



Financial Statements 2013/14

Eight months to March 2014

**GLASGOW CLYDE COLLEGE
REPORT AND FINANCIAL STATEMENTS – FOR EIGHT MONTH FINANCIAL
PERIOD 2013/14**

CONTENTS	Page
Operating and Financial Review	2
Statement of Corporate Governance and Internal Control	19
Statement of the Board of Management’s Responsibilities	24
Independent Auditor’s Report	26
Statement of Accounting Policies	29
Income and Expenditure Account	32
Statement of Historical Cost Surplus	33
Statement of Total Recognised Gains and Losses	33
Balance Sheet	34
Cash Flow Statement	35
Notes to the Financial Statements	36

**OPERATING AND FINANCIAL REVIEW FOR THE EIGHT MONTH PERIOD
ENDED 31 MARCH 2014**

1. NATURE, OBJECTIVES AND STRATEGIES

The Board of Management of Glasgow Clyde College presents the report and audited financial statements in respect of the eight month financial period ended 31 March 2014.

Glasgow Clyde College was formed on 1 August 2013 by the merger of Anniesland College, Cardonald College, and Langside College. The merger was enacted by way of a Scottish Statutory Instrument which transferred all assets, liabilities and activities to Glasgow Clyde College, and also enacted the winding up of Anniesland College and Langside College as individual entities, with Cardonald College acting as the “host” legal entity, and legally altering its name to Glasgow Clyde College. As such all legal obligations rest with the Board of Glasgow Clyde College and the Board of Management of Glasgow Clyde College present this report together with the Audited Financial Statements for the period ended 31 March 2014.

Legal and Charitable Status

Glasgow Clyde College is a free standing corporate body under the provisions of the Further and Higher Education (Scotland) Act 1992 which was created from formerly the host entity of Cardonald College merging with Anniesland College and Langside College as at 1 August 2013. 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.

Scope of the Financial Statements

The financial statements cover all activities of the College for the period ended 31 March 2014. Where information is included regarding the College plans for future years, the College’s view has been based on the information available at the time of compiling these financial statements.

Business Context

Glasgow Clyde College's main areas of activity during the period were Further and Higher Education. It provides vocational education and training for its communities - mainly in the south and west of Glasgow as well as from beyond this area, for learners who choose the College for broad based curriculum subjects or for its well-recognised specialist subjects.

The Board of Management sees the role of Glasgow Clyde College as enhancing learning opportunities for individuals and companies whilst supporting the achievement of local, regional and national priorities, and building a strong foundation for the long term sustainability of the College's activities. The College aims to raise aspiration and improve skill levels in its communities, and to widen participation in learning. The Board also considers that, in order to optimise its contribution to the communities it serves, Glasgow Clyde College should maintain a balance between its broad-based curriculum and the excellent specialist and advanced provision it has built up over the years.

The College aims to provide the most appropriate and relevant skills in the workforce to enhance economic prosperity in its local area, and to contribute to economic development at regional, national and international levels. This complements the role of enhancing opportunities for individuals.

Glasgow Clyde College operates from its three main campuses in Anniesland, Cardonald and Langside. In addition the College also provides activity through accessing a range of partner outreach locations.

Following the Scottish Government's regionalisation programme for further education, Glasgow Clyde College operates within the Glasgow multi college Region and from 1st August 2014, the Glasgow Regional Strategic Board is in place. The three assigned Glasgow Colleges of Glasgow Clyde College, City of Glasgow College and Glasgow Kelvin College will work with the Regional Board to develop and set the direction of the overall curriculum and business strategy for the Glasgow Region. Within this framework Glasgow Region will also negotiate its Regional Outcome Agreement with the Scottish Funding Council and the assigned Colleges will have the responsibility for jointly achieving the targets set.

Glasgow Clyde College's Corporate Plan

The first Corporate Plan for Glasgow Clyde College covers the period from 2013 to 2016. The main elements of that plan are noted below.

Summary of Glasgow Clyde College Corporate Plan 2013 to 2016

Glasgow Clyde College Vision: Glasgow Clyde College will contribute to the prosperity and well-being of Scotland through exceptional achievement.

Glasgow Clyde College Mission: Seeing Potential, Finding Solutions, Achieving

More.

