OPERATING AND FINANCIAL REVIEW
FOR THE SIXTEEN MONTH PERIOD ENDED 31 JULY 2015

1. West Lothian College

West Lothian is one of thirteen regions identified for the provision of further education across Scotland and has a relationship with the West Lothian Community Planning Partnership which is nationally recognised as best practice. This partnership of many public agencies delivers on key outcomes for the community, delivering on the national ambitions set out by Scottish Government.

West Lothian Area Profile

West Lothian has a population of about 175,100, accounting for 3.3% of Scotland's total population, and is one of the fastest growing and youngest in the country, with an average age of 39 compared with 41 across Scotland. West Lothian has the highest percentage of under15s in Scotland (18.9%) and the lowest percentage of over 65s (13.6%). The growth is predicted to continue to 2035 by another 19.3%. This growth however will see the number of people of pensionable age increase significantly and particularly those aged over 75years.

The number of Households in West Lothian increased from 64,900 in 2001 to 73,400 in 2011, an increase of 13.1% which was the fourth highest in Scotland, behind only Orkney, Aberdeenshire and Highland.

Almost 9,000 people in West Lothian (5% of the area population) live within some of the most deprived areas in Scotland and 13% of the population are experiencing income deprivation. In West Lothian the population dependent on out of work benefits or child tax credit is 47% which is similar to the Scottish average for this measure (46.6%) with an estimated 18% of children in West Lothian living in severe poverty just below the Scottish average of 19.2%.

There is a higher rate of Job Seeker's Allowance (JSA) for West Lothian adults than the UK average, and youth unemployment although improved in recent years, remains above the national average.

The impact of all these projections is comprehensive, but all centre around an increase in demand for services which is likely to exceed available resources if services are not increased or fundamentally redesigned.

The College has responded very positively to these challenges and has had support from the Funding Council to increase the number of places available for learners at the college by around 20% over the last five years with the biggest growth delivered over 2013-2015.

This has enabled the college to provide and target full-time provision for 16-19 year olds, work with those 20-24 year olds wishing to re-train or enter the employment market and continue to deliver a robust suite of work based learning programmes for employees and businesses. This matches the priority groups identified by Scottish Government.

We have worked closely with our local partners to ensure that our programmes and opportunities compliment the offering and support provided by others and ensure that we all make a contribution appropriate to the needs of the skills pipeline.

The pace of growth has not come without its challenges. Some of the allocations were offered to the college late in the day out with the planning cycle and subsequently the quality of learner outcomes has potentially suffered.

For 2014-2015 considerable efforts have gone in to improving attainment and increasing the percentage of students who complete as fully successful. We do not yet have the final performance indicators however early signs have been encouraging.

In 2015-2016 the college has consolidated all growth and has undertaken robust and full curriculum planning to ensure that the quality of learner outcomes is a priority.

West Lothian College contributed to the following priority outcomes:

- Provision of sustainable post 16 vocational education supported by the efficiencies of shared services and joint provision with West Lothian Council.

- Improved life chances by increasing access for young people aged 16-24 to successfully participate in vocational education and opportunities within the region.

- Increased positive destinations for individuals in the region completing vocational programmes into employment or higher level study.

- Contributed to economic growth and success in West Lothian by increasing the skills levels of individuals employed in the workplace and meeting the needs of employers in West Lothian.

2. Nature, Objectives and Strategies

The Board present its report and the audited financial statements for the sixteenth month period ended 31 July 2015. The Board of Governors has approved these accounts on the basis the College is a going concern. The audited financial statements have been prepared under the historic cost convention in line with the principles and guidance set out in the Statement of Recommended Practice, Accounting for Further and Higher Education.

3. Legal Status

West Lothian College is a free standing corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992. The College is governed by a Board of Management and receives the majority of its funding directly from the Scottish Funding Council (SFC). The College is listed on 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.

4. Scope of the Financial Statements

The Financial Statements cover all activities of the College.

5. Vision

The College's vision is:

"To be a high performing and creative College with a regional and national reputation for excellence in demand led learning and skills development"

6. Achievements towards the 2014-2017 Regional Plan and Outcome Agreement

The college made good progress towards the majority of the outcomes, outputs and targets identified in the 2014-2017 Regional Plan and Outcome Agreement.

Highlights

- Efficiency gains from shared services with West Lothian Council achieved
- Realised major extensions to the college estate to increase the opportunities for high quality learning and skills development in Construction studies, Engineering, Motor Vehicle Studies. The Sports and Fitness development has progressed well.
- Increased the progression opportunities from West Lothian to a range of other colleges.
- On track to achieve all targets set for and by the College
- Extension of employability programmes and engagement with new employment sectors in engineering, construction, and hospitality.
- 80% of full time enrolments sustained for the16-24 year old age range
- 85% of learners satisfied with the quality and effectiveness of learning and teaching
- 87% of HE students progressed to employment or university study.
- Associate student places agreed and signed up for schools programmes with Edinburgh Napier University for Computing and Engineering
- Twinning Exchange visit with Cran-Gevrier Vocational College in France extended to Hospitality, Interactive Multimedia and Hairdressing students
- Successful educational and cultural trip to Berlin for Photography students.
- Fitness, Health and Exercise/ Applied Sport Science students had a successful annual work programme.
- Two hospitality students completed a working visit to Gaylord Texan Hotel in Grapevine.
- Maintained UK Buttle Quality Mark recognising our work with young people in care
- Successful appointment of Student Association and class representatives to ensure learner involvement in the life and work of the college
- Positive Staff wellbeing and industrial relations and an agreed pay award in line with public sector pay policy.
- Highly successful Commercial activity and College surplus contribution which exceeded target.

7. Regional Plan 2014-2017

With the majority of the new Regional structures in place and refinement of the Regional Outcome Agreement process underway, the College has subsequently reviewed its own planning framework to reflect this and harmonise all aims and activities in to one document.

The main planning document is now therefore the Regional Plan for 2014-2017 and this is supported through regional aims, high level priority outcomes, and key outputs for 2014 -2017 which are detailed below.

The specific targets for 2014-2015 are detailed in the full Regional Outcome Agreement and associated tables which are published on the Scottish Funding Council website and reflected in the College’s internal monitoring documentation.

Regional Aims 2014-2017

- Excellent learning and skills opportunities which improve the life chances of our young people aged 16-24 through successful participation in vocational education

- Excellent results and economic contribution through increasing the positive destinations of our learners in to employment or higher level study and driving up skills levels in the workplace

- Excellent and sustainable business through partnership working and development of efficiencies and effectiveness of shared services

Regional Priority Outputs 2014-2015

- Successful delivery of 53,665 weighted sums
- Increase proportion of full time delivery for 16-24 year olds to 80%
- Increase the volume of college/school activity for the Senior Phase by 20%
- Increase full time learner success rates for FE and He to minimum 67% and 72% respectively
- Increase learner success on part time programmes to 74%
- Deliver the further efficiency targets through shared services with West Lothian Council
- Complete the capital investment plans for Skills and Sports areas
- Successfully deliver high quality learning and teaching on the approved vocational portfolio of the college and expand to meet economic growth
- Achieve the next level of Excellence from EFQM
- Achieve a confident Annual Engagement Report from Education Scotland

8. Financial Strategy

In October 2010 the UK office of National Statistics (ONS) reclassified incorporated further educational colleges so that they would be treated as part of Central Government for financial budgeting and reporting purposes. The reclassification was implemented with effect from 1 April 2014. This had wide implications for the College as its reporting and accounting practices had to align with those that apply to Central Government organisations. The key changes which impact on the Financial Strategy are :

- All income and expenditure, including that funded from either reserves or borrowing, counts as part of the Scottish Government's own income and expenditure for budgeting purposes.

- All expenditure (net of income) requires budget cover from within the Scottish Government's own budget limits.

- The need to break even on a resource basis on an April-March fiscal year.

- The need to achieve break-even on income and expenditure on a financial year basis (August-July) as there is very little scope to carry forward surpluses to future years.

- Cash Surpluses need to be transferred to an Arms-Length Charitable Foundation.

- Minimum levels of cash to be held.

- New loan arrangements cannot be entered into without the prior approval of the Scottish Ministers.

