetings
Mr A Carver	Member from 31/03/11	Attended 2 meetings

Statement of Corporate Governance and Internal Control (continued)**Strategic Planning Committee**

The committee met on one occasion and advises the Board on its strategic responsibilities and monitors implementation of the Corporate Plan.

Mrs A Mearns	Chair - from 09/05/11	Attended 1 meeting
Mr J Callander	Member	Attended 1 meeting
Mr J Fisher	Member	Attended 1 meeting

HR Committee

The committee met on three occasions and advises on HR strategy (including industrial relations matters), oversees the Board's health & safety responsibilities, and monitors the Board's equal opportunities aspirations.

Mr J Blackie	Chair	Attended 3 meetings
Dr W Blair	Member	Attended 3 meetings
Mrs A Mearns	Member	Attended 3 meetings

Audit Committee

The committee met on three occasions and considers reports and recommendations for the improvement of the College's systems of internal control - including risk management processes - and management's responses and implementation plans. The internal and external auditors normally attend meetings.

Mr B Gil	Chair	Attended 3 meetings
Mr J Fisher	Member	Attended 3 meetings
Mr T Moore	Member from 08/09/10	Attended 2 meetings

Learner Services Committee

The committee met on three occasions and considers reports and contribution from elected representative of College learners on learners' needs, views and priorities.

Mr E Bell-Scott	Chair to 10/02/11	Attended 2 meetings
Dr W Blair	Chair from 10/02/11	Attended 3 meetings
Mr D Connell	Member	Attended 3 meetings
Mrs E McGeorge	Member	Attended 2 meetings
Mr R Adie	Member	Attended 1 meeting
Mrs A Mearns	Member	Attended 3 meetings

Nomination Committee

The committee met on two occasions during the year and considers nominations for vacancies on the Board and oversees the procedure for selection and appointment of new members.

Mr E Bell-Scott	Chair	Attended 2 meetings
Dr W Blair	Member	Attended 2 meetings
Mrs E McGeorge	Member	Attended 2 meetings

Remuneration Committee

The committee met on two occasions during the year and makes recommendations to the Board on the remuneration and terms and conditions of the Principal and other members of the Senior Management Team (SMT).

Mr E Bell-Scott	Chair	Attended 2 meetings
Mr J Blackie	Member	Attended 2 meetings
Mr H Hall	Member	Attended 2 meetings

Statement of Corporate Governance and Internal Control (continued)

Estates Development Steering Committee

The committee met twice during the year and oversees the delivery of the estate development project within budget, on schedule and to the appropriate specification.

Mr T Moore	Chair	Attended 2 meetings
Mr J Blackie	Member	Attended 2 meetings
Mrs L McKay	Member	Attended 0 meetings
Mr B Gil	Member	Attended 2 meetings

Lay members chair all committees and comprise the majority on all committees. The Audit and Remuneration Committees are comprised solely of non-executive members, though the Principal, and other senior members of staff attend meetings as necessary.

Committee Review

After a review to develop the Board and Governance processes in the context of current financial constraints, in December 2010 the Board took the decision to streamline the Board operations and committees.

As a result the Board took the decision to merge the HR and Nomination Committees together and the Strategic Planning and Learner Services. The memberships from 1 August 2011 by committee are now:

HR Committee	Finance Committee	Strategic Development Committee
formerly HR and Nomination		formerly Strategic Planning and Learner Services
Mr J Blackie (Chair)	Mr J Callander (Chair)	Mrs A Mearns (Chair)
Dr W Blair	Ms S Struthers	Mr J Callander
Mrs E McGeorge	Mr A Carver	Mr T Moore
Ms B Hamilton	Mr N McLean	Mr A Carver
		Mr R Adie
		Ms K Underhill
		Dr W Blair
Audit Committee	Estates Development Steering Committee	Remuneration Committee
Mr B Gil (Chair)	Mr T Moore (Chair)	Mr J Blackie (Chair)
Mr J Fisher	Mr J Blackie	Mr H Hall
Mr T Moore	Mr B Gil	Mrs A Mearns
Ms B Hamilton	Mrs L McKay	

Each year, the Board of Management undertakes an evaluation of its performance and of its committees. This is done by self-appraisal by individual Board members and the result of the evaluation is used to drive improvements in governance processes within the College. Training is given to Board members in areas identified through the evaluation.

The Senior Management Team comprising the College Principal, the Depute Principal, Associate Principals, Director of Estates and Heads of Corporate Services meets weekly and deals mainly with operational matters. The group also receives regular reports setting out key performance indicators and considers possible control issues brought to their attention through this early warning mechanism.

