Oatridge College

Report and Financial Statements

for the year ended

31 July 2008

Scottish Charity No. SC021208

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OPERATING AND FINANCIAL REVIEW

NATURE, OBJECTIVES AND STRATEGIES

The Board of Management present their fifteenth report together with the Audited Financial Statements for the financial year ended 31 July 2008.

Legal Status

As a result of the Further and Higher Education (Scotland) Act 1992 the College gained incorporated status on 1st April 1993. Control of the College was passed to the Board of Management. The College Principal is responsible to Parliament for the stewardship of the College's finances and assets.

The College is registered as a charity with the Inland Revenue and is not liable to corporation tax. (Scottish Charity No SC021208)

Oatridge College Background

Oatridge College was established in 1973 at its present site as a purpose built residential college specialising in the landbased education sector. Whilst the College was originally built to serve the training and educational needs of the agricultural industries, it has now diversified and developed to provide knowledge and skills in a broad range of rural industries from agriculture and horticulture, through environment and conservation, to landbased engineering, greenkeeping, landscaping, animal care, equine studies and farriery.

The College buildings sit within an attractive 283-hectare estate located in Central Scotland and have good access links to the main centres of population. An additional resource for the College is Suntrap, a three-acre mature garden at Gogarbank near Edinburgh, where the vast plant collection and realistic but safe working environment is invaluable for teaching purposes in terms of meeting the needs of the very diverse learners that we serve.

Oatridge plays a national strategic role in serving the needs of the landbased industries across Scotland and is the premier training provider to Scotland's equestrian industry: the College's central location and recent development of the Scottish National Equestrian Centre and state-of-the art farriery and engineering workshops make it highly suited to this niche market. However, the College recognises its role in the local community as well as its national role and has successfully balanced provision to meet the needs of very diverse learners from all walks of life.

The College has a dynamic and forward thinking Board of Management whose members provide a broad range of skills and experience both within the landbased sector and the educational context. Through well-informed meetings, sub-committees and active participation in College activities and relevant CPD, the Board provides strong leadership and strategic direction for the organisation.

Mission

The Board of Management vision for the College is:

'To be recognised as a centre of excellence for landbased education, training and enterprise'

Implementation of Strategic Plan

In June 2007 the College adopted a strategic plan for the period 1 August 2007 to 31 July 2010. The Board of Management monitors the performance of the College against this plan through its sub-committees. The plan is reviewed and updated each year with the Board of Management and Senior Management Team participating in a strategic planning workshop held in April. In August 2008 the College prepared an update to the current plan, identifying progress against targets and updated priorities for 2008/09.

The key strategic aims of the College are to : -

- To continually enhance the quality of all aspects of work at the College.
- To provide a learning experience that encourages all individuals to achieve their full potential.
- To promote a staff development programme that will enhance the skills of all staff and ensure the standards of the College are maintained and improved.
- To work collaboratively and in partnership with students, employers, corporate organisations and other agencies for mutual benefit.
- To utilise and develop College resources in the most efficient and effective way.
- To maximise commercial and other income generating opportunities in order to achieve a healthy financial position.

The College has also developed key strategic objectives relating to: -

To continually enhance the quality of all aspects of work at the College.

- To monitor performance through benchmarking, performance measurement, external assessment, and internal and external review.
- To utilise feedback effectively.
- To continually improve knowledge management by developing reporting systems through enhanced use of ICT.
- To continually develop the physical environment and resources for all stakeholders.
- To promote a quality culture.
- To regularly review and develop the curriculum and services of the College in response to the needs of learners and employers.

To provide a learning experience that encourages all individuals to achieve their full potential.

- To provide learning opportunities that are learner-centred and encourage independent learning
- To provide learning opportunities that develop the transferable skills of the individual including their employability, citizenship and core skills

- To provide a differentiated learning experience that is inclusive and equitable for all
- To run learning programmes in conjunction with government and other agencies to cater for the needs of traditional and non-traditional learners
- To run programmes of learning that provide progression opportunities from school to further and higher education
- To provide a range of services for learners to support the learning experience

To promote a staff development programme that will enhance the skills of all staff and ensure the standards of the College are maintained and improved.

- To ensure that staff are appropriately qualified and experienced for their role.
- To ensure that new developments are led by suitably qualified and experienced staff.
- To develop leaders and managers for the future.
- To ensure that appropriate staff are well informed in relation to all new initiatives, in particular the effective use of ICT.
- To internally promote a whole range of College policies including those of equality of opportunity and social inclusion, quality improvement and health & safety.

To work collaboratively and in partnership with students, employers, corporate organisations and other agencies for mutual benefit.

- To identify key national and international stakeholders.
- To identify mutually beneficial projects with those stakeholders.
- To work co-operatively with established partners
- To identify opportunities that may lead to improved economies of scale.
- To identify provision which focuses on demand.
- To strive to customise provision to meet employer and individual needs.

To utilise and develop College resources in the most efficient and effective way.

- To identify and utilise those resources that are critical for the delivery of the College mission with regard to efficiency, economy and effectiveness.
- To identify and consider disposal of those resources surplus to the delivery of the College mission.
- To implement and regularly review the College estate strategy with focus upon effective deployment of resources in line with the College mission.
- To manage resources in a way that will safeguard and improve the environment and encourage sustainability.

To maximise commercial and other income generating opportunities in order to achieve a healthy financial position.

- To collaborate with other Colleges in benchmarking financial indicators and other efficiency factors.
- To identify suitable business opportunities and maximise the revenue generated.
- To further develop and maintain robust internal budgeting processes and control systems.
- To identify financial risks and implement strategies for management of risk.
- To work with other partners to attract funds and share costs for particular projects.
- To maximise the use of the estate for commercial activities ensuring it provides an appropriate resource for effective and efficient curriculum support.

The College is currently on target to achieve these objectives.

For 2007/08, the College's specific objectives and achievements are: -

Strategic Aim (and underpinning objectives)	**Key Achievements**
Quality Enhancement	✓ Developed a new systematic approach to internal benchmarking and effective use of KPIs ✓ Developed new systematic approach to utilising student questionnaire feedback and then through liaison meetings to enhance evaluative reporting for the future ✓ Developed internal audit rota for QA issues ✓ Created successful learning development group to monitor learning and teaching quality enhancement processes
To monitor performance through benchmarking, performance measurement, external assessment, internal and external review	
To utilise feedback effectively	
To continually improve knowledge management by developing reporting systems through enhanced use of ICT	
To continually develop the physical environment and resources for all stakeholders	
To promote a quality culture	
To regularly review and develop the curriculum and services of the College in response to the needs of learners and employers	
Learning Experience for the Individual	✓ Learners' feedback identified improved satisfaction with learning and teaching processes compared to 06-07 ✓ Teams met operational targets in terms of increased embedding of core skills, employability and citizenship into courses ✓ Land Use department & Suntrap met targets to introduce new programmes for non-traditional learners in partnership ✓ Successful implementation of schools programme, gaining HMIE SLIP for flexible approach ✓ High level of student satisfaction for student support services including learner support, guidance and support of student association
Provide learning opportunities that are learner-centred and encourage independent learning	
Develop the transferable skills of the learner	
Differentiate the learning experience to be inclusive and equitable	
Run learning programmes in partnership to cater for both traditional and non-traditional learners	
To provide progression opportunities from school to further and higher education	
To provide a range of services for learners to support the learning experience	
Promote staff development to improve standards of the College	✓ Operational targets for "mandatory staff" development and TQFE met ✓ Cascading system of staff development successfully implemented for equality and child protection training ✓ High uptake and mostly positive on CPD from the collaborative staff development project (ESSDCG) ✓ Short sessions on policies and procedures generally well received
Ensure all staff qualified and experienced for their role	
New developments led by experienced staff	
Develop leaders and managers for the future	
Ensure staff are well informed in relation to new initiatives, in particular, ICT	