The College's Financial Strategy will therefore be to:

- Generate sufficient cash surplus to meet the Scottish Funding Council (SFC) loan repayment obligations.
- Gift aid any cash surpluses over and above that required to repay the SFC loan to The Scottish Colleges Foundation.
- Utilise the contribution from commercial and project activities for re-investment in the College infrastructure.
- Secure efficiencies across support and curriculum areas through continued delivery of shared services and joint provision with West Lothian Council.

Ensure sufficient working capital to meet liabilities.

9. Performance Indicators

The College's management and control ensure financial stability is sound. There are clear management structures and reporting arrangements in place, with operating plans, performance indicators and risk management processes in place to support delivery of Regional Aims.

To monitor progress against the Regional Plan and Outcome Agreement the College works with a range of performance indicators, which are reviewed by the Senior Team and the Board of Governors on a regular basis.

The table below details performance in Academic Years 2012-13, 2013-14 and 2014-15

	Actual Academic Year 2012-13	Actual Academic Year 2013-14	Actual Academic Year 2014-15
WSUMs	44,084	50,116	54,016
Student Retention	93%	92%	93%
Staff Attendance	95%	96%	97%
Early Student Retention	94%	93%	96%
Student Achievement Ratio per Unit (SARU)	72%	75%	75%.
Learner Enrolments	5,695	7,252	7,473

The table below details financial performance in Financial Years 2012-13, 2013-14 and 2014-15

	Actual 12 month period ended 31 July 2013	Actual 8 month period ended 31 March 2014	Actual 16 month period ended 31 July 2015
Surplus / (Deficit) on continuing operations as a % of total income	2.5%	(4.9%)	0.3%
Surplus / (Deficit) on continuing operations as a % of total expenditure	2.5%	(4.7%)	0.3%
Staff costs as % of total income (excludes exceptional costs)	66%	64%	61%
Ratio of Current Assets to Current Liabilities	1.45	0.88	0.67
Days Cash to Total Expenditure	88	106	8
Debtor days	40	40	64

10. Financial Position

Financial Results for the sixteen month period ended 31 July 2015

The College has recorded an operating surplus of £76,000 for the sixteen month period ended 31 July 2015 (deficit of £487,000 for 8 month period ended 31 March 2014). After movements to other reserve headings, the cumulative deficit position on the Income and Expenditure Account decreased by £600,000 from £7,366,000 deficit to £6,766,000 deficit.

The deficit relating to the holiday pay accrual has decreased by £48,000 from £223,000 to £175,000. The deficit relating to the early retirement provision has decreased by £320,000 from £3,704,000 to £3,384,000. The deficit associated with the voluntary agreed PFI termination has decreased by £504,000 from £3,505,000 to £3,001,000.

The College has adopted FRS17 in full in these financial statements which affects the amounts disclosed in each of the Balance Sheet, Income and Expenditure Account, and Statement of Total Recognised Gains and Losses. The FRS17 pension liability at 31 July 2015 is £3,642,000 (liability of £2,819,000 at 31 March 2014).

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.

Cash Flows

Cash flow projections are prepared annually, broken down on a monthly basis to ensure that these are sufficient to meet the needs of the College. These are reviewed monthly and reports are provided to the Senior Management Team and the Finance and General Purposes Committee. Bank balances are checked on a daily basis and day-to day surplus funds are deposited overnight in a high interest bank account.

Liquidity

The College uses a number of ratios to assess the College's liquidity. The two key ratios are current assets: current liabilities s and days cash to total expenditure. However as a result of ONS reclassification the College is only able to hold minimum cash reserves. At the end of 2014-15 current assets: current liabilities was 0.67 as a result of the loan repayment and days cash to total expenditure was 8 days reflecting the ONS requirement.

Targets for 2015-16 are 17 days cash to total expenditure and current assets: current liabilities 0.8.

Creditor Payment Policy

The College complies with the Confederation of British Industry (CBI) Prompt Payment Code and has a policy of paying its suppliers within 30 days of invoice unless the invoice is contested. All disputes and complaints are handled as quickly as possible. The proportion of year-end creditors to the aggregate invoiced amounts during the year was 4%. The College did not pay any late interest payments during the year.

The Scottish Public Finance Manual sets a Government target for the payment of invoices within 10 working days of their receipt. While this is a difficult target for the College to achieve, it nevertheless strives to pay all invoices as promptly as possible.

11. Current and Future Developments and Performance

Learner profile

The College enrolled 6,381 learners in 2014-15 from a West Lothian working age population of 117,190. Combined participation rates for school leavers in Further and Higher Education in West Lothian now sit significantly above the Scottish average. The percentage of West Lothian school leavers entering Further Education now sits at 26.4%, a drop of 1.5% on the previous year. However, the percentage of West Lothian school leavers entering Higher Education has risen by 2.1% to 41.1%, reflecting the increased number of SCQF level 7 and 8 courses offered at College. Through strong partnership working, the College has been able to make a major contribution to this increase through targeting offers of place to young people.

The learner profile of the College continues to show a slightly higher percentage of full time female to male learners with approximately 49% of all learner enrolments under the age of 19; although 57% of full time enrolments are under 19 years of age. 18% of learners were in the 20-24 years age bracket. These are, however, variable across the vocational Centres with many young males in Engineering, Computing, Motor Vehicle and Construction and more mature females in Health and Social Care and Childhood Practice. The College clearly continues to recruit to courses on the basis of ability, experience and aspiration and not on the grounds of gender, age or any other protected characteristic.

Curriculum planning

West Lothian Regional College's full engagement in the strategic assessment process involved close working with Community Partners to clearly focus on establishing a shared 'plan for place'. With a clear, co-operative commitment to improving the lives of people in West Lothian, this partnership approach ensures the College's High Priority Outcomes within its Outcome Agreement align with and support a West Lothian-wide integrated approach to reducing outcome gaps and inequalities through shared vision and effective use of resources.

West Lothian College's Regional Outcome Agreement (ROA) aligns with West Lothian's Single Outcome Agreement (SOA) with clearly stated high priority outcomes that West Lothian will benefit through the provision of sustainable post 16 vocational education through increasing:

- access for young people aged 16-24;
- positive destinations for individuals completing vocational programmes;
- skills levels of individuals seeking to be part of and those within the workplace.

The College follows a robust annual portfolio planning process and all new courses approved for 2014-15 delivery were uniformly credited to support employability and skills development to meet the workforce needs of Scotland and were delivered as credited qualifications SCQF level 4 through to level 10, focusing on innovative delivery of high quality learning and teaching. In particularly supporting the needs of young learners, who are the future of West Lothian and Scotland, we delivered sustainable courses with a focus on employability, literacy, numeracy and health and well-being, which are relevant to economic and social inclusion and reflect national and local sector skills priorities for growth.

In delivering the specific responsibilities set out in the Scottish Government's Developing the Young Workforce: Scotland's Youth Employment Strategy, the College's provision addresses regional and national skill shortages associated with key employment sectors such as Food & Drink, Life Sciences, Energy, Finance & Business and Science, Technology, Engineering and Maths.

Full and part time courses are offered in subject areas, including:

Business, Management and Administration; Sales and Marketing; Social Sciences; Health and Social Care; Information Technology; Science and Mathematics; Built Environment; Engineering; Food and Tourism; Art and Design

College/School Partnership

West Lothian College is committed to contributing towards the Scottish Government's clear priorities to provide for those who are unemployed, those in the workplace who require up-skilling and to guarantee all 16-19 year olds a place in post-16 learning or training that better prepares young people for employment through informed career choice to fit regional and national employment prospects.

The College sits on West Lothian's Developing Scotland's Young Workforce Steering Board, whose remit is to plan, co-ordinate and monitor partners working together to contribute to the implementation of Curriculum for Excellence in the Senior Phase. The Board has representation from Education Services, Economic Planning, the two West Lothian Colleges, Skills Development Scotland, Jobcentre Plus, employers and Education Scotland to ensure a joined-up approach to strategic planning to provide training and employment opportunities for young people in West Lothian. Within the Opportunities for All agenda, all young people in West Lothian will have the opportunity to realise their entitlements, whatever their individual needs and wherever their learning is taking place, to progress into a guaranteed positive and sustained post-16 destination in learning, training or employment.