Going Concern

The financial statements have been prepared on a going concern basis as the Board believe that the College has adequate resources to allow it to continue for the foreseeable future.

Approved by order of the members of the Board on 7 December 2011 and signed on its behalf by:



Hugh Hall
Chairman



Mrs Linda McKay
Principal

Statement of the Board of Management's Responsibilities

The Board of Management are required to present audited financial statements for each financial year.

In accordance with the Further and Higher Education (Scotland) Act 1992 and 2005, 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 enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2007 *Statement of Recommended Practice - Accounting for Further and Higher Education Institutions* and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, 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 preparing the financial statements, 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 Institution will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of 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;
- ensure sound corporate governance and proper conduct of the College's operations.

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 outcomes;
- 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 the Finance Committee;
- a professional internal audit team 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 misstatement or loss.

Statement of the Board of Management's Responsibilities (continued)

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Approved by order of the members of the Board on 7 December 2011 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Hugh Hall', written in a cursive style.

Hugh Hall
Chairman

Independent Auditors' Report to the members of the Board of Management of Forth Valley College, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of Forth Valley College for the year ended 31 July 2011 under the Further and Higher Education (Scotland) Act 1992. These comprise the Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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 123 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, Principal and Auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992, and the Accounts Direction. We report to you whether in our opinion, the information which comprises the Operating and Financial Review included in the Annual Report, is consistent with the financial statements. We also report whether in all material respects:

- the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers;
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1 January 2006 and any other terms and conditions attached to them for the year ended 31 July 2011; and
- funds from whatever source administered by the College for specific purposes have been properly applied for the intended purposes.

In addition, we report to you if, in our opinion, the college has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We review whether the Statement of Corporate Governance and Internal Control reflects the college's compliance with the requirements of the Scottish Funding Council and if we report if, in our opinion, it does not. We are not required to consider, whether the statement covers all risks and controls, or form an opinion on the effectiveness of the College's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Operating and Financial Review, the Corporate Governance Statement and the Statement of the Board of Management's Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' Report to the members of the Board of Management of Forth Valley College, the Auditor General for Scotland and the Scottish Parliament (continued)

Basis of Audit Opinion

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

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

Opinions

Financial Statements

In our opinion

- the financial statements give a true and fair view, in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction made there under by the Scottish Funding Council, of the state of affairs of the College as at 31 July 2011 and of its deficit, total recognised gains and losses and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction made there under by the Scottish Funding Council; and
- information which comprises the Operating and Financial Review, included with the Annual Report, is consistent with the financial statements.

Regularity

In our opinion in all material respects:

- the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers;
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1 January 2006 and any other terms and conditions attached to them for the year ended 31 July 2011; and
- funds from whatever source administered by the college for specific purposes have been properly applied for the intended purposes.

W. W. Bisset CA

Wylie & Bisset LLP
Chartered Accountants
Registered Auditor
168 Bath Street
GLASGOW
G2 4TP

7 December 2011

Income and Expenditure Account for the year ended 31 July 2011

INCOME	Note	Year ended 31 July 2011	Year ended 31 July 2010
		£000	£000
SFC grants	2	23,983	26,078
Tuition fees and education contracts	3	6,160	6,148
Other grant income	4	94	100
Other operating income	5	1,125	1,178
Investment income	6	102	49
Total Income		31,464	33,553
EXPENDITURE			
Staff costs	7	21,340	20,161
Exceptional restructuring costs	7	950	418
Pension provision charge	9	640	263
Other operating expenses	10	7,008	7,112
Depreciation	13	1,007	1,969
Interest payable	11	172	409
Total Expenditure		31,117	30,332
Surplus on continuing operations after depreciation of assets at valuation and before tax and exceptional items		347	3,221
Exceptional Items			
Impairment of Fixed Assets		0	(2,398)
Net cost of PFI termination	32	226	(1,273)
Asset Repayment Provision	34	(3,000)	0
Deficit on continuing operations after depreciation of assets at valuation and exceptional items and before tax		(2,427)	(450)
Gain on disposal of tangible fixed assets		841	0
Taxation	12	0	0
Deficit on continuing operations after Gain on disposal of fixed assets and depreciation of assets at valuation and tax and exceptional items.		(1,586)	(450)

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

Statement of Historical Cost Surpluses and Deficits for the year ended 31 July 2011

	Note	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Deficit on continuing operations before taxation		(1,586)	(450)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	19	502	554
Historical cost (deficit) / surplus for the year before and after taxation		<u>(1,084)</u>	<u>104</u>

Statement of the Total Recognised Gains and Losses for the year ended 31 July 2011