Internally promote College policies including those of equality of opportunity, social inclusion, quality improvement and health and safety	
Work collaboratively and in partnership with employers, students, corporate organisations and other agencies for mutual benefit	✓ Successfully began implementation of international strategy ✓ Successfully developed new partnerships with schools, HE Institutions, charitable organisations and local councils in most Departments ✓ Worked successfully with Scotland's Countryside Colleges, Edinburgh and Lothian Colleges and West Lothian Community Planning Partnership. ✓ Worked with Lantra and other industry bodies to identify the industries training requirements and customise provision to meet the needs of stakeholders
Identify key national and international stakeholders	
Identify mutually beneficial projects	
Work co-operatively with established partners	
Identify opportunities to lead to improved economies	
Identify provision which focuses on demand	
Customise provision to meet employer and individual needs	
Utilise and develop College resources in the most efficient and effective way	✓ Successfully maximises the use of college facilities to develop new income streams and deploys staff in an efficient manner ✓ Identified areas of the College Estate have been disposed of to generate capital for investment. ✓ Developing a sustainability strategy for the College
Identify and utilise resources that are critical for the delivery of the College mission with regard to efficiency, economy and effectiveness	
Identify and consider disposal of those resources surplus to the delivery of the College mission	
Manage resources in a way that will safeguard and improve the environment and encourage sustainability	
Maximise commercial and other income generating opportunities to achieve a healthy financial position	✓ Working with a key College account manager from Scottish Enterprise ✓ Benchmarking and development work with other Colleges in the Landbased Sector ✓ Development of the SNEC as a commercial income source ✓ Review of the residential facility to maximise income generation. ✓ Risk strategy and risk register maintained for all areas of the college ✓ Working with key local authority partners to share costs and projects
Collaborate with other Colleges in benchmarking financial indicators and other efficiency factors	
Identify suitable business opportunities and maximise revenue generated	
Develop and maintain robust internal budgeting processes and control systems	
Identify financial risks and implement strategies for management of risk	
Work with partners to attract funds and share costs for projects	

Maximise the use of the estate for commercial activities ensuring it provides an appropriate resource for effective and efficient curriculum support	✓ Maximising income from a number of estate activities, farm, golf course and Scottish National Equestrian Centre

Financial Objectives

The overall financial objective of the College is to provide a sound and accountable financial structure which will underpin the College's strategic plan by making the most efficient use of the College's resources and obtaining best value for money.

The Board of Management has taken account of Circular FE/54/02 issued by the Scottish Further Education Funding Council in December 2002 which requires that a college must ensure that, over the medium to long-term, college costs are less than income and that it has sufficient liquid assets. The revised Financial Memorandum between the Board of Management and the Scottish Funding Council (SFC) came into effect in January 2006. Under the terms of the Memorandum, the Board of Management must ensure that the College has a sound system of internal financial management and control and a robust mechanism for considering financial issues.

Performance Indicators

The College has developed key performance indicators which are set out in the Strategic Plan 2008-2011. The framework has three dimensions: -

- Effectiveness
- Efficiency
- Enrolment Targets

Summary of Key Performance Indicators

Key Performance Indicator	Year 07-08 (Actual)	Year 08-09 (Target)	Year 09-10 (Target)	Year 10-11 (Target)
Effectiveness				
Early Retention	99%	99%	99%	99%
Retention	97%	97%	97%	97%
Student Outcome	93%	93%	93%	93%
Student Unit achievement (SARU)	76.5%	77%	77%	77%
Efficiency				
Operating Surplus/deficit	£131000	£12000	£48000	£3000
wSUMs/FTE	392	414	414	414
Staff cost: income ratio (%)	50.90%	53.83%	52.92%	53.05%
Target Teaching Hours per annum(teaching staff only)	756	756	756	756
Enrolment	**3951**	**4000**	**4000**	**4000**
wSUMs Total	**14,755**	**15,000**	**15,000**	**15,000**

The Board of Management will monitor achievement of the objectives in the Strategic Plan.

Within the College, the Strategic Plan will be developed into Annual team Operational Plans with key target dates, identifying persons with responsibility for achieving the objectives. The Senior Management Team will review progress on both the team Operational Plans and the Strategic Plan then report to the various Committees of the Board of Management.

FINANCIAL POSITION

Financial Results

The College's income has increased to £6.2m for the year to 31st July 2008 (2006/07 : £5.7m).

For 2007/08 the College originally budgeted for a surplus of £16k. The actual surplus achieved on continuing operations is £131k (2006/07 – surplus £133k).

The budgeted surplus for 2008-09 agreed by the Board of Management is £12k; if achieved this will be the fifth successive year of surplus. This is set against a backdrop of what will be a particularly trying time for the College as the full operational and financial effects of the reduction in European Funding and the landbased industries not been seen as a priority by the Scottish Government come to fruition. During this time, however, the College will continue to strive to make efficiencies in its operations. The College is currently carrying out a restructuring exercise and is actively seeking opportunities for increasing income and profitability.

At 31 July 2008, the College has accumulated Income and Expenditure Reserves of £2.6m (including FRS17 Pension Reserve) and cash balances of £1m. It is the intention of the College to continue to accumulate reserves and retain sufficient cash balances in order to create funds to allow future investment in learning resources.

Tangible fixed asset additions during the year amounted to £447k. This was split between land and buildings (£338k) and equipment purchased of (£109k). Investment included the refurbishment of the student services area, social facilities for students and further improvement to the Scottish National Equestrian Centre.

SFC funding constitutes approximately 51% of the College's turnover with the rest being generated from other sources. Unfortunately income from other commercial activity can be influenced by numerous external factors and the economic health of the industries we serve.

The College has one subsidiary company, Equestrian Facilities Scotland Limited. [Company Number : SC294657]. The company trades under the name The Scottish National Equestrian Centre (or SNEC). The principal activity of Equestrian Facilities Scotland Limited is the provision of a specialist facility for the equine industry including internal and external clients as well as providing conferencing/exhibition facilities.

Treasury Policies And Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions, the effective control of risks associated with those activities' and the pursuit of optimum performance consistent with those risks.

The College has a Treasury Management Policy in place. Short term borrowing for temporary revenue purposes is authorised by the College Board of Management if required. Such arrangements are restricted by limits in the Financial Regulations and provisions set out in the Financial Memorandum with the Scottish Funding Council.

Cash Flows

At 31 July the cash balance was £1m (2006/07 – £0.6m), operating cash inflow was £400k.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2007/08 the College has delivered activity that has provided for the full draw down from the Scottish Funding Council of Activity Based Funding of £2.7m (2006/07 – £2.6m). In 2007/08, the College enrolled 340 full-time and 3611 part-time students. The College's curriculum plan anticipates a slight increase in the numbers of students enrolling each year through to 2009/10.