West Lothian's Community Planning Partnership commitment to increasing positive destinations for school leavers has seen a marked success over the past few years moving from 80.4% in 2006-2007 to 93% in 2013-2014. Skills Development Scotland (SDS) SLDR return, however, based on the follow up of young people who left school between the 1 August 2013 and the 31 July 2014, shows of 1,986 recorded leavers in West Lothian just 19.4% went in to employment. With a clear priority to address youth unemployment, the West Lothian Working Together Employability Pipeline 2015-17 informs community planning partners about delivering the right provision at the right time to the right individual by the right provider to enable them to progress on their employment journey.

West Lothian also has the youngest, with an average age of 38 compared with 40 across Scotland, and fastest growing population in Scotland with the projected population for West Lothian by 2024 at 196,000. West Lothian is one of only eleven local authorities with predicted increases in school rolls for the next ten years. This is a key challenge for the College to deliver on a longer term growth agenda to ensure that all our young people have an appropriate post 16 opportunity which supports them with valid employment prospects and career planning.

With a general upward trend in schools attainment as at 2014, 97% of S4 students now gain 5 or more SCQF level 3, 83% now gain 5 or more SCQF Level 4 and 38% now gain 5 or more SCQF level 5 qualifications. By the end of S5, 29% of pupils achieve 3 or more Higher passes.

Economic context

A slightly higher proportion of West Lothian residents are economically active (78%) in comparison with Scotland (77%). The economically active rate represents people either in or actively seeking employment out of a working age population of 117,190. However, average gross weekly pay for full time workers in West Lothian sits at £503 compared to £518 for the rest of Scotland.

West Lothian's job base is now dominated by service sector employment, particularly wholesale and retail sectors. Manufacturing is a much reduced sector although West Lothian still has a higher proportion of manufacturing jobs than the rest of Scotland. West Lothian's industry strengths relative to Scotland are currently in Food and Drink, Financial and Business Services, Life Sciences, Energy, Tourism and Creative Industries.

A snapshot of the workforce in West Lothian demonstrates that the area continues to lag behind the Scottish averages in skills levels of employees with 35% of West Lothian's total working age population qualified to HND and Higher degree level (SVQ 4 equivalent and above), comparative to the Scottish national level of 41%.

The projected population for West Lothian by 2024 is 196,000 – the fastest growing area in Scotland. The West Lothian population is the youngest in Scotland, with an average age of 38 compared with 40 across Scotland.

These factors are all relevant to the future challenge of increasing productivity in the workplace, a key issue for the economy of Scotland in a global landscape.

Whilst the local area has a vibrant and expanding economy, there are indicators from recent economic profiling that West Lothian also faces significant challenges, particularly in addressing the pockets of deprivation still prevalent in some of the more rural areas in the west of West Lothian and in some parts of Livingston. With qualification levels among West Lothian's population and average weekly earnings lower than the Scottish average, West Lothian' community planning partners face key challenges to redress these balances.

12. Future Developments

Estates Strategy

The College Estates Strategy is evidence based and allows the College to continue with its programme of aligning its estate to the emerging needs of learners and curriculum delivery requirements going forward. The strategy allows for replacement of windows and window frames and boilers as well as implementing the agreed programme of lifecycle maintenance to.

In 2014-15 the College completed a major capital project to construct a 300sqm extension to the Skills Centre to provide for three new workshops and a canopy for the motor vehicles yard and a two storey 300 m2 extension for the Street Building to provide a new Fitness Suite and additional classroom and storage space.

The college will also continue with its programme of lifecycle maintenance to ensure that the fabric of the college buildings remain of a high standard.

13. Post-Balance Sheet Events

There are no post-balance sheet events.

14. Resources

While the College is in receipt of recurrent grant funding, it also generates income from its commercial activities. Income is derived from The Skills Development Scotland contract, a wide range of Professional Qualifications in Management and Specialist subjects, the delivery of Scottish Vocational Qualifications in the workplace and the out of core time letting of College facilities and accommodation. We continue to provide training for all Panel members working within the Children's Hearings system.

During this year the College worked very effectively with SDS to develop employability programmes focused on the needs of young adults who have found entry to the labour market difficult.

15. Principal Risks and Uncertainties

During 2014-2015, the College was successful in the management of all high level, financial, reputational and operational risks.

The College has progressed development of shared services with West Lothian Council and managed the associated risks and uncertainties.

2014-15 was a fairly challenging one with employee relations and pay negotiations dominating events. However this improved from the spring of this year with a focus on teams and learner success, the pay award settled and an end of term staff celebrating success event.

Based on experience the College revised and centralised the risk register to ensure more responsive and coordinated action planning.

In going forward, the College continues to update the risk register whilst maintaining a focus on new opportunities to align with and deliver on the Regional Plan. The risk and opportunity register is led by the Senior Team with regular monitoring and reporting to the Board of Governors through the Audit Committee.

College Centres and teams are currently working on their own Risk Register, which will be updated quarterly in session 2015-16. A quarterly progress report will be submitted to the College Audit Committee and Board.

16. Stakeholder Relationships

The College prioritises the value of partnership working and seeks to maximise the benefits of partnerships for our staff and learners through positive engagement with a wide range of organisations and stakeholders.

West Lothian College's full engagement in the strategic assessment process involved close working with Community Partners that clearly focused on establishing a shared 'plan for place'. With a clear, co-operative commitment to improving the lives of people in West Lothian, this partnership approach ensures the College's High Priority Outcomes within its Regional Outcome Agreement align with and support a West Lothian-wide integrated approach to reducing outcome gaps and inequalities through shared vision and effective use of resources.

The College has a well-developed “External Relations Mapping” document which it reviews annually. This captures all key contacts for organisations and further details the aims of specific partnerships and highlights commonality of outputs and outcomes.

17. Equal Opportunities and Employment of Disabled Persons

The College has published its Equality Mainstreaming Report 2013-16, which outlines how we will meet our General and Public Sector Equality Duties and informs and guides decision making and policy reviews. We have a range of policies which ensure that staff, learners and visitors are treated equally regardless of colour, race, nationality, ethnic or national origin, religion or belief, disability, gender or gender reassignment, age and sexual orientation, pregnancy and maternity, marriage or civil partnership.

We value diversity and aim to advance equality of opportunity, foster good relations and eliminate discrimination, victimisation and harassment in all our activities.

Policies and procedures, work practices and terms and conditions of employment are continuously reviewed and equality impact assessed to ensure compliance with legislation and identified best practice.
The College considers all applications for employment from all members of the community in respect of the qualifications and skills necessary to fulfil the requirements of the position.

18. Professional Advisers for period to 31 July 2015

External Auditors:	Wylie Bissett LLP
Internal Auditors:	Scott Moncrieff
Bankers:	Bank of Scotland
Solicitors :	Brechin Tindall Oatts
	Morton Fraser, Commercial

19. Remuneration Report (FReM 5.2.2/5.2.28)

Remuneration Policy

The Remuneration Committee makes recommendations to the Board of Management on the service arrangements and remuneration of the Principal and determines the service arrangements and remuneration of the other senior post holders.

Remuneration including salary and pension entitlements

Salary Entitlements[1]

The following table provides detail of the remuneration and pension interests of senior management.

	16 months ended 31 July 2015			8 months ended 31 March 2014		
Name	**Actual Salary* £'000**	**Pension Benefit £'000**	**Total £'000**	**Actual Salary £'000**	**Pension Benefit £'000**	**Total £'000**
Chair	25-30	0	25-30	0	0	0
Principal	140-145	5-10	150-155	65-70	0-5	65-70
Assistant Principal	85-90	5-10	90-95	35-40	0-5	40-45
Assistant Principal	85-90	0-5	90-95	35-40	0-5	40-45
Assistant Principal	85-90	5-10	90-95	35-40	0-5	40-45

*Salaries for 16 month period 1 April 2014-31July 2015

	16 months ended 31 July 2015			8 months ended 31 March 2014		
Name	**Annual Equivalent Salary £'000**	**Pension Benefit £'000**	**Total £'000**	**Annual Equivalent Salary £'000**	**Pension Benefit £'000**	**Total £'000**
Chair	15-20	0	0	0	0	0
Principal	105-110	5-10	110-115	95-100	0-5	100-105
Assistant Principal	60-65	0-5	65-70	55-60	0-5	60-65
Assistant Principal	60-65	0-5	65-70	55-60	0-5	60-65
Assistant Principal	60-65	0-5	65-70	55-60	0-5	60-60

[1] Note:

a) The salaries in the above table represent the amount earned in the financial year and include salary, bonuses, overtime and other allowances (as applicable)
b) The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period which is the estimated life span following retirement.
c) The details in this table are subject to audit

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 2014-15 was £106,902 (2013-14 £97,869). This was 4.4 times (2013-14 5.5 times) the median remuneration of the workforce which was £24,280 (2013-14 £17,857).