Glasgow Clyde College Values: The College's values are:

- Students First
- Innovation
- Aspiration
- High Quality
- Excellent Leadership
- Integrity
- Accountability
- Respect

The Corporate Plan for Glasgow Clyde College has six strategic aims as follows:

- **Strategic Aim 1:** Delivering high quality learning and teaching.
- **Strategic Aim 2:** Providing depth, breadth and aspiration throughout the curriculum.
- **Strategic Aim 3:** Promoting excellence through research and innovation.
- **Strategic Aim 4:** Developing effective, confident and resilient students and staff.
- **Strategic Aim 5:** Being the partner of choice.
- **Strategic Aim 6:** Achieving institutional sustainability.

For the strategic aim of achieving institutional sustainability the College has the following key objectives :

- delivering non-SFC income targets through sustainable markets with existing customers and new market developments;
- managing operating surpluses within 1% of turnover after planned investment (this will be revised in the future financial strategy and corporate plan due to reclassification as a public body and the requirement to achieve a break even position);
- delivering efficient and effective teaching and support services across Glasgow Clyde College; and
- providing a high quality, efficient sustainable estates and ICT infrastructure capable of adapting to changing curriculum and business needs

The College has an approved series of 11 main strategies, to support the implementation of the Corporate Plan. The areas covered by the strategies are summarised below:

Learning and Teaching; Portfolio; Communications; Financial (see below); Commercial; Procurement; Organisational Development; ICT; Quality Enhancement; Estates and International.

Progress on National Priorities

During financial period 2013/14 Glasgow Clyde College continued to support the Scottish Government's five strategic objectives and supporting strategies. The College's contributions to these objectives were as follows:

- **Wealthier and Fairer Scotland:** The College contributes to provide a more skilled workforce and to develop its portfolio in line with sector and employer needs.
- **Smarter Scotland:** The College provides a flexible portfolio to enable access and progression through learning in ways, times and places that meet individuals' needs.
- **Healthier Scotland:** The College has a strong base in education and training opportunities for health practitioners, which it continued to expand recently in partnership with the NHS Greater Glasgow and Clyde by working with them to provide the training for 50 new Modern Apprentices in line with developments in that sector in the forthcoming years. In addition the College holds the Gold Healthy Working Lives Award and promotes health and wellbeing to staff and students.
- **Safer and Stronger Scotland:** Through our involvement in Community Planning Partnerships, the College contributed to the development, and where appropriate, the implementation of local actions with partners to support this objective.
- **Greener Scotland:** The College is committed to an environmentally sustainable Scotland through its own actions as an organisation and through the development and delivery of programmes to support the renewable and utilities sectors. The College is party to the Universities and Colleges' Climate Commitment for Scotland and has in place a Climate Change Action Plan.

PERFORMANCE INDICATORS

To monitor performance the College uses a range of performance indicators, which are reviewed by members of the College Management Team on a regular basis. The recent merger of the three Colleges means that significant work has had to be undertaken to draw together the KPIs of each College to assist meaningful comparison with preceding years. The College's performance against key performance indicators for 2013/14 is shown below and is compared to the preceding year KPIs of the three Legacy Colleges :

Key Performance Indicator	Purpose	12/13 Actual	13/14 Forecast	13/14 Target
EFFECTIVENESS¹				
Full time FE enrolments on recognised qualifications	Measures student retention to end of course	77%	Not yet available	78%
Successful outcome for FE enrolments on recognised qualifications	Measures student success	62%	Not yet available	63%
Full time HE enrolments on recognised qualifications	Measures student retention to end of course	83%	Not yet available	84%
Successful outcome for HE enrolments on recognised qualifications	Measures student success	72%	Not yet available	70%
EFFICIENCY²				
WSUMs per FTE teaching delivery staff	Measures efficiency in teaching deployment	429	Not yet available	n/a
Performance against WSUMs activity target	Measures performance against SFC target	+0.9%	+0.6%	n/a
Working days lost through sickness absence	Measures lost staff time	2.9%	3.04%	3.0%
Staff Turnover ²	Measures level of staff changes	23%	10.1%	n/a
FINANCIAL				
		12/13 Actual	13/14 Actual	13/14 Target
Operating surplus as % of total income	Measures level of surplus generated	2.9%	2.6%	1%
Non SFC Income as percentage of total income	Measures reliance on SFC income source	23.3.%	23.5%	23.3%
Current Assets: current liabilities	Measures short term assets to liabilities	4.1	1.2	1
Gearing	Measures level of debt	0.0	0.0	n/a
Days cash (13/14 based on exp excl tfr to ALF)	Measures level of cash	120	46	46