	Note	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Deficit on continuing operations for the year after depreciation of assets at valuation and tax		(1,586)	(450)
Unrealised deficit on impairment/revaluation of fixed assets		0	(983)
Actuarial gain in respect of pension scheme	26	919	46
Total loss recognised since last annual report		<u>(667)</u>	<u>(1,387)</u>
Reconciliation			
Opening reserves		10,597	11,984
Total recognised loss for the year		<u>(667)</u>	<u>(1,387)</u>
Closing reserves		<u>9,930</u>	<u>10,597</u>

Balance Sheet as at 31 July 2011

	Note	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Fixed Assets			
Tangible assets	13	53,186	32,989
Current assets			
Stocks		16	13
Debtors	14	2,317	1,261
Cash at bank and in hand		8,715	9,438
Total current assets		11,048	10,712
Less: Creditors - amounts falling due within one year	15	5,165	5,131
Less: Obligations under PFI falling due within one year	16	0	994
Net current assets		<u>5,883</u>	<u>4,587</u>
Total assets less current liabilities		59,069	37,576
Less: Provision for liabilities	17	9,668	6,394
Net Assets excluding pension liability		<u>49,401</u>	<u>31,182</u>
Net pension liability	26	(6,550)	(7,170)
NET ASSETS INCLUDING PENSION LIABILITY		<u>42,851</u>	<u>24,012</u>
Deferred capital grants	18	<u>32,921</u>	<u>13,415</u>
Income and expenditure account excluding pension reserve	19	(2,484)	(1,699)
Pension reserve	19	(6,550)	(7,170)
Income and expenditure account including pension reserve	19	(9,034)	(8,869)
Restricted Reserve	19	145	145
Revaluation reserve	19	18,819	19,321
Total reserves		<u>9,930</u>	<u>10,597</u>
TOTAL		<u>42,851</u>	<u>24,012</u>

The financial statements on pages 20 to 40 were approved by the Board of Management on 7 December 2011 and were signed on its behalf on that date by:



Hugh Hall
Chairman



Mrs Linda McKay
Principal

Cash Flow Statement for the year ended 31 July 2011

	Year ended 31 July 2011	Year ended 31 July 2010	
Note	£000	£000	
Cash inflow from operating activities	20	1,176	1,894
Returns on investments and servicing of finance	21	102	49
Capital expenditure and financial investment	22	(2,001)	2,865
Financing	23	0	(83)
(Decrease) / increase in cash in the year		<u>(723)</u>	<u>4,725</u>
 Reconciliation of net cash flow to movement in net funds/ (debt)			
(Decrease) / increase in cash in the period		(723)	4,725
Change in net funds resulting from cash flows	24	<u>994</u>	<u>83</u>
Movement in net funds in period		271	4,808
Net funds at 31 July 2010	24	8,444	3,636
Net funds at 31 July 2011	24	<u><u>8,715</u></u>	<u><u>8,444</u></u>

Notes to the Financial Statements

1 Statement of Principal Accounting Policies

Basis of preparation

The financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and 2005, and the Accounts Direction issued there under by the Scottish Further and Higher Education Funding Council which requires compliance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007).

Basis of accounting

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

Recognition of income

Income from grants (excluding European funds), contracts and other services rendered is included in proportion to the extent of completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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

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

Tangible fixed assets

Land and buildings

The majority of the College's buildings being specialised buildings, open market value is not an appropriate basis of valuation. Land and buildings are therefore valued on the basis of depreciated replacement cost with the exception of the Hallpark Annexe and Middlefield site which have been valued on an existing use value. Land is not depreciated and buildings are depreciated over their estimated life as identified by the valuer.

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

Finance costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

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

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2011. They are not depreciated until they are brought into use.

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 reduction in operating costs
- significant extension of the asset's life beyond that conferred by repairs and maintenance

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

Notes to the Financial Statements (continued)**1 Statement of Principal Accounting Policies (continued)*****Equipment***

Equipment costing less than £10,000 per individual item is written off to income and expenditure account in the year of acquisition. All other equipment and vehicles are capitalised and depreciated in accordance with the depreciation policy.

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

Depreciation

Depreciation is provided to write off the cost or valuation of tangible fixed assets on a straight-line basis over the expected useful lives of the assets.

i) Buildings	50 years
ii) Plant & Equipment	5 years
iii) Building improvements	10 years
iv) IT Equipment	4 years
v) Motor vehicles	7 years
vi) Equipment acquired for other projects	project life

Leased assets

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

Assets acquired under Private Finance Initiative contracts

Costs in respect of Private Finance Initiative contracts are charged on a straight line basis over the lease term. 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 notional capital elements of the leasing commitments are shown as obligations under PFI contracts. The lease rentals are treated as consisting of capital and interest elements. Assets held under PFI contracts are depreciated over the shorter of the contract term or the useful economic lives of equivalent owned assets.