Accrued Pension Benefits

Pension benefits for employees 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 and the Local Government Pension Scheme (LGPS).

Both STSS and LGPS are final salary pension schemes. This means that pension benefits are based on the final year's pay and the number of years that the person has been a member of the scheme.

The scheme's normal retirement age is 65.

Contribution rates are set annually for all employees and can be found in note 22.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

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.

Name	**Accrued pension at pension age at 31 July 2015**	**Accrued lump sum at pension age at 31 July 2015**	**Real increase in pension 1 April 2014 to 31 July 2015**	**Real increase in lump sum 1 April 2014 to 31 July 2015**
	£	**£**	**£**	**£**
Mhairi Harrington-Principal	37,196	111,588	916	2,749
George Hotchkiss-Assistant Principal	16,844	50,532	653	1,960
Jennifer McLaren-Assistant Principal	9,175	201	5,462	83
Lindsay Seywright-Assistant Principal	17,630	52,889	665	1,996

Name	CETV at 31 July 2015	CETV at 31 March 2014	Real increase in CETV
	£	£	£
Mhairi Harrington-Principal	818,313	692,752	125,561
George Hotchkiss-Assistant Principal	360,378	296,601	63,777
Jennifer McLaren-Assistant Principal	113,566	62,832	50,734
Lindsay Seywright-Assistant Principal	376,482	301,834	74,648

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

6 employees left under voluntary exit terms during the year. They received a total payment of £314k.

Signed Principal………………………… Date…………………

MEMBERS

The members who served on the Board during the period were as follows:-

Name	Status	Job Title
Ms Janie McCusker (resigned 31/7/2015)	Chair	Chair of the Board, West Lothian College; self-employed
Mr Gordon Brewster (resigned 23/6/15)	Governor	Manager for Advanced Solutions International
Ms Sue Cook	Chair, Learning and Teaching Committee	Self employed consultant
Mr Frank Gribben	Governor	College Registrar, Edinburgh University; secondment to National Galleries of Scotland
Ms Cynthia Guthrie	Governor	Joint Managing Director of Guthrie Group Ltd
Mr Graham Hope	Chair, Audit Committee	Chief Executive West Lothian Council
Mr Terry Lafferty	Governor	Finance Director, Applus RTD UK
Ms Mhairi Harrington	Governor	Principal and Chief Executive, West Lothian College
Mr Alex Linkston	Acting Chair	Chair, Forth Valley Health Board; Ad hoc consultancy work
Mr Frank McGraw (appointed 10/3/15)	Governor	Director of Education, Healthcare Skills
Mr Ian McIntosh	Governor	Assistant Principal, Edinburgh Napier University
Ms Morag McKelvie	Chair, Finance and General Purposes	Human Resources Manager, Jabil Circuit Ltd / iQor
Mr Colin Miller (appointed 10/3/15)	Governor	Partner, DWF solicitors
Mrs Barbara Reid (resigned 10/3/2015)	Governor	Retired
Ms Fiona Stewart (resigned 10/3/2015)	Governor	Director of Estates and Facilities, National Museums Scotland;
Ms Beth Brownlee (resigned 30/6/2014)	Governor	Support Staff Member
Mrs Carolyn Bloom (resigned 30/9/2014)	Governor	Teaching Staff Member
Angela Bell (appointed 1/7/2014)	Governor	Support Staff member
Alan Morton (appointed 1/10/2014)	Governor	Teaching Staff member
Nicola Greig (resigned 31/5/2014)	Governor	SRC Vice President,
Justine Coulter (appointed 1/6/14 resigned 31/5/15)	Governor	Student Association President
Declan McCrossan (appointed 1/6/14 resigned 31/5/15)	Governor	Student Association Vice-President
Hayley Cadden (appointed 1/6/2015)	Governor	Student Association President
Jarmila Slodyczka (appointed 1/6/2015)	Governor	Student Association Vice-President

Board of Governors

Name	Possible Attendance	Actual Attendance
Ms Janie McCusker	6	6
Mr Gordon Brewster	6	5
Ms Sue Cook	6	5
Mr Frank Gribben	6	6
Ms Cynthia Guthrie	6	3
Mr Graham Hope	6	6
Mr Terry Lafferty	6	5
Ms Mhairi Harrington	6	6
Mr Alex Linkston	6	6
Mr Frank McGraw	2	2
Mr Ian McIntosh	6	2
Ms Morag McKelvie	6	4
Mr Colin Miller	2	2
Mrs Barbara Reid	5	5
Ms Fiona Stewart	4	2
Mrs Carolyn Bloom	2	1
Angela Bell	5	5
Alan Morton	4	4
Justine Coulter	4	4
Declan McCrossan	5	3
Hayley Cadden	1	0
Jarmila Slodyczka	1	0

Audit Committee

Name	Possible Attendance	Actual Attendance
Graham Hope (Chair)	5	5
Cynthia Guthrie	5	5
Sue Cook	5	4
Frank McGraw	1	1

Finance and General Purposes Committee

Name	Possible Attendance	Actual Attendance
Morag McKelvie (Chair)	5	5
Gordon Brewster	5	3
Terry Lafferty	5	5
Mhairi Harrington	5	5
Alex Linkston	5	2
Fiona Stewart	4	2
Frank Gribben	5	4
Janie McCusker	5	5
Angela Bell	5	3

Learning and Teaching Committee

Name	Possible Attendance	Actual Attendance
Sue Cook (Chair)	3	2
Mhairi Harrington	3	3
Barbara Reid	2	2
Iain McIntosh	3	1
Angela Bell	2	1
Janie McCusker	3	3
Colin Miller	1	1
Alan Morton	3	2
Declan McCrossan	2	0
Justine Coulter	2	1

Remuneration Committee

Name	Possible Attendance	Actual Attendance
Alex Linkston (Acting Chair)	1	1
Sue Cook	1	1
Graham Hope	1	1
Janie McCusker	1	1
Morag McKelvie	1	1

RELATED PARTY TRANSACTIONS

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

The related party transactions due to/by the College for the sixteen months ended 31 July 2015 and the amounts outstanding at this date are disclosed in note 28.

STATEMENT TO AUDITORS

In accordance with legislation, the Board of Governors certify that:

- so far as we are aware, there is no relevant audit information of which the College's auditors are unaware; and
- as members of the Board of Governors we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the College's auditors are aware of that information.

________________________ Date of signing: ________________________

Sue Cook
Acting Chair
Board of Governors Authorised for issue *(date):* __________________

CORPORATE GOVERNANCE STATEMENT

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles of good governance set out in UK Corporate Governance Code 2010 and the 2014 Code of Good Governance for Scotland's Colleges. Throughout the period ended 31 July 2015, the College has been in compliance with all the Code provisions set out in the UK Corporate Governance Code 2010 insofar as they relate to Colleges and the 2014 Code of Good Governance for Scotland's Colleges.

The College's Board of Governors 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 Board of Governors is of the view that there is a process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2015 and up to the date of approval of the annual report and financial statements, that it is regularly reviewed by the Board of Governors and that it accords with the internal control guidance for directors on the UK Corporate Governance Code 2010, the 2014 Code of Good Governance for Scotland's Colleges and with the Turnbull guidance.

The College's Board of Governors comprises lay members, students and employees appointed under the Further and Higher Education (Scotland) Act 1992, as amended by the Further & Higher Education (Scotland) Act 2005, the majority of whom are non-executive. The roles of Chairman and Vice-Chairman of the Board of Governors are separated from the role of the College's Principal.