1: Effectiveness measures are based on latest recommended methodology from SFC, reflecting number of successful students divided by number of students initially enrolled. 2012/13 data represents the consolidated KPIs of the three legacy colleges. KPIs for 2013/14 were not available at the time of the financial statements being approved. 2013/14 outcome targets are based on Glasgow Regional Outcome Agreement targets.

2: 2012/13 data represents Cardonald College only. 2012/13 staff turnover figure higher due to college merger related leavers, predominantly in last quarter of 2012/13. 2013/14 absence higher than target as target is based on academic year to July 2014.

2. FINANCIAL POSITION

Financial Results

Overall for the eight month period from August 2013 to March 2014, Glasgow Clyde College is reporting a deficit of £11,855k. However this is after the transfer to the new Glasgow Clyde Education Foundation of £14,400k at the end of March 2014 and after gains on sale of assets of £1,683k hence the true position excluding these two items is an operating surplus for the eight month period of £862k, which compares to the combined previous 2012/13 full year's surplus of the three legacy Colleges of £1,489k. The effective operating surplus position of £862k was an improvement on the initial budget projections for a deficit of £107k which was largely due to an increase in non-SFC income.

Following the decision of the Office of National Statistics in 2010 to reclassify Scottish Colleges as public bodies, agreement was subsequently reached between HM Treasury and the Scottish Government that the reclassification would apply from 1 April 2014. As a result Scottish Colleges are from that date required to adhere to the Scottish Public Finance Manual (SPFM) which means Colleges are no longer able to retain reserves for investment purposes. In order to protect the College's cash backed reserves from, in effect, being inaccessible to the College in future financial periods; the Scottish Government approved the transfer of such cash backed reserves to an Arm's-Length Foundation prior to the end of March 2014. Glasgow Clyde Education Foundation was registered with the Scottish charities regulator from January 2014 as a separate charitable organisation. Glasgow Clyde College Board of Management approved the transfer of the sum of £14.4million to the Foundation in March 2014. The College plans to submit requests for funding to the Foundation for relevant projects from 2014/15 onwards.

The College has continued to cope with lower levels of the core teaching and fee waiver element of funding received from the Scottish Funding Council (SFC) than in previous times. The College has made significant efforts to continue to reduce the permanent staffing cost base in order to manage within the SFC funding constraints. The delivery of mainstream activity was supported by successful and extensive income generating training activity.

The College's income was £33.3million for the eight month period to 31 March 2014 (£51million for twelve months in 2012/13).

Commercial income, although continuing to perform well in 2013/14, still operates within a very difficult economic background, with on-going risks around the maintenance of some of these income areas although replacement activity is sought where planned income does not materialise.

At 31 March 2014, the College has accumulated reserves excluding pension liability of £2.8million and cash balances of £5.6million. Of the overall cash balance, £3.7million relates to cash held for the Lennartz liability due to HMRC by 2018.

Land and buildings were re-valued in March 2014 resulting in an uplift in fixed asset values of £34.1million. Tangible fixed asset additions during the period amounted to £2.3million across all asset categories.

In the course of the financial period to March 2014, the Balshagray site and Woodburn site assets were disposed of as previously agreed prior to merger by the Boards of Management of Anniesland College and Langside College respectively, with a combined gain on sale of these two assets of £1.7million.

Taxation Status

Glasgow Clyde College is recognised as a charity by HM Revenue and Customs and is not liable to corporation tax.

Treasury Policies and Objectives

The Board of Management of Glasgow Clyde College has a Treasury Management policy in place which recognises that effective Treasury Management supports the achievement of its business and service objectives. The College is committed to the principles of achieving value for money and to effectively managing its cash resources and maximising benefits from its cash activity. However, under the new public sector budgeting framework, the College is unable to draw down SFC cash in advance of need and, as such, its capacity to generate interest on deposits in future will be significantly reduced.