Rental costs in respect of operating leases are charged to income and expenditure account on a straight line basis.

Revaluation reserve

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

Impairment of assets

Any reduction in the recoverable amount of fixed assets arising from impairment reviews are recognised in the Income and Expenditure account or Statement of Total Recognised Gains and Losses as appropriate.

Maintenance of premises

The costs of maintenance are charged to the income and expenditure account in the period in which they are incurred.

Stocks

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.

Notes to the Financial Statements (continued)**Liquid resources**

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

Taxation

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

Provisions

The College provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by the Scottish Funding Council.

Agency arrangements

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

Retirement benefits**Local Government Pension Scheme (LGPS)**

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

Pension Provision

Provisions are recognised when the College has a present or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The College has made provision for the enhanced pensions, payable to former employees who have taken early retirement, for which it is liable. This provision is calculated based on the actuarial tables which take account of the enhancement payable, the age, sex and marital status of the former employee. The annual cost of the enhancement is funded from the provision. The provision is made in accordance with FRS12 and any movements are adjusted through the Income & Expenditure Account.

Scottish Teachers' Superannuation Scheme (STSS)

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

Notes to the Financial Statements (continued)

	Note	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
2 SFC grants			
FE recurrent grant (including fee waiver)		22,028	21,917
FE childcare funds		326	343
Release of deferred capital grants	18	620	2,826
Other SFC grants		1,009	992
Total		<u><u>23,983</u></u>	<u><u>26,078</u></u>
3 Tuition fees and education contracts			
FE fees - UK & EU		616	617
FE fees - non EU		289	214
HE fees		1,656	1,598
Education contracts		1,217	1,168
Other contracts		2,382	2,551
Total		<u><u>6,160</u></u>	<u><u>6,148</u></u>
4 Other grant income			
Release of deferred capital grants	18	1	41
Other grants		93	59
Total		<u><u>94</u></u>	<u><u>100</u></u>
5 Other operating income			
Residences and catering		606	598
Other income-generating activities		10	13
Other income		509	567
Total		<u><u>1,125</u></u>	<u><u>1,178</u></u>
6 Investment income			
Other interest receivable		102	49
Net return on pension asset/ liability	26	0	0
Total		<u><u>102</u></u>	<u><u>49</u></u>

Notes to the Financial Statements (continued)

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
7 Staff costs		
Wages and salaries	18,596	18,514
Social security costs	1,360	1,414
Other pension costs (including FRS 17 adjustments of £127,000 (2010 (£1,623,000)))	2,334	629
Total	22,290	20,557
Academic/ Teaching Departments	13,949	14,406
Academic/ Teaching Services	3,515	3,315
Administration and Central Services	2,076	412
Premises	527	652
Other expenditure	346	337
Catering and Residences	250	258
Modern Apprentice Trainees	677	781
Sub-total	21,340	20,161
Exceptional restructuring costs	950	418
Total	22,290	20,579

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

	No.	No.
Senior management	8	8
Teaching departments	343	367
Teaching services, Admin and central services	162	162
Premises	21	24
Catering and Residences	13	14
Modern Apprentice Trainees	80	88
Total	627	663

Analysed as:

Staff on permanent contracts	600	622
Staff on temporary contracts	27	41
	627	663

The number of staff, including senior post-holders and the Principal, who received emoluments including benefits in kind where appropriate and excluding pension contributions in the following ranges were:

	2,011 No.	2,010 No.
£50,001 to £60,000 per annum	8	7
£60,001 to £70,000 per annum	1	3
£70,001 to £80,000 per annum	3	1
£80,001 to £90,000 per annum	1	2
£90,001 to £100,000 per annum	0	1
£110,001 to £120,000 per annum	0	0
£120,001 to £130,000 per annum	1	1

Notes to the Financial Statements (continued)

	Year ended 31 July 2011	Year ended 31 July 2010
	No.	No.
8 Senior post-holders' emoluments		
The number of senior post-holders, including the Principal was:	8	8

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Senior post-holders' emoluments are made up as follows:		
Salaries	617	647
Pension contributions	99	94
Total emoluments	716	741

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

Salary (including bonus)	122	124
Benefits in kind	0	0
	122	124
Pension contributions	19	18

The Principal and four other senior post-holders were members of the Scottish Public Pensions Agency and the other three senior post-holders were members of the Local Government Pension Scheme. All pension contributions were paid at the same rate as for other members of staff.