The matters specifically reserved to the Board for decision are set out in the College's Standing Orders, by custom and under the Financial Memorandum with the Scottish Funding Council. The Board acknowledges the responsibility for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from the Principal on the day to day operations of its business.

The Full Board meets four times a year and has several sub-committees, including a Finance and General Purposes Committee, a Learning and Teaching Committee, a Remuneration Committee, an Audit Committee and a Membership Committee. All of these Committees are formally constituted with terms of reference. The Finance and General Purposes Committee inter alia recommends to the Board the College's annual revenue and capital budgets and normally meets four times a year. The Learning and Teaching Committee meets three times a year, and focuses on the quality of the student experience. The Remuneration Committee determines the remuneration of the most senior staff, including the Principal and meets as required, normally once a year. The Audit Committee meets four times a year, with the College's external and internal auditors in attendance where required. 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 the Principal attends meetings of the Audit Committee as necessary, she is not a member of the Committee. The Membership Committee considers candidates to fill vacancies on the Board and meets as required, normally at least once per year. The Membership Committee is responsible for selecting candidates for appointment by the Board of Governors to vacancies in its membership. The Committee may use a number of selection methods, including external advertising, personal contact, the encouragement of nominations and the use of a search committee. The Committee considers the balance of membership, including members' experience and skills and identify any gaps. The Committee also tries to ensure that the membership of the Board reflects its community. The Committee makes its recommendations to the Board for consideration and approval for appointment.

The Board, and its sub-committees, participate in annual self-evaluation reviews of its performance. This is facilitated by the Secretary to the Board using a self-evaluation questionnaire with all questions being discussed by the Board or Committee as a group and their consensus view recorded. Any actions for improvement are noted and followed up at subsequent meetings of the Board or Committees. The evaluation of the effectiveness of individual members is considered informally by the Chair of the Board or relevant Committee, and if concerns are noted they follow these up with the member directly.

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

STATEMENT ON SYSTEM OF INTERNAL CONTROL

We, the Board of Governors are aware of the need for effective internal control, and acknowledge our responsibility for the system for such control operated by West Lothian College. 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.

Our review of the effectiveness of the system of internal control is conducted through the work of the Board of Governors, the Finance and General Purposes Committee and the Audit Committee. West Lothian College also has an internal audit service, the work of which concentrates on areas of key activities determined in accordance with the annual internal audit plan approved by the Board of Governors. The internal auditors report to the Audit Committee, and have direct access to the chairman of the Audit Committee if required. The internal auditors issue an annual report that gives an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Board has reviewed the effectiveness of the College's system of internal control as follows:

- The College's risk management framework has been reviewed, including considering management's review of operational risks and the Audit Committee's review of strategic risks. This review has included considering whether risks are appropriately ranked based on likelihood and impact and considering whether mitigating controls highlighted as being in place are adequate.
- Reports by management have been received and reviewed by the Board and Board Committees which have provided information as to how risks are being managed and what internal controls are in place. The Board committees in place and their main roles are outlined on page 21.
- Internal audit reports have been received on a range of areas within the College. The internal auditors in their annual statement have concluded that the College operates adequate and effective internal control systems.
- External auditors have reviewed the key financial controls to ensure the College's financial statements are not materially misstated and in their annual report have stated the accounting systems operated effectively and were satisfied that the College operates appropriate Governance procedures and that management has adequate arrangements in place covering standards of conduct.

The College also has a range of internal financial controls which include:

- a budgeting system with an annual budget which is approved by the Board of Governors;
- the provision of management information on a planned, regular basis and as required;
- regular reviews by the Finance and General Purposes Committee of monthly and annual financial reports and key performance indicators which indicate financial performance against the forecasts;
- financial regulations, which identify policy and set up a control system within which management can delegate authority whilst informing staff of correct financial procedures.

In conclusion, it is the opinion of the Board of Governors that the College complies with all the provisions of the UK Corporate Governance Code 2010 in so far as they apply to the further education sector and the 2014 Code of Good Governance for Scotland's Colleges and it has complied throughout the year to 31 July 2015.

Sue Cook
Acting Chair
Board of Governors

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD OF GOVERNORS

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

In accordance with the Further and Higher Education (Scotland) Act 1992 as amended by the Further & Higher Education (Scotland) Act 2005, the Board of Governors is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992 as amended by the Further & Higher Education (Scotland) Act 2005 , the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education Institutions, the Government Financial Reporting Manual 2014-15 (FReM) where applicable 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 Governors, the Board of Governors, 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.

The financial statements are prepared in accordance with the Accounts Direction issued by the Scottish Funding Council which brings together the provisions of the Financial Memorandum with other formal disclosures that the Scottish Funding council require the Board of Governors to make in the financial statements and related notes.

In preparing the financial statements, the Board of Governors is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare financial statements on the going concern basis, unless it is inappropriate to presume that the College will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from the 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 support 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 Governors;

- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance and General Purposes Committee;

- Professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors and whose head provides the Board of Governors with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

Approved by order of the members of the Board on 8 December 2015 and signed on its behalf by:

Sue Cook
Acting Chair
Board of Governors

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

We have audited the financial statements of West Lothian College for the period ended 31 July 2015 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 Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Board of Management and auditor

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

Generic scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the college's affairs as at 31 July 2015 and of its surplus for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (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 Operating and Financial Review for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Ross McLauchlan BAcc CA, for and on behalf of Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Date: 8 December 2015

INCOME AND EXPENDITURE ACCOUNT
FOR THE SIXTEEN MONTHS ENDED 31 JULY 2015

	Notes	***16 Months Ended 31 July 2015 £'000***	*8 Months Ended 31 March 2014 £'000*
Income			
SFC grants	*2*	**16,872**	7,074
Tuition fees and education contracts	*3*	**3,468**	1,708
Other income	*4*	**2,282**	1,041
Investment income	*5*	**118**	55
Total Income		**22,740**	9,878
Expenditure			
Staff Costs	*6*	**12,963**	6,589
Other operating expenses	*8*	**7,245**	3,316
Depreciation	*12*	**855**	453
Exceptional impairment loss	*12*	**1,601**	-
Interest payable	*9*	**-**	7
Total Expenditure		**22,664**	10,365
Surplus / (Deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		**76**	(487)
Taxation	*10*	**-**	-
Surplus / (Deficit) on continuing operations after depreciation of assets at valuation and tax		**76**	(487)

A Statement of Historical Cost Surpluses and Deficits is not required as there are no differences between the historical cost surplus and the surplus on continuing operations in the income and expenditure account.

The notes on pages 30 to 50 form part of these accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE SIXTEEN MONTHS ENDED 31 JULY 2015

	Notes	***16 Months Ended 31 July 2015 £'000***	*8 Months Ended 31 March 2014 £'000*
Surplus / (Deficit) on continuing operations after taxation	*11*	**76**	(487)
Revaluation adjustment on early retirement provision	*16*	**253**	(272)
FRS 17 actuarial (loss) on Lothian Pension Fund	*22*	**(552)**	(1,117)
Revaluation Gain on assets	*12*	**4,598**	-
Total recognised gain / (loss) for the year		**4,375**	(1,876)
Total recognised gain / (loss) since last annual report		**4,375**	(1,876)
Reconciliation			
Opening reserves		**(10,185)**	(8,309)
Total recognised gain / (loss) for the year		**4,375**	(1,876)
Closing Reserves		**(5,810)**	(10,185)

BALANCE SHEET
AS AT 31 JULY 2015

	Notes	***16 Months Ended 31 July 2015 £'000***	*8 Months Ended 31 March 2014 £'000*
Tangible Fixed Assets	*12*	**20,794**	16,767
Current Assets			
Debtors	*13*	**768**	850
Cash at bank and in hand		**348**	2,797
Creditors: amounts falling due within one year	*14*	**(1,664)**	(4,150)
Net Current (Liabilities)		**(548)**	(503)
Total Assets less Current Liabilities		**20,246**	16,264
Creditors: amounts falling due after more than one year	*15*	**(2,843)**	(3,159)
Provision for liabilities	*16*	**(3,384)**	(3,704)
NET ASSETS excluding pension liability		**14,019**	9,401
Net Pension Liability	*22*	**(3,642)**	(2,819)
NET ASSETS including pension liability		**10,377**	6,582
Deferred Capital Grants	*17*	**16,187**	16,767
I&E account	*18*	**(6,766)**	(7,366)
Pension Reserve	*18*	**(3,642)**	(2,819)
Revaluation Reserve	*18*	**4,598**	-
Total Reserves		**(5,810)**	(10,185)
TOTAL FUNDS		**10,377**	6,582