Student Achievement

Students continue to prosper at Oatridge College. Our student outcomes in 07-08 continue to remain well above the sector average at 93% in further education full-time and part-time programmes. Although HE programme achievement remains slightly below the sector average, this can be accounted for by our strategic decision in 2006 to widen participation for non-traditional students and has shown a 2% improvement from the year 06-07. We expect this trend in improvement to continue.

Curriculum Developments

As has been evidenced by an HMIe inspection in October 2007 the College has a reputation for high quality teaching with excellent student attainment in the majority of areas. It has introduced new courses in many areas of the curriculum in order to better meet student and industry. A particular strength is making students ready for the next stage in their lives.

Some of our students have low levels of prior educational achievement. The College is providing a range of courses to meet the Government's agenda. These include schools programmes and rural skills academy.

In order to improve programme design meetings have taken place between teaching teams and Industry Advisory groups.

A major initiative this year has been the embedding of the rural skills academy, a course which was originally funded by ESF to improve employability and vocational opportunities for the more choices, more chances group. The College has continued to develop links with schools across Scotland and is recognised as providing a valuable service to the rural community.

Payment Performance

The College complies with the 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 average payment period for the year ended 31st July 2008 was 29 days. No interest was due or paid under the Late Payment of Commercial Debts (Interest) Act 1998

Future Developments

The College was offered formula based funding from the Scottish Funding Council of £2,624,742 (2007/08 £2,534,045). The College has set its budget for 2008/09 based on this level of funding and is confident that it can achieve the 2% efficiency saving stated by the Scottish Government.

With regard to the future - the College is continuing to address the maintenance backlog identified by the College Estate Strategy (December 2007) the strategy also identifies the need to invest in a new farm steading, animal care facilities and recreational facilities. The College continues to seek ways of funding the priorities outlined in the strategy, however because of current levels of funding from the Scottish Funding Council (£228k 08/09) this proves to be difficult.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

The College has identified specific parcels of land which could be sold to enable redevelopment of its estate however these proposals have not been supported by the Local Authority.

Financial

The College has £12.9 Million of net assets (Including a £0.3 Million pension liability) and long term debt of £0.8 Million.

People

The College employs 98 people (expressed in full time equivalents) of whom 35 are teaching staff. The College has amongst the highest proportion among FE Colleges in Scotland of teaching staff holding a recognised professional teaching qualification.

Reputation

The College has an excellent reputation locally and nationally. The HMIe review conducted in October 2007 highlighted the excellent standing of the College when compared to others in the Scottish FE Sector. Maintaining a quality brand is essential for the College's success in attracting students and meeting our national remit and reputation.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of Internal Control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

This Risk Management policy forms part of the College's internal control and Corporate Governance arrangements.

The policy explains the College's underlying approach to risk management and details the roles and responsibilities of the Board of Management, the Senior Management Team, and other key parties.

The policy outlines key aspects of the risk management process, and identifies the main reporting procedures.

This policy details the process that the Board of Management will use to evaluate the effectiveness of the College's internal control procedures.

Risk management identifies and manages the risks that threaten the ability of the College to meet its objectives. The College will identify, monitor and aim to eliminate the range of threats to its activities, understand where we have vulnerabilities, and develop cost effective counter measures. These risks may be strategic, operational or financial.

This policy should be read in conjunction with the College Equal Opportunities Policy and Race Equality Policy.

A Risk Register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Risks identified under key objectives in the strategic plan and are graded accordingly.

STAKEHOLDER RELATIONSHIPS

In line with other Colleges, Oatridge College has many stakeholders. These include:

• Students	The College must maintain a reputation for high Quality relevant courses which will raise aspirations, create opportunities and enhance the lives of its learners.
• Scottish Funding Council	The relationship with the funding council will directly effect the performance of the College through the awarding of grants.
• Staff	See staff relations paragraph below.
• Government Offices	Reports from HMIe will have a profound impact on the College Brand and other key stakeholders
• Other FE Institutions	Increasingly the College will require to collaborate with other Colleges to develop both teaching and learning and support services in partnership with Scottish Countryside Colleges and Edinburgh Lothian Colleges.
• Trade Unions	The College must maintain a positive working relationship with all recognised representative bodies.
• Professional Bodies.	Professional bodies assist the College in designing programmes
• Sector Skills Council/ Industry	Sector Skills Council and Industry provide a major input into defining the needs of the Scottish landbased economy.

Equal Opportunities

Oatridge College is committed to promoting equality of opportunity, good race relations and to the avoidance of discrimination. The College aims to serve the whole of the land-based community, to encourage participation by all groups and to provide an environment where individuals can develop to their full potential without discrimination.

Disability Statement

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

STAFF AND STUDENT INVOLVEMENT

The College recognises the benefits of keeping employees informed on performance and encourages suggestions for the improvement of the College's performance. In particular, a Joint Consultative Committee (JCC) comprising management, members of the recognised trade unions, both teaching and support staff representatives operates for this purpose. The College holds regular briefing sessions with staff and also informal staff meetings. The College publishes newsletters that are readily available to all staff. There is also a student representative on the Board of Management and also a co-opted student to support this member. Each year students are invited to give feedback to the College through the enrolment, induction and learning process and the SMT meets on a termly basis with the Oatridge Student Association.

Related Party Transactions

The land at Uphall Station was sold in June 2008 to a company Uphall Estates Ltd, in which an Oatridge Board Member, Mr Malcolm Snowie, is a shareholder. The sale value of the asset was £350k, of which £330k was paid in 2007/08 and once legal matters are resolved a further £20k will be payable in 2008/09. The Board Member was excluded from Board meetings when this matter was under discussion and in the interests of transparency the District Valuer was asked to undertake an independent valuation of the asset. Prior to the sale of this asset advice was sought from the College's professional property advisors, DTZ, the Scottish Funding Council and the College's Internal and External Auditors.

Disclosure of Information to Auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Accounting Policies

The Accounting Policies applied by the College are set out in pages 21 to 23. Financial reporting standard 17 – Pensions, sets out the treatment of ongoing pension obligations and the basis on which provisions have been made. The Board note that the Year End Liabilities are sensitive to the underlying assumptions agreed with the College Actuaries. In particular movements in the discount factor applied to the pension obligations can produce significant volatility in the year end pension liability reported annually.

The College has not changed any Accounting Policies during the year.