Cash Flows

Cash flow projections are prepared annually, assessed on a monthly basis to ensure that these are sufficient to meet the needs of the College. Bank balances are checked on a daily basis and transfers undertaken to achieve best interest opportunities within the Colleges' banking arrangements. Cash flow movements in the period resulted in a net decrease of £12.9million after the transfer to the Arm's-Length Foundation.

Liquidity

The College used two key ratios to assess liquidity which are:

- a) Current assets : Current liabilities; and
- b) Days cash : Total expenditure excluding depreciation and transfer to ALF

At the end of March 2014 the ratio of current assets: current liabilities was 1.2 and the days cash: expenditure was 46.

Creditor Payment Policy

The College complies with the Confederation of British Industry (CBI) Prompt Payment Code and has a policy of paying its suppliers on a net monthly basis unless the invoice is contested. All disputes and complaints are handled as quickly as possible.

3 CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Student Numbers and Achievements

The College is forecast to achieve 163,151 Weighted Student Unit of Measurement (WSUMs) in the academic year August 2013 to July 2014 which is 906 WSUMs (0.6%) over its target of 162,245 WSUMs as set by the Scottish Funding Council for academic year 2013/14. This target includes 161,779 core activity WSUMs and 466 WSUMs for the on-going SFC administered European Structural funds (ESF) project. The ESF target is expected to be achieved. The SFC Core Grant income has been recognised in the period August 2013 to March 2014 based on the proportion of teaching weeks delivered in line with an income recognition model as agreed with the College's external auditors.

On a headcount basis, the College provided Further and Higher Education to 17,308 students in the period from August 2013 to July 2014 of which 6,616 were full time students and 10,692 were part time students. Non-advanced level education was provided to 13,495 students and advanced level education was provided to 3,813 students.

Curriculum Summary

Glasgow Clyde College plays a key part in supporting economic and social regeneration in the south and west of Glasgow and beyond.

The three merged Colleges of Anniesland, Cardonald and Langside already had well developed reputations for high quality learning and teaching prior to merger, and Glasgow Clyde College has continued to build on and develop this reputation with vocational opportunities offered by the College being available from introductory and access level through to HND and degree level provision. During 2013/14 programmes were offered in the following areas:

Faculty of Business and Finance

Business
Computing
Travel and Hospitality

Faculty of Creative and Cultural Industries

Digital Media and Design
Media and Performing Arts
Fashion and Textiles

Faculty of Engineering and Built Environment

Construction
Energy and Building Services
Engineering

Faculty of Health and Wellbeing

Early Years and Childcare
Social Care
Health and Life Sciences
Hair, Beauty and Holistics
Sport and Fitness

Faculty of Access and Continuing Learning

English for Speakers of Other Languages
Employability Skills
Additional Support for Learning
Community Learning

Faculty of Humanities and General Education

General Education
Social Science

Programmes are delivered through full time, part time, work-based and flexible study, with community outreach also provided.

The College has a very strong schools/college partnership programme and working with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council's Education Departments and our local schools continues to be a focus for the College. Also the College has successful progression routes and good articulation links with a range of HE providers for a significant number of its programmes.

The College widens participation in learning among all sections of the community and, in particular raises aspirations and improves skills levels in the south and west of Glasgow.

Recognising that the south and west of Glasgow is changing in character, both economically and socially, the College continues to adapt its activities to fulfil its role effectively in response to new and emerging local needs.

The College's contribution to its communities and to Glasgow and Scotland's prosperity is enhanced by the areas of excellent specialist and advanced provision it has built up over the years, which complements its offering of broad-based, accessible learning opportunities.