The financial statements on pages 26 to 50 were approved by the Board of Governors and signed on its behalf by:

Sue Cook – Acting Chair **Mhairi Harrington - Principal** Date of signing:

CASH FLOW STATEMENT
FOR THE SIXTEEN MONTHS ENDED 31 JULY 2015

	Notes	***16 Months Ended 31 July 2015 £'000***	*8 Months Ended 31 March 2014 £'000*
Net cash (outflow) / inflow from operating activities	*19*	**(1,947)**	1,214
Returns on investments and servicing of finance	*20*	**11**	6
Capital Expenditure and Financial Investment	*20*	**(9)**	-
Financing	*20*	**(504)**	(1,130)
(Decrease)/Increase in cash in the period		**(2,449)**	90

Reconciliation of net cash flow to movement in net debt:

(Decrease)/Increase in cash in the period	*21*	**(2,449)**	90
Change in net debt resulting from cash flows	*21*	**504**	1,130
Movement in net funds in period		**(1,945)**	1,220
Net debt at 1 April	*21*	**(708)**	(1,928)
Net debt at 31 July		**(2,653)**	(708)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIXTEEN MONTHS ENDED 31 JULY 2015

1 STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007, the 2014-15 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with appropriate Accounting Standards. As a result a number of statements and notes use a different presentation from previous years. They conform to the Accounts Direction and other guidance published by the Scottish Funding Council (FReM 2.2.6).

The financial statements have been prepared on a going concern basis which assumes the College will continue in operational existence for the foreseeable future.

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of surplus land and 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 purposes 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. (FReM 2.2.6)

Recognition of Income

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year. 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 Funding Council are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Council or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants amortised in line with depreciation over the life of the assets.

Pension Schemes

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

a STSS

The College is unable to identify its share of the underlying assets and liabilities of the STSS 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. The amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the year. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

b LPF

The College’s share of LPF scheme assets and liabilities are valued by the LPF actuary, Hymans Robertson. Contributions to the schemes are charged to the Income and Expenditure account so as to spread the cost of pensions over employees working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations. In accordance with FRS17, the amount charged to the Income and expenditure represents the service cost expected to arise from employee service in the current year.

The costs of enhanced early retirement benefits are borne directly by the College.

Tangible Fixed Assets

a Land and Buildings

Land and Buildings are revalued every 5 years with an interim valuation every 3 years. The last valuation was undertaken in July 2015 by GVA James Barr. Buildings regarded by the College as operational have been valued on the depreciated replacement cost basis. Land is not depreciated as the Board of Governors is of the opinion that the included cost is less than realisable value. Land and Buildings are included in the balance sheet at the book value at implementation of FRS15.

College buildings are depreciated over 30 years and transferred car parking areas are depreciated over 25 years, both commencing in the first full financial year after the date of transfer of the estate to public ownership (2 April 2007). Other additions to the estate are depreciated over 10 years from the date they are brought into use.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and 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.

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

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

b Equipment

Equipment is capitalised at cost when it is expected to be in use within the business on a continuing basis for at least 3 years. Capitalised equipment is depreciated over its useful economic life from the date it is brought into use as follows: -

Fixed Plant	5-29 years
Furniture	4 years
Equipment	4 years
Computer equipment	4 years

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

Equipment is carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historic 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. FReM 6.2.

c Leased Assets

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

Maintenance of Premises

The cost of maintenance is charged to the income and expenditure account in the period in which it is incurred.

Stocks

The Board of Governors agree that stocks be written off in the year of acquisition on the basis of non-materiality.

Taxation

The College has been granted charitable status by the HM Revenue and Customs. Non-recoverable Value Added Tax arising from expenditure on non-trading activities is charged to the income and expenditure account.

The College benefits by being exempt from corporation tax on income it receives from tuition fees, interest and rents.

Provisions

Provisions are recognised when the institution 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.

2 SFC GRANTS

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
SFC Recurrent Grant (including fee waiver)	**12,486**	5,521
Childcare funds	**594**	276
Release of deferred capital grants (SFC)	**2,456**	453
Other SFC Grants	**1,336**	824
	16,872	7,074

3 TUITION FEES AND EDUCATION CONTRACTS

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Further Education – Home and EU	**1,084**	445
Higher Education – Home and EU	**1,728**	828
Education contracts	**656**	435
	3,468	1,708

4 OTHER INCOME

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Residence and catering	**376**	220
European funds	**15**	15
Other income generating activities	**1,575**	623
Other income	**316**	183
	2,282	1,041

5 INVESTMENT INCOME

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Other Interest Receivable	**11**	13
Net return on pension assets and liabilities	**107**	42
	118	55

6 STAFF COSTS

The average weekly number of persons (including senior post-holders) employed by the College during the period was:

	16 Months Ended 31 July 2015 FTE	*8 Months Ended 31 March 2014 FTE*
Teaching departments	**165**	162
Teaching support services	**28**	10
Administration	**34**	33
Premises	**23**	21
Catering and residences	**8**	7
Other Income-generating activities	**17**	17
Other staff	**3**	2
	278	252
Analysed as:		
Staff on permanent contracts	**255**	226
Staff on temporary contracts	**23**	26
	278	252

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Staff Costs for the above persons		
Wages and salaries	**10,186**	5,244
Social security costs	**759**	374
Other pension costs	**1,844**	679
Restructuring costs	**174**	292
	12,963	6,589

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Teaching departments	**7,998**	4,036
Teaching support services	**883**	193
Administration	**1,660**	847
Premises	**677**	301
Catering and residences	**217**	98
Other income-generating activities	**882**	451
Other staff	**94**	289
Pension charge less contributions paid	**378**	82
Restructuring costs	**174**	292
	12,963	6,589
Analysed as:		
Staff on permanent contracts	**11,394**	5,609
Staff on temporary contracts	**1,017**	606
Pension charge less contributions paid	**378**	82
Restructuring costs	**174**	292
	12,963	6,589

Emoluments of higher paid members of staff

The number of higher paid staff, including the Principal, who received emoluments including benefits in kind and excluding pension contributions for the sixteen months in the following ranges was:

	16 Months Ended 31 July 2015 (Annual Equivalent)		*8 Months Ended 31 March 2014 (Annual Equivalent)*	
	Number Senior post-holders	***Number Other Staff***	Number Senior post-holders	Number Other Staff
£50,001 to £60,000	**-**	**2**	-	3
£60,001 to £70,000	**-**	**3**	-	-
£100,001 to £110,000	**1**	**-**	1	-

7 SENIOR POST-HOLDERS' EMOLUMENTS

Senior post-holders are defined as the Principal and holders of other senior posts whom the Board have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the board of governors. The Principal is the only senior post-holder under this definition.

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
The senior post-holder (the Principal):	**1**	1
The Principal's emoluments are made up as follows:	**£**	£
Salary	**141,837**	65,646
Pension contributions	**21,134**	9,722
Total emoluments	**162,971**	75,368

Pension contributions in respect of the principal are in respect of employer's contributions to the Scottish Teachers' Superannuation Scheme and are paid at the same rate as for other employees.