Approved by the Board of Management on 15 December 2008 and signed on its behalf by:

R BRECHIN (Chairman)

PROFESSIONAL ADVISORS

The College's professional advisors during the year to 31 July 2008 were:

External Auditors	-	Henderson Loggie, Royal Exchange, Panmure Street, Dundee
Internal Auditors	-	Wylie & Bisset, 168 Bath Street, Glasgow
Bankers	-	Royal Bank of Scotland, 55 High Street, Linlithgow
Solicitors	-	Tods Murray, Edinburgh Quay, 133 Fountainbridge, Edinburgh

Board of Management Membership

The following members served the College during the year:

Gillian Alexander	Scottish Enterprise, Edinburgh and Lothians (Ms Alexander also serves on the Finance and Resources Committee)
Alistair Bowen (Vice Chairman)	Chairman, James Bowen & Sons (Mr Bowen also serves on the Remuneration Committee, Chairman's Committee and Finance and Resources Committee)
Robert Brechin (Chairman)	Retired Veterinary Surgeon, Mackie & Brechin (Mr Brechin also serves on the Remuneration Committee, Chairman's Committee, Finance and Resources Committee and Staffing and Education Committee)
Chris Laurie	Student representative (until 30 June 2008)
James Jack	Manager NETS & Land Services, West Lothian Council (Mr Jack also serves on the Audit Committee)
David James	Principal, Oatridge College (Mr James serves on all Committees except the Audit Committee)
Richard Kerr	Director, RGK (UK) Ltd (Mr Kerr also serves on the Finance and Resources Committee)
Jason Cunningham	Lecturing staff, Oatridge College (until 19 October 2007). (Mr Cunningham also served on the Staffing and Education Committee and Audit Committee)

Graeme Bryce	Lecturing staff, Oatridge College (from 18 February 2008) (Mr Bryce also serves on Staffing and Education and Audit Committee)
Muriel Colquhoun MBE	Chief Executive Scottish Equestrian Association (Ms Colquhoun also serves on the Staffing and Education Committee)
Wilson Marshall	Retired Director, Marshalls (Mr Marshall also serves on the Chairman's Committee, Staffing and Education Committee and Audit Committee)
Heather Stephenson	Support Staff, Oatridge College (Miss Stephenson also serves on the Finance and Resources Committee)
Andrew Robb	Chief Agricultural Officer, Scottish Executive Environment and Rural Affairs Department (Mr Robb also serves on the Remuneration Committee, Chairman's Committee, Finance and Resources Committee and Staffing and Education Committee)
Malcolm Snowie	Royal Highland Agricultural Society for Scotland (Mr Snowie also serves on the Finance and Resources Committee)
Janet Campbell	Councillor, West Lothian Council
John Low	Retired Rector of Linlithgow Academy (Mr Low also serves on the Staffing and Education Committee)
George Anderson MBE	(co-opted board member) President of the Royal Caledonian Horticultural Society (Mr Anderson also serves on the Audit Committee)
William Crawford	(co-opted board member) Royal Highland Agricultural Society for Scotland (Mr Crawford also serves on the Audit Committee)

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education 2007 and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between The Scottish Funding Council (SFC) and the Board of Management of the College, the Board, through the Principal as Accounting Officer, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cashflows for that year.

In preparing the financial statements the Board has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- ensure that funds from 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.

STATEMENT TO AUDITORS

In accordance with legislation the Board of Management 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 Management 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.

CORPORATE GOVERNANCE STATEMENT

Introduction

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code of Corporate Governance issued by the London Stock Exchange in 2006. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Board of Management

The College's Board of Management meets three times a year and has the following committees, Finance and Resources Committee, Staffing and Education Committee, Nomination Committee, Remuneration Committee and Audit Committee. All of these Committees are formally constituted with terms of reference.

The Finance and Resources Committee recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Staffing and Education Committee determines the academic provision of the College, and overall staffing levels. The Remuneration Committee determines salary levels including the remuneration of the senior staff and the Principal. The Nomination Committee considers nominations for vacancies in the membership of the Board of Management.

The Audit Committee meets three times a year with the College's external and internal auditors in attendance as required. The Audit Committee advises the college on the appointment of the internal auditors and the auditors' remuneration. The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports and circulars from the Scottish Funding Council as they affect the College's business and monitors adherence to the regulatory requirements.

While senior staff attend meetings of the Audit Committee as necessary, they are not members of the Committee.

Corporate Strategy

In respect of its strategic and development responsibilities, the Board of Management receives recommendations and advice from all relevant committees. A Board of Management Planning Day is held at least once a year to determine strategic development.

Internal Control

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

The senior management team receives reports setting out key performance and risk indicators and considers possible issues brought to their attention by early warning mechanisms which are embedded within the operational units. The senior management team and the Audit Committee also receive regular reports from internal audit which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control.

The Board of Management's agenda includes a regular report from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2008 meeting the Board of Management carried out the annual assessment for the year ended 31 July 2008 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2007.

The Board of Management is of a view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2008 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Management and accords with the Turnbull guidance on internal control, as applicable to colleges.

Going Concern

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

Conclusion

In the opinion of the Board of Management the College complies with all the provisions of the Combined Code in so far as they apply to the further education sector and it has complied throughout the year to 31 July 2008.

Robert Brechin
CHAIRMAN
15 December 2008

Independent auditors' report to the members of the Board of Management of Oatridge College, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of Oatridge College for the year ended 31 July 2008 under the Further and Higher Education (Scotland) Act 1992. These comprise the Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board of Management, Principal and Auditors

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

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

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

- the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers;

- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1 January 2006 and any other terms and conditions attached to them for the year ended 31 July 2008; and

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

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

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

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

Basis of audit opinion

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

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

Opinion

Financial statements

In our opinion:

- the financial statements give a true and fair view, in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction made thereunder by the Scottish Funding Council, of the state of affairs of the college as at 31 July 2008 and of its surplus, total recognised gains and losses and cash flows for the year then ended; and

- the financial statements have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction made thereunder by the Scottish Funding Council; and

- information which comprises the Operating and Financial Review, included in the Annual Report, is consistent with the financial statements.

Regularity

In our opinion in all material respects:

- the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers;

- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1 January 2006 and any other terms and conditions attached to them for the year ended 31 July 2008; and

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

Henderson Loggie
Chartered Accountants
Registered Auditors
Royal Exchange
Panmure Street
Dundee
DD1 1DZ

15 December 2008

STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): Accounting in Further and Higher Education Institutions and in accordance with applicable Accounting Standards. They conform to guidance published by the Scottish Funding Council (SFC).

The College has adopted FRS 17 Retirement Benefits in the financial statements. Details of the effect of adopting FRS 17 are shown in note 23.

Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Basis of Consolidation

The consolidated accounts include the accounts of a subsidiary company, Equestrian Facilities Scotland Ltd, which manages the equine centre.

Recognition of income

Income from grants, contracts and other services rendered is recognised in the income and expenditure account in proportion to the extent of completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions to overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.
The main annual recurrent allocation from SFC, which is intended to meet recurrent costs, is credited direct to the income and expenditure account during the period in which it is receivable. Non-recurrent grants from the Scottish Funding Council or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Pension schemes

Retirement benefits for employees of the College are provided by the Teachers' Superannuation Scheme (Scotland) (STSS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension is a substantially level percentage of present and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.
As set out above, under Basis of Preparation, the College has adopted FRS 17 Retirement Benefits in the financial statements. FRS 17 has been adopted for the LGPS scheme. However, the standard has not been adopted for the STSS scheme as the STSS is a multi-employer pension scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme.

Tangible fixed assets

a) Land and buildings

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

Land and buildings inherited from Lothian Regional Council were stated in the balance sheet at the following valuations:

- The gardens, farm and residential houses outwith the campus have been valued on the basis of open market value for existing use as there is adequate market evidence to support this approach.

- The remaining specialised properties in the main complex of the College for which there is no market evidence have been valued on the depreciated replacement cost basis.

Land and buildings acquired since incorporation are included in the balance sheet at cost.