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

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
9 Pension Provision Charge		
Increase due to revaluation of pension liability	640	550
Past Service Costs	0	(287)
	640	263

10 Other operating expenses

Teaching departments	2,992	2,598
Administration and central services	1,008	1,035
Premises costs	1,240	1,657
Planned maintenance	382	351
Other employee related costs	318	371
Agency staff costs	128	116
Other income generating activities	249	241
Residences and catering	365	400
Childcare	326	343
Total	7,008	7,112

Notes to the Financial Statements (continued)

10 Other operating expenses (continued)

	Year ended 31 July 2011	Year ended 31 July 2010
Other operating costs include:		
Auditors' remuneration - external audit of these financial statements	24	22
- internal audit services	30	24
- other services	28	82
Hire machinery - operating leases	125	60
Payments under PFI contracts	<u>158</u>	<u>569</u>
	<u>365</u>	<u>757</u>

11 Interest payable

Pension finance costs (note 26)	<u>172</u>	<u>409</u>
---------------------------------	------------	------------

12 Taxation

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

13 Tangible Fixed Assets

Land and buildings were revalued at 31 July 2009 by DM Hall, Chartered Surveyors, in the capacity of independent valuer. The basis of valuation adopted was depreciated replacement cost for all except the Hallpark Annexe and Middlefield site which were valued at an existing use value, and the valuation was made in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

	Land and Buildings £000	Stirling Centre £000	Plant & Equipment £000	Assets in the Course of Construction £000	Total £000
Cost or valuation					
At 1 August 2010	23,414	2,760	1,320	8,264	35,758
Additions	1,466	0	1,161	21,583	24,210
Disposal	(1,688)	(2,760)	0	0	(4,448)
					0
At 31 July 2011	<u>23,192</u>	<u>0</u>	<u>2,481</u>	<u>29,847</u>	<u>55,520</u>
Depreciation					
At 1 August 2010	640	1,442	687	0	2,769
Provided during year	516	0	491	0	1,007
Disposals	0	(1,442)	0	0	(1,442)
On disposals					0
At 31 July 2011	<u>1,156</u>	<u>0</u>	<u>1,178</u>	<u>0</u>	<u>2,334</u>
NBV at 31 July 2010	<u>22,774</u>	<u>1,318</u>	<u>633</u>	<u>8,264</u>	<u>32,989</u>
NBV at 31 July 2011	<u>22,036</u>	<u>0</u>	<u>1,303</u>	<u>29,847</u>	<u>53,186</u>

Assets in the course of construction includes £84,918 of finance costs

Notes to the Financial Statements (continued)

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
14 Debtors: Amounts falling due within one year		
Trade debtors - net of provision for doubtful debts	376	416
Prepayments and accrued income	1,941	845
	<u>2,317</u>	<u>1,261</u>

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
15 Creditors: Amounts falling due within one year		
Payments received in advance	589	772
Trade creditors	181	396
Other taxation and social security	364	458
Accruals and deferred income	2,985	2,755
Other creditors	1,046	750
	<u>5,165</u>	<u>5,131</u>

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
16 Obligations under Private Finance Initiative		
At 1 August 2010	994	1,077
Capital element of repayments (net of grants received)	(994)	(83)
At 31 July 2011	<u>0</u>	<u>994</u>
Due within one year	<u>0</u>	<u>994</u>

	Note	Pension Provision £000	SFC £000	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
17 Provisions for liabilities and charges		£000	£000	£000	£000
At 1 August 2010		6,394	0	6,394	6,486
Expenditure in the period		(366)	0	(366)	(642)
Additional provision required in year	34	0	3,000	3,000	0
Revaluation adjustment		305	0	305	180
Interest charged		335	0	335	370
At 31 July 2011		<u>6,668</u>	<u>3,000</u>	<u>9,668</u>	<u>6,394</u>

The above liability is in respect of future pension liabilities arising from early retirees and an asset repayment provision.

Notes to the Financial Statements (continued)

18 Deferred Capital Grants

	SFC £000	Other £000	Total £000
At 1 August 2010			
Land and Buildings	11,141	0	11,141
PFI Contract	0	325	325
Equipment	1,944	5	1,949
	<u>13,085</u>	<u>330</u>	<u>13,415</u>
Cash Receivable			
Land and Buildings	22,411	0	22,411
PFI Contract	0	0	0
Equipment	60		60
	<u>22,471</u>	<u>0</u>	<u>22,471</u>
Released to Income and Expenditure Account			
Land and Buildings	(2,056)	0	(2,056)
PFI Contract	0	(325)	(325)
Write off of Equipment	(142)	0	(142)
Equipment	(441)	(1)	(442)
	<u>(2,639)</u>	<u>(326)</u>	<u>(2,965)</u>
At 31 July 2011			
Land and Buildings	31,496	0	31,496
PFI Contract	0	0	0
Equipment	1,421	4	1,425
	<u>32,917</u>	<u>4</u>	<u>32,921</u>