Compensation for loss of office paid to former senior post-holders/higher paid employees

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Compensation paid to higher paid employees	**-**	-

Overseas Activities

The following costs were incurred during 2014-15 in respect of overseas activities which were carried out in accordance with the strategy approved by the board of governors:

	Total Cost £	Contribution Received £	Net Costs To College £
Members	-	-	-
Senior post-holders	-	-	-
Other staff	35,809	-	35,809

8 OTHER OPERATING EXPENSES

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Teaching departments	**900**	626
Teaching support services	**238**	105
Administration	**2,222**	805
Premises	**1,655**	719
Catering	**217**	129
Other income generating activities	**653**	243
Overspend on student support funds	**-**	-
Childcare fund costs	**594**	276
Other	**559**	311
Interest on the early retirement provision	**207**	102
	7,245	3,316

Other Operating Expenses (Administration) include:

Auditors Remuneration (including irrecoverable VAT)		
- Internal audit	**24**	19
- External audit	**19**	6
Other services provided by:		
- Internal audit	**1**	13
- External audit	**-**	-
	44	38

9 INTEREST PAYABLE

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Interest on loan at Incorporation	**-**	7
Net return on pension assets and liabilities	**-**	-
	-	7

10 TAXATION

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

11 SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

The surplus / (deficit) on continuing operations for the year is made up as follows:

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Surplus / (Deficit) on continuing operations after depreciation of assets at valuation and tax	**76**	(487)

12 TANGIBLE FIXED ASSETS

	Land & Buildings Freehold	*Fixed Plant*	*Equipment*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost or valuation				
At 31 March 2014	18,721	1,678	562	20,961
Additions	1,885	-	-	1,885
Disposals	-	-	-	-
On Revaluation	(859)	60	-	(799)
At 31 July 2015	**19,747**	**1,738**	**562**	**22,047**
Depreciation				
At 31 March 2014	3,029	648	517	4,194
Charge for Period	681	130	44	855
Disposals	-	-	-	-
On Revaluation	(3,030)	(766)	-	(3,796)
At 31 July 2015	**680**	**12**	**561**	**1,253**
Net Book Value				
At 31 July 2015	**19,067**	**1.726**	**1**	**20,794**
Net Book Value				
At 31 March 2014	15,692	1,030	45	16,767
Financed by:				
Capital Grant	**19,067**	**1,726**	**1**	**20,794**

The College's land and buildings were independently valued by GVA James Barr as at 31 July 2015. This valuation has been incorporated into these financial statements. The basis of valuation adopted was depreciated replacement cost.

13 DEBTORS

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Trade Debtors	**436**	499
European Funding	**183**	183
Prepayments and accrued income	**149**	168
	768	850

14 CREDITORS: Amounts falling due within one year

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Trade Creditors	**648**	966
Taxation and Social Security	**293**	322
Amounts owed to SFC	**158**	346
Accruals and deferred income	**565**	2,516
	1,664	4,150

15 CREDITORS: Amounts falling due after one year

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Repayable to SFC	**2,843**	3,159
	2,843	3,159
Analysis of Creditors due after one year:		
- 1-2 years	**158**	346
- 2-5 years	**632**	632
- More than 5 years	**2,053**	2,181
	2,843	3,159

The College voluntarily terminated its PFI contract in April 2007, at which point the title of the College buildings transferred to the College. The College received total funding from SFC in April 2007 of £27.7million to enable it to terminate the contract. This comprised a grant of

£22.16million and a repayable advance of £5.54million representing the College's own contribution towards the cost of the assets previously held under the PFI contract.

The £5.54million advance is interest free and was repayable in equal instalments over 16 years. The first repayment was made in August 2010 and as at 31 July 2015 the amount outstanding was £3,000,803. In March 2014 the College made an upfront payment of £650,000 towards the loan and negotiated a reduced annual payment of £157,937 per annum with the Scottish Funding Council from April 2015.

16 PROVISION FOR LIABILITIES & CHARGES

	Early Retirement Provision £'000	***Other Provision £'000***	***16 Months Ended 31 July 2015 £'000***	*8 Months Ended 31 March 2014 £'000*
Opening balance as at 1 April	(3,704)	-	**(3,704)**	(3,464)
Expenditure in the period	274	-	**274**	134
Interest charged	(207)	-	**(207)**	(102)
Revaluation adjustment	253	-	**253**	(272)
Other movements	-	-	**-**	-
Closing Balance as at 31 July	(3,384)	**-**	**(3,384)**	(3,704)

The early retirement provision is in accordance with a valuation carried out by Hymans Robertson, an independent firm of actuaries at 31 July 2015.

17 DEFERRED CAPITAL GRANTS

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Opening balance as at 1 April		
Land and Buildings	**15,692**	15,913
Equipment	**1,075**	1,208
Total	**16,767**	17,121
Received in year:		
Land & Buildings	**1,876**	99
Equipment	**-**	-
Released to Income & Expenditure Account:		
Land & Buildings	**(2,521)**	(320)
Equipment	**65**	(133)
Closing Balance as at 31 July	**16,187**	16,767

18 RESERVES

	I&E Account £'000	*Pension Reserve £'000*	*Revaluation Reserve £'000*	*Total £'000*
At 31 March 2014	(7,366)	(2,819)	-	(10,185)
Surplus on continuing operations after depreciation and tax	76	-	-	76
Transfer from Pension Reserve	271	(271)	-	-
FRS12 Revaluation adjustment	253	-	-	253
FRS17 Actuarial Loss	-	(552)	-	(552)
Gain on revaluation of assets	-	-	4,598	4,598
At 31 July 2015	**(6,766)**	**(3,642)**	**4,598**	**(5,810)**

Analysis of I&E Account

	I&E Account Trading Activities £'000	*I&E *Account Holiday Pay £,000*	*I&E Account Early Retirement Provision £'000*	*I&E Account PFI Vol Termination £'000*	*Total £'000*
At 31 March 2014	66	(223)	(3,704)	(3,505)	(7,366)
Surplus on continuing operations after depreciation and tax	76	-	-	-	76
Surplus related to other headings	(115)	48	67	-	-
Transfer from Pension Reserve	271	-	-	-	271
FRS12 Revaluation adjustment	-	-	253	-	253
Transfer to PFI Voluntary Termination	(504)	-	-	504	-
At 31 July 2015	**(206)**	**(175)**	**(3,384)**	**(3,001)**	**(6,766)**

***Higher due to additional 5 days annual leave (non-consolidated) awarded as part of the 2014-15 pay award**

19 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Surplus / (deficit) on continuing operations after depreciation of assets at valuation and tax	**76**	(487)
Depreciation	**2,456**	453
Deferred capital grants released to income	**(2,456)**	(453)
Interest payable	**-**	7
Decrease/(increase) in debtors	**82**	(32)
(Decrease)/increase in creditors	**(2,298)**	1,731
(Decrease) in provisions	**(67)**	(32)
Interest receivable	**(118)**	(55)
Pension costs less contributions payable	**378**	82
Net cash (outflow) / inflow from operating activities	**(1,947)**	1,214

20 ANALYSIS OF GROSS CASH FLOWS FOR CASH FLOW STATEMENT

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Return on investments and servicing of finance		
- Interest Received	**11**	13
- Interest Paid	**-**	(7)
	11	6
Capital Expenditure and Financial Investment		
- Purchase of fixed assets	**(1,885)**	-
- Deferred capital grants received	**1,876**	-
	(9)	-
Financing		
- Repayment of Loan	**(504)**	(1,130)
	(504)	(1,130)

21 ANALYSIS OF NET FUNDS

	At 31 March 2014 £'000	***Cash Flows £'000***	***Other £'000***	***At 31 July 2015 £'000***
Cash	2,797	(2449)	-	**348**
Debt due within 1 year	(346)	504	(316)	**(158)**
Debt due after 1 year	(3,159)	-	316	**(2,843)**
	(708)	**(1,945)**	**-**	**(2,653)**

22 PENSION COMMITMENTS

The College's employees belong to two principal pension schemes: the Scottish Teachers' Superannuation Scheme (STSS), and the Lothian Pension Fund (LPF).

The total pension cost for the institution was:

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
STSS contributions paid	**718**	314
LPF charge to the income & expenditure account	**1,126**	365
Total Pension Cost (Note 6)	**1,844**	679
Outstanding Pension Contributions at 31 July	**93**	86

Scottish Teachers Superannuation Scheme

The Scottish Teachers' Superannuation Scheme is a notional fund valued every year by the Government actuary. Contributions are paid by the College at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the scheme are made from funds voted by the Scottish Parliament. The contribution rate payable by the employer was 14.9 % of pensionable salaries until 31/03/15 and 17.2% from 01/04/15.

Under the definitions set out in Financial reporting Standard 17 "retirement benefits" (FRS 17), the STSS is a multi-employer defined benefit pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of its exemption in FRS17 and has accounted for its contributions as if it were a defined contribution scheme.