Feuhold Buildings are depreciated over their expected useful life to the College of 50 years.
Major alterations to buildings, where no new floor space is created, are depreciated over 10 years. Feuhold Land associated with the buildings and undeveloped land is not depreciated.

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 useful economic life of the related asset on a basis consistent with the depreciation policy.

b) Equipment

Equipment costing less than £10,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

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

Plant & Equipment	10% to 33% per year straight line
Computers	33% per year straight line
Motor Vehicles	16.6% per year straight line
Fixtures & Fittings	16.6% per year straight line

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of the equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Stock

Stocks are stated at the lower of cost and estimated net realisable value.

Maintenance of premises

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

Liquid Resources

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Consolidated Income and Expenditure Account
for the year ended 31 July 2008

	Notes	2008 £000	2007 £000
Income			
SFC Grants	1	3213	2798
Education contracts	2	421	565
Tuition fees and charges	3	319	293
Other grant income	4	289	435
Other income	5	1922	1606
Investment income	6	100	75
Total Income		**6264**	**5772**
Expenditure			
Staff costs	7	3189	2991
Other operating expenses	9	2381	2194
Depreciation	9, 13	504	405
Interest payable	10	59	49
Total Expenditure		**6133**	**5639**
Surplus on continuing operations after depreciation of assets at valuation and before tax		131	133
Gain on sale of assets		373	12
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		504	145
Taxation	11	0	0
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	12	**504**	**145**

The Income and Expenditure account is in respect of Continuing Activities.

Statement of the Total Recognised Gains And Losses for the year ended 31 July 2008

	Notes	**2008** *£000*	**2007** *£000*
Surplus on continuing operations after depreciation of assets at valuation, gain on sale of assets, and tax	12,22	504	145
Actuarial gain /(loss) recognised in the pension scheme		(283)	543
Prior year adjustment		-	-
Total recognised gains relating to period		221	688
Total recognised gains/(losses) since last financial report		**221**	**688**
Reconciliation			
Opening Reserves		7456	6768
Total recognised gains/(losses) for the year		221	688
Closing Reserves		7677	7456

Statement of Historical Cost Surpluses and Deficits for the year ended 31st July 2008

	Notes	**2008** *£000*	**2007** *£000*
Surplus on continuing operations after depreciation of assets at valuation, gain on sale of assets, and tax		504	145
Difference between historical cost depreciation and the actual charge for the period calculated on re-valued amount	22	128	128
Historical cost surplus for the year		**632**	**273**

Balance Sheets as at 31 July 2008

	Notes	Group 2008 £000	College 2008 £000	Group 2007 £000	College 2007 £000
Fixed assets					
Tangible assets	13	13,675	13,675	13,732	13,732
Investments	14	-	-	-	-
		13,675	13,675	13,732	13,732
Current assets					
Stocks	15	251	251	213	213
Debtors	16	214	392	254	270
Cash at bank and in hand		1,040	950	593	623
		1,505	1,593	1,060	1,106
Creditors:					
Amounts falling due within one year	17	(990)	(980)	(1,021)	(993)
Net current assets		515	613	39	113
Total assets less current liabilities		**14,190**	**14,288**	**13,771**	**13,845**
Creditors:					
Amounts falling due after more than one year	18	(845)	(845)	(850)	(850)
Provisions for liabilities and charges	19	(95)	(95)	(101)	(101)
		(940)	(940)	(951)	(951)
NET ASSETS excluding pension liability		**13,250**	**13,348**	**12,820**	**12,894**
Net pension liability	23	(319)	(319)	(75)	(75)
NET ASSETS including pension liability		**12,931**	**13,029**	**12,745**	**12,819**
Deferred capital grants	**21**	**5,254**	**5,254**	**5,289**	**5,289**
Reserves					
Revaluation reserve	22	4,683	4,683	4,811	4,811
Capital reserve	22	343	343	-	-
Restricted/designated reserve	22	64	64	64	64
Income and expenditure account excluding pension liability		2,906	3,004	2,656	2,730
Pension reserve	23	(319)	(319)	(75)	(75)
Income and expenditure account including pension liability	22	2,587	2,685	2,581	2,655
Total reserves		**7,677**	**7,775**	**7,456**	**7,530**
TOTAL		**12,931**	**13,029**	**12,745**	**12,819**

The financial statements on pages 21 to 44 were approved by the Board of Management on 15 December 2008 and signed on its behalf by:

Robert Brechin [Chairman] **David James [Principal]**

Consolidated Cash Flow Statement For The Year Ended 31 July 2008

	Notes	**2008** *£000*	**2007** *£000*
Net cash inflow/(outflow) from operating activities	24	412	(52)
Returns on investment and servicing of finance	25	(10)	(5)
Capital expenditure and financial investment	25	26	(1,802)
Financing	25	19	514
Increase/(decrease) in cash in the year		**447**	**(1,345)**

		2008 *£000*	**2007** *£000*
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		**447**	**(1,345)**
Capital element of loan and lease finance repayments		56	86
Changes in net funds resulting from cash flows		503	(1,259)
New finance leases		(65)	-
New loans		(10)	(600)
Movement in net funds in the year		**428**	**(1,859)**
Net debt at 1 August 2007	26	**(315)**	**1,544**
Net funds at 31 July 2008	26	**113**	**(315)**

Notes to the Financial Statements for the year ended 31 July 2008

		2008	2007
1.	**SFC Grants**	*£000*	*£000*
	Recurrent grant	2774	2626
	Teachers Superannuation Funding	32	48
	Childcare	25	18
	Other grants	148	25
	Grant for capital projects treated as revenue	150	27
	Release of deferred capital grants (SFC)	72	42
	Release of deferred capital grants (SOEID)	12	12
	Total	3213	2798

		2008	2007
2.	**Education Contracts**	*£000*	*£000*
	Management income for LEC programmes	233	423
	Other non-SFC funded tuition	188	142
	Total	421	565

		2008	2007
3.	**Tuition Fees and Charges**	*£000*	*£000*
	Higher Education – Home and EU	171	166
	Further Education – Home and EU	148	127
	Total	319	293

		2008	2007
4.	**Other Grant Income**	*£000*	*£000*
	European Funds	238	385
	Release of Other Deferred Funds	51	50
	Total	289	435

		2008	2007
5.	**Other Income**	*£000*	*£000*
	Residences and catering	912	723
	Other income generating activities	720	608
	Other income	290	275
	Total	1922	1606

		2008	2007
6.	**Investment Income**	*£000*	*£000*
	Other interest receivable	49	44
	Net return on Pension Liability	51	31
	Total	100	75

		2008	2007
7.	**Staff Costs**	*£000*	*£000*
	Recurring Staff Costs:		
	Wages and salaries	2710	2550
	Social security costs	180	174
	Other pension costs	299	267
		---	---
	Total	3189	2991
		---	---

	2008	2007
Salaries and related staff costs:	*£000*	*£000*
Senior Management	225	211
Teaching staff	1691	1640
Teaching Support	27	26
Administration and Central Services	373	446
Premises	106	101
Other Income Generating Activities	600	404
Catering and Residences	167	163
	---	---
Total	3189	2991
	---	---
Analysed as :		
Staff on permanent contracts	2934	2700
Staff on temporary contracts	246	267
Skillseeker trainees	9	24
	---	---
Total	3189	2991
	---	---

Staff Numbers:

The average monthly number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents was :

	2008	2007
Senior Management	3	3
Teaching staff	35	35
Teaching Support	7	6
Administration and Central Services	16	18
Premises	5	8
Other Income Generating Activities	22	21
Catering and Residences	10	8
	---	---
Total	98	99
	---	---
Analysed as :		
Staff on permanent contracts	87	87
Staff on temporary contracts	11	12
	---	---
Total	98	99
	---	---

A general pay award of 4% was made with effect from 1 August 2007, approved by the Board of Management.