The intention, during and beyond the period of the Corporate Plan, will be to within the context of the agreed Glasgow Region curriculum :

- continue to deliver as broad a range of curriculum areas as resources allow and demand justifies;
- introduce new areas where there is a proven demand and realign provision to reflect decreased skills need or demand;

- continue to offer routes for students to progress from introductory, pre-vocational/access level provision through to HND programmes within the College in key areas; where this is not possible, to support progression routes to advanced provision elsewhere within the Region;
- where appropriate, seek to increase degree provision in specialist areas;
- in conjunction with Local Authority Education Departments provide appropriate programmes to meet identified sustainable local demand for school/college provision in line with the Wood Commission Report ;
- work with the Glasgow South and North West Community Planning Partnerships to ensure provision is delivered to support the Single Outcome Agreement and identified local needs
- develop further customised provision and support for young people not in education, employment or training or at risk of dropping out of education or training;
- promote and enhance the niche areas within the broad-based curriculum where the College has national recognition as a provider;
- build on existing recognition as a major curriculum leader and training provider in the Glasgow region;
- meet the potential growth in demand within Glasgow for training in the health, life sciences, creative industries and the renewable energy sectors
- maximise the synergies between mainstream curriculum and employer needs; and
- develop commercial programmes and services both nationally and internationally.

Working as part of the Glasgow Colleges Strategic Partnership, with our two partner colleges in Glasgow, the College keeps its portfolio under continuous review to ensure it meets student, market, legislative and employer demands, including the challenges of the current economic downturn. The College curriculum serves a number of specialist employment sectors and national markets, and has national recognition as a provider of education in the areas of: textiles, design, fashion, TV production, journalism, and water operations.

The relationship between the curriculum and the budget planning process currently ensures full consideration is given to the overall financial viability of the portfolio. Following the introduction of the new Glasgow Regional Strategic Board it is anticipated that this will be carried out in future within the framework of the multi-college Glasgow Region with the Regional Board providing direction on curriculum and funding allocations. The curriculum continued to be developed during 2013/14 in new emerging areas including Renewable Energy and Health and Life Sciences. Also, continuing work is being undertaken with the Glasgow South and North West Community Planning Partnership (CPP) to improve and extend our delivery and support for those deemed most likely to drop out of education and those seeking to re-enter the labour market.

College Developments During 2013/14

Other notable developments and achievements in the College were as follows:

- The continued growth and success of Creative Cardonald, which with Creative Scotland and Digital Enterprise Glasgow provides a business incubator facility for new and emerging businesses in the creative sector.
- The successful completion of 10 staff of the Teaching Qualification in Further Education.
- The establishment of the Textiles Skills Strategy Partnership led by the College which will replace the Scottish Textile Academic Group (STAG).
- The growth of the MA programme in textiles across Scotland.
- The significant involvement of the College in a range of Commonwealth Games activities to provide students with internships and work experience opportunities in the media, television production and fashion areas.
- Delivery of a series of commercial media programmes for the creative industries sector.
- Significant number of articulation projects developed and delivered through the SFC additional HN places programme.
- Continued active involvement in the Glasgow South and North West CPP, taking responsibility for co-ordinating the CPP Youth Employability Strategy for both areas.
- Delivery of a growing customised up-skilling programme for health support workers for the Greater Glasgow NHS supporting further workforce development in the health sector.
- Successful student led Fashion and Design Shows delivered at various venues throughout Glasgow as part of an end of year exhibition of work.

Future College Developments

Glasgow Clyde College will from 1st August 2014 operate as an assigned college of the Glasgow Regional Strategic Board. In the 2014/15 session the allocation of WSUMs and funding continues to be set by SFC and as such the College will deliver an allocated volume of 161,779 WSUMs as part of the wider Glasgow Region agreed WSUM target with the Scottish Funding Council. There is an additional allocation of ESF WSUMs and funding for 2014/15 to the Region with an anticipated allocation of WSUMs to Glasgow Clyde College of 4,198.

In the lead up to the creation of the Glasgow Region, the College undertook a comprehensive review of its curriculum, which was reflected in a series of curriculum papers setting out the future direction of the Glasgow Clyde College portfolio and the Guiding Curriculum Principles the College will follow.

Within 2013/14 and on-going into 2014/15, there is formal work being carried out within the Glasgow Colleges Strategic partnership in conjunction with SFC to ensure a coherent curriculum provision across the Glasgow Region. This work will be subject to approval by both the Glasgow Regional Strategic Board and individual College Boards.

Estates

The College has in place a Capital Master plan which incorporated any remaining projects from the capital plans of the three merged Colleges and has now been updated to the overall Capital Master plan for Glasgow Clyde College for 2014/15 and future periods.