Lothian Pension Fund Scheme

The Lothian Pension Fund is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the LPF actuary reviews the progress of the LPF scheme.

For LPF, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LPF Regulations. The contribution payable by the employer until 31/03/15 was 16.0% of pensionable salaries with an additional fixed sum of £55,900 payable per year for past service adjustment contributions for former employees. From 01/04/15 this increased to 18.3% of pensionable salaries but with no additional fixed sum for past service.

Under the definitions set in FRS17, the LPF is a multi-employer defined benefit pension scheme. In the case of the LPF, the actuary of the scheme has identified the College's share of its assets and liabilities as at 31 July 2015.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisors.

The principal assumptions used by the actuary are as follows:

	31 July 2015 % p.a.	*31 March 2014 % p.a.*
Pension increase rate	**2.6%**	2.8%
Salary increase rate	**4.5%**	5.1%
Expected return on assets	**3.6%**	6.1%
Discount rate	**3.6%**	4.3%

The current mortality assumptions include sufficient allowance for future improvements in mortality rate. The assumed life expectations on retirement at age 65 are:

	Males	**Females**
Current pensioners	22.1 years	23.7 years
Future pensioners	24.2 years	26.3 years

The College's share of assets in the scheme and the expected rate of return are:

	Long term rate of return at 31 July 2015 (%)	**Fund Value at 31 July 2015 £'000**	*Long term rate of return at 31 March 2014 (%)*	Fund Value at 31 March 2014 £'000
Equities	***3.6%***	**8,947**	*6.6%*	8,632
Bonds	***3.6%***	**2,440**	*3.9%*	1,009
Property	***3.6%***	**1,220**	*4.8%*	897
Cash	***3.6%***	**949**	*3.7%*	673
Total		**13,566**		11,211

Following the Chancellor's budget statement on 22 June 2010, future pension increases are now linked to the Consumer Prices Index and not the Retail Prices Index.

The table below compares the present value of the scheme liabilities, based on the actuary's assumptions, with the estimated employer assets.

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Present value of funded liabilities	**(17,198)**	(14,030)
Fair value of employer assets	**13,566**	11,211
Net Pension Liability	**(3,642)**	(2,819)

The total pension cost to the College in the eight months was £365,000. The contribution rate payable was 16.0% (2013 - 16.0%)

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Analysis of the amounts charged to staff costs (Note 6)		
Current service cost	**1,126**	359
Past service cost / (gain)	**-**	-
Losses / (gains) on curtailments and settlements	**-**	6
	1,126	365
Less: Contributions paid	**(748)**	(283)
Pension costs less contributions payable	**378**	82

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Analysis of the net return on pension scheme (Note 5)		
Expected return on pension scheme assets	**944**	425
Interest on pension scheme liabilities	**(837)**	(383)
Net return	**107**	42

	16 Months Ended 31 July 2015 £'000	*8 Months Ended 31 March 2014 £'000*
Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)		
Actuarial return less expected return on pension assets	**820**	**(241)**
Change in assumptions underlying the present value of scheme liabilities	**(1,372)**	**(876)**
Actuarial gain / (loss) recognised in STRGL	**(552)**	**(1,117)**

Changes in the fair value of scheme assets are as follows:	**16 Months Ended 31 July 2015 £'000**	*8 Months Ended 31 March 2014 £'000*
Opening fair value of scheme assets	**11,211**	10,816
Expected return on assets	**944**	425
Contributions by members	**251**	90
Contributions by employer	**748**	283
Actuarial gain / (loss)	**820**	(241)
Assets distributed on settlements	**-**	-
Benefits paid	**(418)**	(162)
Closing fair value of scheme assets	**13,556**	11,211

Changes in the present value of the defined benefit obligation are as follows:	**16 Months Ended 31 July 2015 £'000**	*8 Months Ended 31 March 2014 £'000*
Opening Defined Benefit Obligation	**14,030**	12,478
Current service cost	**1,126**	359
Interest cost	**837**	383
Contributions by members	**251**	90
Actuarial loss / (gain)	**1,375**	876
Losses / (gains) on curtailments	**-**	6
Past service costs	**-**	-
Impact of settlements	**-**	-
Benefits paid	**(418)**	(162)
Closing Defined Benefit Obligation	**17,201**	14,030

History of experience gains or losses

	16 Months Ended 31 July 2015 £'000	**8 Months Ended 31 March 2014 £'000**	**-- Year Ended 31 July -- 2013 £'000**	**2012 £'000**	**2011 £'000**
Scheme assets	13,556	11,211	10,816	8,886	9,601
Defined benefit obligation	(17,198)	(14,030)	(12,478)	(11,397)	(11,200)
Surplus / (Deficit)	(3,642)	(2,819)	(1,662)	(2,511)	(1,599)
Experience gains/ (losses) on scheme assets:					
- Amount	819	(240)	1,249	(1,635)	380
- Percentage of scheme assets	6.0%	(2.1%)	11.5%	(18.4%)	3.9%
Experience gains/ (losses) on scheme liabilities:					
- Amount	475	5	-	1,689	-
- Percentage of scheme liabilities	2.8%	0.1%	-	14.8%	-

23 LOSSES AND SPECIAL PAYMENTS

	No Notification to SFC Required £000	Notification to SFC Required £000
Debt write-off	19	-
Cash losses	1	-
Voluntary severance payments	-	268
Compensation payments	-	-

Voluntary severance payments were in accordance with a management restructuring scheme approved and part funded by the Scottish Funding Council.

24 CAPITAL COMMITMENTS

At 31 July the College had commitments of a capital nature as follows:

	2015 £000	2014 £000
Committed but not contracted	-	-
Committed and contracted	55	1,869

These related to residual commitments in respect of the extension works to the Skills Workshop and Gym Hall areas completed during the year.

25 FINANCIAL COMMITMENTS

The College had annual commitments under non-cancellable operating leases as follows:

	31 July 2015 £000	31 March 2014 £000
Other		
Expiring within one year	-	30
Expiring between one and two years	36	-
Expiring between two and five years	-	-

26 CONTINGENT LIABILITIES

There were no contingent liabilities at Balance Sheet date.

27 POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

28 RELATED PARTY TRANSACTIONS

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

Name	Organisation	Position
Mr Frank Gribben	University of Edinburgh	College Registrar
Mr Graham Hope	West Lothian Council	Chief Executive
Mr Ian McIntosh	Edinburgh Napier University	Assistant Principal
Mrs Morag McKelvie	Jabil Circuit Ltd	Human Resources Manager

The value of the transactions due to/by the College for the sixteen months ended 31 July 2015, and the amount outstanding at this date is as follows:

Organisation	Total Value of Transactions for 16 months ended 31 July 2015 £'000	Total Value of Transactions for 8 months ended 31 March 2014 £'000
Due to WLC		
West Lothian Council	144	104
Edinburgh Napier University	374	56
Jabil Circuit Ltd	4	-
Due by WLC		
University of Edinburgh	5	-
West Lothian Council	70	57
Edinburgh Napier University	1	1

29 FE BURSARIES AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary £'000	FE Discr'y £'000	EMAs £'000	Other £'000	**2014-15 Total £'000**	2013-14 Total £'000
Balance b/fwd	(5)	(51)	(2)	31	**(27)**	(15)
Allocations received in year	2,697	206	519	105	**3,527**	1,873
Expenditure	(2,321)	(362)	(460)	(136)	**(3,279)**	(1,885)
Repaid to SFC	-	-	-	-	**-**	-
College Contribution	-	-	-	-	**-**	-
Virements	(319)	207	-	-	**(112)**	-
Balance c/fwd	**52**	**-**	**57**	**-**	**109**	(27)

Residual cash balances and the corresponding creditor / (debtor) are included in the balance sheet. FE Bursaries and Student Support Funds are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

30 CHILDCARE FUNDS

	2014-15 £'000	2013-14 £'000
Balance b/fwd	**53**	-
Allocations received in year	**429**	329
Expenditure	**(594)**	(276)
College contribution	**-**	-
Virements	**112**	-
Balance c/fwd	**-**	53

Residual cash balances and the corresponding creditor are included in the balance sheet. Childcare Funds are reported gross in the income and expenditure account.