8. Emoluments of Board Members and Higher Paid Staff

The Board of Management, other than employee Board members, received no remuneration during the year from the college. Travel and subsistence payments amounted to less than £100.

	2008	**2007**
	£000	*£000*
Emoluments of the Principal		
Remuneration including taxable expenses	74	72
Employers pension contribution	10	9
	---	---
	84	81
	---	---

The Principal is an ordinary member of the Scottish Teacher's Superannuation Scheme. The College's contribution to the scheme is paid at the same rate as for other members of academic staff.

Emoluments of Higher Paid Staff

The number of higher paid staff, including the Principal, who received emoluments including taxable benefits and excluding employer's pension contributions, in the following ranges, was:

	2008	**2007**
	Number	*Number*
£50,000 to £60,000	2	1
£70,000 to £80,000	1	1

All higher paid staff are ordinary members of the appropriate pension scheme and contributions were paid at the same rates as other members of staff.

9. Analysis of Expenditure

	Staff Costs £000	***Other Operating Expenses £000***	***Deprec-iation £000***	***Interest Payable £000***	***2008 Total £000***	***2007 Total £000***
Teaching activities	1691	320	4		2015	1997
Residences and catering	167	507		32	706	627
Other income generating expenses	600	767	68	27	1462	1375
Premises	106	377	432		915	812
Administration & academic services	625	410			1035	828
	---	---	---	---	---	---
Total	3189	2381	504	59	6133	5639
	---	---	---	---	---	---

	2008	**2007**
	£000	*£000*
Other Operating Expenses include:		
Auditors' remuneration		
- Internal audit	11	14
- External audit	17	14
Other services provided by:		
- Internal auditors	0	0
- External auditors	0	0
Hire of plant and machinery – operating leases	52	28
Hire of other assets – operating leases	6	6

10. Interest Payable

	2008	**2007**
	£000	*£000*
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	0	0
Repayable within 5 years, by instalments	0	0
Repayable wholly or partly in more than 5 years	53	47
On finance leases	6	2
	---	---
Total	59	49
	---	---

11. Taxation

As an exempt charity, the college benefits by being broadly exempt from corporation tax on income it receives for the services it provides. The Board does not believe that the College or its subsidiary has a current or deferred liability to corporation tax arising out of their activities during this period.

12. Consolidated Surplus on Continuing Operations for the Period

The consolidated surplus on continuing operations for the period is made up as follows:

	2008	**2007**
	£000	*£000*
College's surplus for the period	528	194
Deficit generated by subsidiary company	(24)	(49)
	---	---
	504	145
	---	**---**

13. Tangible Fixed Assets [Group and College]

	Land & Buildings Feuhold £000	*Fixtures, Plant & Equipment £000*	*Computers £000*	*Motor Vehicles £000*	*Total £000*
Cost or valuation					
At 1 August 2007	16122	463	46	74	16705
Additions	338	109	0	0	447
Disposals	0	(28)	0	0	(28)
At 31 July 2008	**16460**	**544**	**46**	**74**	**17124**
Depreciation					
At 1 August 2007	2550	313	38	72	2973
Charge for year	422	76	4	2	504
Disposals	0	(28)	0	0	(28)
At 31 July 2008	**2972**	**361**	**42**	**74**	**3449**
Net Book Value					
At 31 July 2008	**13488**	**183**	**4**	**0**	**13675**
Net Book Value					
At 31 July 2007	13572	150	8	2	13732
Inherited	4613	0	0	0	4613
Financed by Capital Grant	5917	49	0	0	5966
Other	2958	134	4	0	3096
At 31 July 2008	**13488**	**183**	**4**	**0**	**13675**

Inherited land and buildings were valued on 31st March 1995, by Chesterton plc RICS. The basis of valuation used was open market value for existing use or depreciated replacement cost, depending on the nature of the asset being valued.

Other tangible fixed assets inherited from Lothian Regional Council at incorporation were valued by the College on a depreciated replacement cost basis, using independent professional advice where appropriate.

In the Board of Management's opinion there has been no material change to the valuations noted at that time. The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly book values have been retained.

If inherited land and buildings had not been valued they would have been included at the following amounts.

	2008	**2007**
	£000	*£000*
Cost	2180	2180
Aggregate depreciation based on cost	(1029)	(901)
	1151	1279

Land and buildings with a net book value of £4,613,000 have been funded from local authority sources. Assets with a value greater than £500,000 may not be disposed of without

the prior approval of the Scottish Funding Council. Should publicly funded assets be sold, the College may be liable to surrender the proceeds, under the terms of the Financial Memorandum with the Council.

The depreciation charge for the year is analysed as follows:

	2008	**2007**
	£000	*£000*
Depreciation based on cost	376	277
Depreciation based on valuation	128	128
	---	---
	504	405
	---	---
Owned assets	476	401
Assets held under finance leases and hire purchase agreements	28	4
	---	---
	504	405
	---	---

14. Investments [College]

	2008	**2007**
	£	*£*
Investments in subsidiary companies	2	2
	---	---

The College owns 100% of the issued £1 shares of Equestrian Facilities Scotland Limited.

15. Stocks [Group and College]

	2008	**2007**
	£000	*£000*
Farm Stocks	251	213
	---	---

16. Debtors

	Group 2008	**College 2008**	**Group 2007**	**College 2007**
	£000	*£000*	*£000*	*£000*
Amounts falling due within one year**:**				
Trade debtors	110	83	205	94
Amounts owed by subsidiaries	-	205	-	127
Prepayments and accrued income	104	104	49	49
	---	---	---	---
Total	214	392	254	270
	---	---	---	---

17. Creditors: Amounts falling due within one year

	Group 2008	College 2008	Group 2007	College 2007
	£000	*£000*	*£000*	*£000*
Bank loans and overdrafts	59	59	54	54
Local authority loan	1	1	1	1
Obligations under finance leases	22	22	3	3
Trade creditors	259	250	256	241
Other taxation and social security costs	53	53	77	64
Accruals	266	265	307	307
Deferred income	243	243	250	250
Pension fund contributions	33	33	33	33
Bursary and other funds	54	54	40	40
Total	990	980	1,021	993

Obligations under finance leases are secured on the assets concerned.

18. Creditors: Amounts falling due after more than one year

	Group 2008	College 2008	Group 2007	College 2007
	£000	*£000*	*£000*	*£000*
Bank loans and overdrafts	790	790	836	836
Local authority loan	3	3	5	5
Obligations under finance leases	52	52	9	9
Total	845	845	850	850

Obligations under finance leases are secured on the assets concerned.

19. Provisions for Liabilities and Charges

	Group 2008	College 2008	Group 2007	College 2007
	£000	*£000*	*£000*	*£000*
Pension provision	95	95	101	101
Total	95	95	101	101

The above provision is in respect of future pension liabilities arising from early retirals. The pension liability has been revalued using actuarial tables supplied by SFC.