19 Reserves

	Revaluation Reserve £000	Restricted Reserve £000	Year ended 31 July 2011 Total £000	Year ended 31 July 2010 Total £000
At 1 August 2010	19,321	145	19,466	21,003
Impairment	0	0	0	(983)
Transfer to Income & expenditure account in respect of: Depreciation on revalued assets	(502)	0	(502)	(554)
At 31 July 2011	<u>18,819</u>	<u>145</u>	<u>18,964</u>	<u>19,466</u>
General Reserve			£000	£000
At 1 August 2010			(8,869)	(9,019)
Deficit for the year			(1,586)	(450)
Transfer from revaluation reserve			502	554
Actuarial gain in pension scheme			919	46
At 31 July 2011			<u>(9,034)</u>	<u>(8,869)</u>
Represented by:				
Income & expenditure account			£000	£000
At 1 August 2010			(1,699)	(634)
Deficit for the year			(1,586)	(450)
Transfer to / (from) pension reserve			299	(1,169)
Transfer from revaluation reserve			502	554
At 31 July 2011			<u>(2,484)</u>	<u>(1,699)</u>

Notes to the Financial Statements (continued)

19 Reserves (continued)

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Pension Reserve		
At 1 August 2010	<u>(7,170)</u>	<u>(8,385)</u>
Current service cost	(913)	(879)
Employer contributions	964	909
Past service gains	(178)	1,548
Net return on assets	<u>(172)</u>	<u>(409)</u>
Transfer (from) / to income & expenditure	<u>(299)</u>	<u>1,169</u>
Actuarial losses	<u>919</u>	<u>46</u>
At 31 July 2011	<u><u>(6,550)</u></u>	<u><u>(7,170)</u></u>
Summary		
Income & expenditure account	(2,484)	(1,699)
Pensions reserve	<u>(6,550)</u>	<u>(7,170)</u>
At 31 July 2010	<u><u>(9,034)</u></u>	<u><u>(8,869)</u></u>

20 Reconciliation of operating deficit to net cash flow from operating activities

	Note	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Operating deficit after depreciation of assets at valuation, exceptional items and tax		(1,586)	(450)
Pension costs (less contributions payable)	26	127	(1,578)
Depreciation	13	1,007	1,969
Net (gain)/ loss on disposal of fixed assets	13	(841)	0
Write off of Fixed Assets		0	2,398
Write off of Investment (PFI)		3,115	0
Deferred capital grants released to income	18	(2,965)	(3,027)
Increase in stocks		(3)	(2)
(Increase) / decrease in debtors	14	(1,056)	224
Increase in creditors	15	34	2,092
Increase / (decrease) in provisions	17	3,274	(92)
Interest receivable - bank interest	21	(102)	(49)
Net return on pension liability	26	<u>172</u>	<u>409</u>
Net cash (outflow) / inflow from operating activities		<u><u>1,176</u></u>	<u><u>1,894</u></u>

Notes to the Financial Statements (continued)

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
21 Returns on investments and servicing of finance		
Interest received	<u>102</u>	<u>49</u>

22 Capital expenditure and financial investment

Purchase of tangible fixed assets	13	(22,744)	(6,627)
Purchase of investment (PFI)		(4,581)	0
Sales of tangible fixed assets		2,853	0
Deferred capital grants received	18	<u>22,471</u>	<u>9,492</u>
Net cash (outflow) / inflow from capital expenditure		<u>(2,001)</u>	<u>2,865</u>

23 Financing

Capital element of finance lease rental payments		<u>(994)</u>	<u>(83)</u>
--	--	--------------	-------------

24 Analysis of changes in net funds

	At 31 July 2010 £000	Cash Flows £000	Other Changes £000	At 31 July 2011 £000
Cash	9,438	(723)	0	8,715
Finance lease/hire purchase contracts	(994)	0	994	0
TOTAL	<u>8,444</u>	<u>(723)</u>	<u>994</u>	<u>8,715</u>

25 Lease commitments

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
The annual commitments under operating leases for equipment are as follows:		
Expiry - within one year	0	18
- within two to five years	80	48
- after five years	<u>0</u>	<u>0</u>

The annual commitments under operating leases for property rental are as follows:

Expiry - within one year	315	0
- within two to five years	0	0
- after five years	<u>0</u>	<u>0</u>

26 Pensions 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 costs for the institution was :	£000	£000
Contribution to STSS	1,243	1,343
Contribution to LGPS	964	909
Pension costs as a result of implementing FRS 17	127	(1,623)
Total pension cost (Note 7)	<u>2,334</u>	<u>629</u>

Notes to the Financial Statements (continued)

26 Pensions and similar obligations (continued)

Contribution rates

STSS	14.9%	14.9%
LGPS	18.4%	17.9%

The Scottish Teachers' Superannuation Scheme

The STSS is a notional fund and is a defined benefit multi-employer scheme. The latest actuarial valuation for the scheme was carried out as at 31 March 2005.