The main estates improvement during 2013/14 was the extension to the seating area of the refectory at the Cardonald campus, which was previously far too small, and the creation of a link walkway building at that campus between the Tower Building and the Skills Centre building to link the two main areas of the College.

Until March 2014 the College funded its capital expenditure from SFC capital formula funding and from its reserves which it had built up for investment purposes. For future years the College will continue to progress its Capital Master plan based on life cycle maintenance needs, investment needs and affordability, both through use of SFC capital funding and through application for funding to the Glasgow Clyde Education Foundation which is a separate Arm's-Length charitable organisation. Also the Glasgow Curriculum Review which is currently being undertaken will influence estates planning decisions for the future curriculum for Glasgow which may require some estates changes across some or all of the three Glasgow Colleges.

During 2013/14 Glasgow Clyde College disposed of two of the sites previously identified by the legacy Colleges for disposal which were the Balshagray building previously part of Anniesland College and the Woodburn campus previously part of Langside College. Both of these disposals are reflected in the financial statements to March 2014. The landscaping and horticulture activity previously based at Woodburn has been relocated on a temporary basis to facilities rented from Glasgow City Council at their Daldowie and Queens Park sites and within the College's Capital Master Plan there is a project to create new enhanced permanent facilities for this teaching at a suitable site.

4 RESOURCES

Glasgow Clyde College is committed to achieving best value from its available resources and this underpins its on-going decision making in procurement and other areas. In addition, the College participates in the Efficient Government Initiative delivering a number of process efficiency improvements. The College has various resources it can deploy in pursuit of its strategic objectives.

Land and Buildings

Tangible resources include buildings and grounds at the three main campuses at Hatfield Road in Anniesland, Mossspark Drive in Cardonald and Prospecthill Road in Langside. Two other sites at Balshagray (Anniesland College) and Woodburn (Langside College) which had previously been identified by disposal by the legacy Colleges were disposed of during the period, in line with the capital plans for the College.

Financial

Glasgow Clyde College had £140.1million of net assets as at 31 March 2014 after allowing for a calculated net pension liability for the Strathclyde Pension Fund of £5.2million. No debt was held by the College. The College is in receipt of SFC recurrent grant funding and also generates income from its commercial activities through provision of professional qualifications and vocational training to its customers.

People

The College employed 599 people in 2013/14 (expressed in full time equivalents) of whom 324 (54%) were teaching staff.

5 PRINCIPAL RISKS AND UNCERTAINTIES

Glasgow Clyde College's Risk Management Policy as approved by the Board was as follows:

- It is the policy of the Board of Management to ensure that the College's system of internal control is effective in managing risks. This system will include consideration of the following factors:
 - ❖ the nature and extent of the risks facing the College;
 - ❖ the extent and categories of risk which the Board regards as acceptable for the College to bear;
 - ❖ the likelihood of the risks concerned materialising;
 - ❖ the College's ability to reduce the incidence and impact on the business of risks that do materialise; and
 - ❖ the costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

The College Management Team (the designated risk management group) supports, advises on, and implements this Risk Management Policy.

The College has an on-going process 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.

Based on the College's on-going activity and planned developments, the College Management Team reviews and updates the College's Risk Register on a regular basis. The College Risk Register as at the end of the eight month financial period 2013/14 had 21 key risks identified and each risk is ranked based on assessment of impact and probability. Each risk is owned by a member of the College Management Team and mitigating actions are listed which are in place to manage each risk. The College prepares an annual risk management report for the Audit Committee and the Board of Management which includes the Risk Register and indicates any changes in risks over the period.

Of the twenty one risks at the period end, nine were financial, three were organisational, three were external, three were organisational/financial, one was operational and two were governance risks. The principal risks as identified in the College's risk register are indicated below under their risk category:

Financial

The principal financial risks for the College as at 31 March 2014 were:

- adverse SFC revenue funding changes;
- impact of Colleges reclassification by the Office of National Statistics
- reduced Skills Development Scotland (SDS) funding received; and
- the changing economic environment.