20. Borrowings [Group and College]

a) Bank Loans and Overdrafts (including Local Authority Loan)	**2008** *£000*	**2007** *£000*
Bank loans and overdrafts are repayable as follows:		
In one year or less	60	55
Between one and two years	74	55
Between two and five years	181	185
In five years or more	538	601
	---	---
Total	853	896
	---	---

b) Finance Leases		
The net finance lease obligations to which the College is committed are:		
In one year or less	22	3
Between one and two years	23	9
Between two and five years	29	0
	---	---
Total	74	12
	---	---

21. Deferred Capital Grants Group and College

	SOEID £000	*SFC £000*	*Other Grants £000*	*Total £000*
At 1 August 2007				
Land and buildings	379	3530	1380	5289
	---	---	---	---
	379	3530	1380	5289
	---	---	---	---
Cash received				
Land and buildings	-	100	-	100
	---	---	---	---
	-	100	-	100
	---	---	---	---
Released to income and expenditure account				
Land and buildings	(12)	(72)	(51)	(135)
	---	---	---	---
	(12)	(72)	(51)	(135)
	---	---	---	---
At 31 July 2008				
Land and buildings	367	3558	1329	5254
	---	---	---	---
	367	3558	1329	5254
	---	---	---	---

22. Reserves [Group]

	Revaluation Reserve £000	*Capital Reserve* £000*	*Restricted Reserve** £000*	*Income & Expenditure Account £000*	*Total £000*
At 1 August 2007	4811	-	64	2581	7456
Actuarial gain recognised in year	-	-	-	(283)	(283)
Transfer of net funds received in year	-	343	-	(343)	-
Surplus/(Deficit) on continuing operations	-	-	-	504	504
Transfer from Revaluation Reserve	(128)	-	-	128	-
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At 31 July 2008	**4683**	**343**	**64**	**2587**	**7677**
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** The gain on sale of assets in 2008 has been placed in a capital reserve to facilitate funding of the college capital programme*

***This reserve comprises two Trust funds*

Reserves [College]

	Revaluation Reserve £000	*Capital Reserve* £000*	*Restricted Reserve** £000*	*Income & Expenditure Account £000*	*Total £000*
At 1 August 2007	4811	-	64	2655	7530
Actuarial gain recognised in year	-	-	-	(283)	(283)
Transfer of net funds received in year	-	343	-	(343)	-
Surplus/(Deficit) on continuing operations	-	-	-	528	528
Transfer from Revaluation Reserve	(128)	-	-	128	-
	---	---	---	---	---
At 31 July 2008	**4683**	**343**	**64**	**2685**	**7775**
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** The gain on sale of assets in 2008 has been placed in a capital reserve to facilitate funding of the college capital programme*

***This reserve comprises two Trust funds*

23. Pension Commitments

The College's employees belong to one of two main schemes, the Scottish Teachers Superannuation Scheme (STSS) for academic staff and the Local Government Pension Scheme (LGPS) for non-teaching staff.

STSS is managed by Scottish Public Pensions Agency (SPPA). The Local Government Pension Scheme (Scotland) (LGPS) to which the College is an admitted body is Lothian Pensions Fund (LPF). Both STSS and LGPS are pension schemes of the defined benefit type. The assets of the LPF scheme are held in a separate, trustee-administered fund. The STSS scheme is a notional fund and there are specific regulations regarding the basis on which the actuarial valuation should be carried out. These regulations include the requirement that any deficit should be funded by a supplementary contribution over a 40-year period.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuations of the schemes were at 31 March 2005 (STSS) and 31 March 2005 (LPF).

Based on the data provided and other factors such as improvements to benefits, actuaries have advised the following contribution rates :

	STSS	LPF
2007/2008		
1 Aug 2007 – 31 July 2008	13.5%	17.7%
2008/2009		
1 Aug 2008 – 31 March 2009	13.5%	17.7%
1 April 2009 – 31 July 2009	14.25%	

The total pension cost for the year was:

	2008	**2007**
	£000	£000
Contributions to STSS	157	145
Charge to Income and Expenditure Account for LPF	139	122
	---	---
	296	267
	---	---

The STSS charge is the contributions payable for the period. The LPF charge is the current service cost and past service cost for the period.

Scottish Teachers' Superannuation Scheme (Teaching Staff)

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

The actuarial valuation of the name STSS scheme showed a deficiency of £230M. This deficit is funded by a supplementary employer contribution over a 40 year period.

The current contribution rates are :	Employee	6.0%
	Employers	13.50%

Local Government Pension Scheme (Administrative Staff)

Administrative staff of the College may participate in the Lothian Pension Fund, part of the Local Government Pension Scheme. An actuarial valuation was carried out at 31 July 2007 for Oatridge College for the purposes of FRS 17.

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

	31 July 2008	**31 July 2007**
	% p.a.	**% p.a.**
Salary increases	5.3%	4.8%
Pension increases	3.8%	3.3%
Discount rate	6.7%	5.8%
Commutation of pensions to lump sums	25.0%	25.0%

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

Retiring today	
Males	19.4 years
Females	22.4 years
Retiring in 20 years	
Males	20.5 years
Females	23.4 years

The assets and liabilities in the scheme and the expected rates of return were;

Assets held	**Long-term rate of return expected at 31/07/08**	**Assets at 31/07/08**	**Long-term rate of return expected at 31/07/07**	**Assets at 31/07/07**
	% p.a.	*£000*	*% p.a.*	*£000*
Equities	7.8%	2,541	8.0%	2,602
Bonds	5.7%	305	5.2%	255
Property	5.7%	393	6.0%	448
Cash	4.8%	104	5.1%	214
		---		---
Total market value of assets	**7.3%**	**3,343**	**7.4%**	**3,519**
Present value of scheme liabilities		(3,662)		(3,594)
Related deferred tax liability		-		-
		---		---
Deficit in the scheme		**(319)**		**(75)**
		---		---

Based on the data provided, actuaries have advised the amount which will be charged to operating profit for the year to 31 July 2008 is as follows:

Analysis of the Amount Charged to Staff Costs:

	Year to 31/07/08 *£000*	**Year to 31/07/08** *% of payroll*	**Year to 31/07/07** *£000*	**Year to 31/07/07** *% of payroll*
Employer service cost (1)	139	19.0%	175	22.8%
Past service cost	-	-	(53)	(6.9%)
Total operating charge	**139**	**19.0%**	**122**	**15.9%**
Less contributions paid	(128)		(136)	
Pension costs less contributions payable	**11**		**(14)**	

(1) The service cost figures are based on the current regulations. They also include an allowance for administration expenses of 0.4% of payroll.