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

Rate of return on investments in excess of rate of increase in salaries	2.0%
Rate of return on investments in excess of rate of increase in prices	3.5%
Market value of the assets as at 31 March 2005	£13,000m
Asset value under SCAPE	£18,521m

The college is unable to identify its share of the underlying assets and liabilities in the STSS. Consequently, in line with the requirements of FRS 17 - Retirement Benefits, the College accounts for contributions to this scheme as if it were a defined contribution scheme.

The Local Government Pension Scheme

The Falkirk Council Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2011 was £1,091,000 of which employer's contributions totalled £964,000 and employees contributions totalled £127,000. The agreed contribution rates for future years are 18.4% to 31 March 2011 for employers and between 5.5% to 9.6% for employees.

The following information is based upon a full actuarial valuation of the fund at 31 March 2008 updated to 31 July 2011 by a qualified independent actuary.

Principal Actuarial assumptions

Rate of return on investments in excess of rate of increase in salaries	1.4%
Rate of return on investments in excess of rate of increase in pensions	3.7%

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2030 for non pensioners and 2015 for pensioners.

	Male years	Female years
Current pensioners	22	25
Future pensioners	23	27

Notes to the Financial Statements (continued)

26 Pensions and similar obligations (continued)

	As at 31 July 2011	As at 31 July 2010
Pension increase rate	2.7%	2.9%
Rate of increase in salaries	5.0%	4.9%
Expected return on assets	6.4%	6.7%
Discount rate for liabilities	5.3%	5.4%

The assets of the scheme (of which the College's share is estimated at 1.39%) and the expected rates of return were:

	Long-term rate of return expected at 2011	Value at 2011 £'000	Long-term rate of return expected at 2010	Value at 2010 £'000
Equities	7.0%	14,331	7.3%	12,234
Bonds	4.6%	2,711	4.8%	2,284
Property	5.1%	1,549	5.3%	1,305
Cash	4.0%	775	4.4%	489
Total market value of assets		<u>19,366</u>		<u>16,312</u>
Present value of scheme liabilities				
- Funded		(25,451)		(23,036)
- Unfunded		(465)		(446)
Deficit in the scheme		<u>(6,550)</u>		<u>(7,170)</u>

The transactions in respect of the LGPS which are now included in the accounts as required by FRS 17 are as follows:

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Analysis of the amount charged to income and expenditure account		
Current service costs	913	879
Past service costs	178	(1,548)
	<u>1,091</u>	<u>(669)</u>
Less: Contributions paid	(964)	(909)
Total operating charge	<u>127</u>	<u>(1,578)</u>
Analysis of net return on pension scheme		
Expected return on pension scheme assets	(1,125)	(906)
Interest on pension liabilities	1,297	1,315
Net interest on assets	<u>172</u>	<u>409</u>
Net revenue account expenditure/(income)	<u>299</u>	<u>(1,169)</u>

Notes to the Financial Statements (continued)

26 Pensions and similar obligations (continued)

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Amount recognised in the statement of recognised gains and losses (STRGL)		
Actual return less expected return on pension assets	962	1,417
Experience gains and losses arising on the scheme liabilities	(43)	(1,371)
Change in financial assumptions underlying the scheme liabilities		
Actuarial loss recognised in STRGL	<u>919</u>	<u>46</u>
Movement in deficit during year		
Deficit in scheme at 1 August 2010	(7,170)	(8,385)
Movement in year :		
Current service charge	(913)	(879)
Contributions	938	884
Contributions in respect of Unfunded Benefits	26	25
Past service costs	(178)	1,548
Net interest/ return on assets	(172)	(409)
Actuarial gain/(losses)	919	46
Deficit in scheme at 31 July 2011	<u>(6,550)</u>	<u>(7,170)</u>
	(Note 19)	
Asset and Liability Reconciliation		
Reconciliation of Liabilities		
Liabilities at start of period	23,482	21,466
Service cost	913	879
Interest cost	1,297	1,315
Employee contributions	302	293
Losses on curtailments	95	45
Actuarial gain	43	1,371
Benefits paid	(299)	(294)
Past Service costs	83	(1,593)
Liabilities at end of period	<u>25,916</u>	<u>23,482</u>
Reconciliation of Assets		
Assets at start of period	16,312	13,081
Expected return on assets	1,125	906
Actuarial gain/(loss)	962	1,417
Employee contributions	302	293
Employer contributions	964	909
Benefits paid	(299)	(294)
Assets at end of period	<u>19,366</u>	<u>16,312</u>