Analysis of the Amount Credited to Other Finance Income

	Year ended 31/07/08 *£000*	**Year ended 31/07/07** *£000*
Expected return on pension scheme assets	264	220
Interest on pension liabilities	(213)	(189)
Net return	**51**	**31**

Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)

	Year ended 31/07/08 *£000*	**Year ended 31/07/07** *£000*
Actual return less expected return on pension scheme assets	(581)	168
Experience gains and losses arising on the scheme liabilities	1	(2)
Changes in financial assumptions underlying the present value of the scheme liabilities	297	377
Actuarial (loss)/gain in pension plan	**(283)**	**543**
Increase in irrecoverable surplus from membership fall and other factors	-	-
Actuarial (loss)/gain recognised in STRGL	**(283)**	**543**

Movement In Deficit During The Year

	Year ended 31/07/08 £000	Year ended 31/07/07 £000
Deficit in scheme at 1 August 2007	(75)	(663)
Current service cost	(139)	(175)
Employer contributions	128	136
Past service costs	-	53
Impact of settlements and curtailments	(1)	-
Net return on assets	51	31
Actuarial (losses)/gains	(283)	543
Deficit in scheme at 31 July 2008	**(319)**	**(75)**

Asset and Liability Reconciliation
Reconciliation of Liabilities

	Year ended 31/07/08 £000	Year ended 31/07/07 £000
Liabilities at 1 August 2007	3,594	3,640
Current service cost	139	175
Interest cost	213	189
Employee contributions	44	46
Experience gains and losses on scheme liabilities	(1)	2
Actuarial losses	(297)	(377)
Benefits paid	(30)	(28)
Past service cost	-	(53)
Liabilities at 31 July 2008	**3,662**	**3,594**

Reconciliation of Assets

	Year ended 31/07/08 £000	Year ended 31/07/07 £000
Assets at 1 August 2007	3,519	2,977
Expected return on assets	264	220
Actuarial (losses)/gains	(581)	168
Employer contributions	128	136
Employee contributions	44	46
Benefits paid	(31)	(28)
Assets at 31 July 2008	**3,343**	**3,519**

History of Experienced Gains and Losses

	Year ended 31/07/08 *£000*	**Year ended 31/07/07** *£000*	**Year ended 31/07/06** *£000*	**Year ended 31/07/05** *£000*	**Year ended 31/07/04** *£000*
Difference between the expected and actual return on assets	(581)	168	204	221	34
Value of assets	3,343	3,519	2,977	1,943	1,473
Percentage of assets	**(17.4%)**	**4.8%**	**6.9%**	**11.4%**	**2.3%**
Experienced gains/(losses) on liabilities	1	(2)	(80)	-	1
Total present value of liabilities	3,662	3,594	3,640	2,578	1,961
Percentage of the total present value of liabilities	**0.1%**	**(0.1%)**	**(2.2%)**	**-**	**0.1%**
Actuarial gains/(losses) recognised in STRGL	(283)	543	(21)	(158)	32
Total present value of liabilities	3,662	3,594	3,640	2,578	1,961
Percentage of the total present value of liabilities	**(7.7%)**	**15.1%**	**(0.6%)**	**(6.1%)**	**1.6%**

Early Retirement Benefits

An amount of £95K is included in provisions (note 19) which represents future pension costs arising from early retirements. The provision represents liabilities in respect of pension commitments outwith the defined benefit scheme. This amount is not included in the FRS 17 pension liability.

24. Reconciliation of Consolidated Operating Surplus to Net cash Inflow from Operating Activities

	2008 *£000*	**2007** *£000*
Surplus on continuing operations after depreciation of assets and tax	504	145
Pension costs less contributions payable (Note 23)	11	(14)
Gain on Sale of Assets	(373)	(12)
Depreciation (Note 13)	504	405
Deferred capital grants released to income (Note 21)	(135)	(105)
(Increase)/decrease in stocks (Note 15)	(38)	(35)
Decrease/(increase) in debtors (Note 16)	40	(130)
Increase/(decrease) in creditors and provisions (Notes 17/19)	(60)	(280)
Interest receivable (Note 6)	(100)	(75)
Interest payable	59	49
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Net Cash inflow/(outflow) from Operating Activities	**412**	**(52)**
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25. Analysis of Gross Cash Flows

	2008	**2007**
	£000	*£000*
Returns on investment and servicing of finance		
Interest received	49	44
Interest paid	(59)	(49)
	(10)	(5)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(447)	(4061)
Receipts from sale of tangible fixed assets	373	12
Capital grants received	100	2247
	26	(1802)
Financing		
New Loans	10	600
Repayment of loans	(53)	(42)
Increase in Finance Leasing	65	-
Capital element of finance lease rental payments	(3)	(44)
	19	514

26. Analysis of Changes in Net Funds

	At 1 August 2007	*Cash Flows*	*Other Changes*	*At 31 July 2008*
	£000	*£000*	*£000*	*£000*
Cash	593	447	0	1040
	593	447	0	1040
Debt due within 1 year	(55)	53	(58)	(60)
Debt due after 1 year	(841)	0	48	(793)
Finance leases	(12)	3	(65)	(74)
Total	**(315)**	**503**	**(75)**	**113**

27. Post Balance Sheet Events

None

28. Contingent Liability

There are no known matters of contingent liability and consequently no financial provision has been made in these financial statements.

29. Capital and Financial Commitments

	2008	**2007**
	£000	*£000*
Capital Developments Contracted for at 31 July 2008	0	254
Capital Developments Authorised but not contracted for at 31 July 2008	0	46

There were no financial commitments under non-cancellable finance leases.

30. Related party Transactions

Due to the nature of the College's operations and the composition of the Board of Management (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The land at Uphall Station was sold in June 2008 to a company Uphall Estates Ltd, in which an Oatridge Board Member, Mr Malcolm Snowie, is a shareholder. The sale value of the asset was £350k, of which £330k was paid in 2007/08 and once legal matters are resolved a further £20k will be payable in 2008/09. The Board Member was excluded from Board meetings when this matter was under discussion and in the interests of transparency the District Valuer was asked to undertake an independent valuation of the asset. Prior to the sale of this asset, advice was sought from the College's professional property advisors, DTZ, the Scottish Funding Council and the College's Internal and External Auditors.

There were no other transactions during the year ended 31 July 2008 with non-public bodies in which any member of the Board of Management or key management of the College has an interest.

31. Prior Year Adjustments

There were no prior year adjustments.

32. Bursary and Hardship Funds

Bursaries and Other Student Support Funds

	Year ended 31 July 2008 FE Bursary *£000*	**Year ended 31 July 2008** FE Hardship *£000*	**Year ended 31 July 2008** EMAs *£000*	**Year ended 31 July 2008** Other *£000*	**Year ended 31 July 2008** Total *£000*	**Year ended 31 July 2007** Total *£000*
Balance b/fwd	6	1	-	-	7	2
Allocation received in year (prior to clawback)	413	37	79	31	560	544
Expenditure	(437)	(25)	(73)	(38)	(573)	(539)
Repaid to SFC (clawback)	-	-	-	-	-	-
Virements	18	-	-	7	25	-
Balance c/fwd	**-**	**13**	**6**	**-**	**19**	**7**
Represented by:						
Repayable to Funding Council as clawback	-	8	-	-	8	-
Retained by College for students	-	5	6	-	11	7

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

Childcare Funds

	Year ended 31 July 2008 *£000*	**Year ended 31 July 2007** *£000*
Balance b/fwd	27	24
Allocation received in year	41	37
Expenditure	(11)	(18)
Repaid to SFC (clawback)	(28)	(16)
Virements	-	-
Balance c/fwd	**29**	**27**
Represented by :		
Repayable to Funding Council as clawback	22	
Retained by College for students	7	27

Childcare fund transactions are included within the College Income and Expenditure Account in accordance with the Accounts Direction issued by the Scottish Funding Council.