Notes to the Financial Statements (continued)

26 Pensions and similar obligations (continued)

History of experience gains and losses

	Year ended 31/07/11	Year ended 31/07/10	Year ended 31/07/09	Year ended 31/07/08	Year ended 31/07/07
Experience gains / (loses) on scheme assets	962	1,417	(2,109)	(2,424)	597
Value of Assets	19,366	16,312	13,081	13,366	13,827
Percentage of scheme assets	5.0%	8.7%	(16.1%)	(18.1%)	4.3%
Experience (losses) and gains on scheme liabilities	(27)	13	(228)	(1)	(113)
Present value of liabilities	25,916	23,482	21,466	16,711	16,119
Percentage of scheme liabilities	(0.1%)	0.1%	(1.1%)	(0.0%)	(0.7%)

27 Related Party Transactions

Due to the nature of the College's operations and the composition of its 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 Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures.

During the year under review, transactions with bodies in which a member of the Board of Management has an interest and which, in aggregate, exceeded £5,000 are noted below:-

Member	Organisation	Type of Contract	Transactions 2010-11 £000
Mr B Gil	Stirling Council	Educational Services	580
Mr T Moore	BP Oil Exploration	Educational Services	161

At 31 July 2011, the following balances existed:

Organisation	Due to the College £000	Due from the College £000
Stirling Council	23	0
BP Oil	9	0
	<u>32</u>	<u>0</u>

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	Position
Mr T Moore	BP Oil Exploration	Asset Manager
Mr B Gil	Stirling Council	Corporate Project Manager

Notes to the Financial Statements (continued)

28 FE Bursary and other Student Support Funds

	FE Bursary £000	FE Hardship £000	EMA's £000	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Balance brought forward	81	0	42	123	185
Allocation received in year	2,523	224	288	3,035	3,375
Expenditure	(2,524)	(225)	(287)	(3,036)	(3,408)
Repayable to Funding Council as Clawback	0	0	0	0	0
College Contribution to funds	0	0	0	0	0
Virements	12	1	0	13	(29)
Balance Carried forward	92	0	43	135	123
Represented by:					
Retained by College for Students	92	0	43	135	123

FE Bursary and Student Support Fund grants are available solely for students, the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Balance brought forward	0	0
Allocation received in year	339	343
Expenditure	(326)	(372)
Repayable to Funding Council as Clawback	0	0
Virements	(13)	29
Balance Carried forward	0	0
Represented by:		
Repayable to Funding Council as Clawback	0	0
Retained by College for Students	0	0

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

30 HE Bursary and other Student Support Funds

	HE Childcare £000	HE Hardship £000	Other £000	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Balance brought forward	8	0	0	8	21
Allocation received in year	136	115	4	255	260
Expenditure	(110)	(147)	(4)	(261)	(273)
Repayable to SAAS as Clawback	0	0	0	0	0
College Contribution to funds	0	0	0	0	0
Virements	(32)	32	0	0	0
Balance Carried forward	2	0	0	2	8
Represented by:					
Repayable to SAAS as Clawback	2	0	0	2	0
Retained by College for Students	0	0	0	0	8

Notes to the Financial Statements (continued)

31 Capital Commitments	Year ended 31 July 2,011 £000	Year ended 31 July 2,010 £000
Contracted for at 31 July 2011	<u>15,405</u>	<u>36,988</u>

32 PFI Termination

The College purchased Stirling Centre Holdings Ltd in September 2010 and subsequently terminated the PFI agreement for the Stirling campus at Kerse Road, Stirling. Stirling Centre Holdings has subsequently been wound up and struck off the Companies House register. The building was sold during 2010/11.

33 Contingent Liabilities

The College had no contingent liabilities as at 31 July 2011.

34 Asset Repayment Provision

The Scottish Funding Council have enacted their right to receive the sale proceeds of the sale of the existing campus at Branshill Road, Alloa. The College has included a provision for this, the cost of which is disclosed as an exceptional item within the Income and Expenditure Account.

35 Loan Facility

At the start of 2010-11 the College finalised an unsecured £8m loan facility with Barclays Bank, to assist in the overall funding of the estates development programme. The level of funding required is within borrowing limits approved by SFC and deemed serviceable under their project funding model. As at 7 December 2011 the College has not drawn down on this facility.