The most significant financial risk for the College at end March 2014 was assessed as adverse SFC revenue funding changes and the College's mitigating actions are keeping up-to-date with the work of the SFC Funding Working Group, continuing to aim to inform and influence SFC funding allocations through the Principals' Forum, the Region, Members of the Scottish Parliament, and other appropriate bodies. A further mitigating action for this risk is effective planning and allocation of College resources to prepare for reduced funding allocations. For the second key financial risk of the impact of Colleges reclassification by the Office of National Statistics the mitigating actions are to keep informed of the updated position via SFC, the Principals Forum and the finance network, staff attending training, financial planning and forecasting updated regularly as required, keep Board fully informed, legal advice sought and Arm's Length Foundation in place. For the third key financial risk of the potential of reduced SDS funding receipts the mitigating action is to work closely with partners to ensure programmes are implemented as planned in College budget based on allocated funding for appropriate period. For the fourth financial risk of the changing economic environment the mitigating action is close monitoring of all external economic factors affecting the College.

Organisational

The principal organisational risks as identified for the College are:

- significant forced curriculum change; and
- failure to recruit and retain appropriate staff/ high absence rate/ skill shortages

The mitigating actions for the risk of significant forced curriculum change is participating in discussions on national and regional curriculum with SFC and other Glasgow Colleges and to respond to new types and revised levels of funding allocations along with any updated Government and SFC guidance. For the second key organisational risk of failure to recruit and retain appropriate staff/ high absence rate/ skill shortages the mitigating actions are to maintain open channels of communication with Trade Unions, College managers and their staff and effective attendance management processes in place, as well as to manage the impact of staff reductions and maintaining continuing business operations following organisational changes.

6 STAKEHOLDER RELATIONSHIPS

Glasgow Clyde College strongly values partnership working and recognises that the creation and maintenance of effective partnerships is essential in allowing the College to optimise its contribution to local, national and international objectives. The approach of Glasgow Clyde College to its stakeholder relationships is as summarised below :-

Students	The College aims to meet the individual and economic aspirations of our learners by delivering high quality and innovative learning and teaching.
Staff	The College fully recognises the value of its staff. The College has a range of briefing, consultation and bargaining arrangements in place to ensure effective communication and aims to attract, develop and retain the people the College needs to deliver its organisational objectives.
Scottish Funding Council	The College receives a substantial proportion of its funding from the Scottish Funding Council and has a target level of teaching delivery to meet for their grant funding.
Employers and Industry Bodies	The College has strong relationships with relevant local, regional and national employers to support the development and implementation of the curriculum.
Local, National and International Agencies	The College works closely with a range of relevant agencies e.g. Glasgow Regeneration Agency, Sector Skills Councils, Skills Development Scotland and Scottish Council for Development in Industry.
Local Authorities and Agencies	The College has excellent partnerships with Glasgow City Council, East Renfrewshire Council and East Dunbartonshire Council.
Universities, Colleges and Other Providers	The College works within effective regional and national groupings.

7 COMMITMENT TO QUALITY

Quality is central to the ethos of the College and the Board of Management has in place a policy that the College will, having regard to the availability of resources, seek to achieve the optimum level of quality in all aspects of its activities. This is achieved by placing the quality of the student experience at the centre of all activities, active involvement of the Board and all staff in an on-going process of self-evaluation to achieve continuous quality improvement, setting standards which reflect best practice, and attaining the highest possible standards of learning and teaching.

8 EMPLOYMENT OF DISABLED PERSONS

Glasgow Clyde College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion to disabled staff which are, as far as possible, identical to those for other employees. The College holds the Positive About Disabled Kitemark.

9 OPENNESS AND FREEDOM OF INFORMATION

All processing of information within the College complies with the appropriate legislation including the Data Protection Act and the Freedom of Information (Scotland) Act.

10 ACCOUNTING POLICIES

The Accounting Policies applied by the College are set out in pages 29 to 31. Financial Reporting Standard 17 – Retirement Benefits, sets out the treatment of on-going pension obligations and the basis on which provisions have been made. The Board notes that the period end liabilities are sensitive to the underlying assumptions made by the College's representative actuaries.

11 DISCLOSURE OF INFORMATION TO AUDITORS

The members who hold office at the date of approval of this report confirm that, so far as the Board of Management is aware, there is no relevant audit information of which the College's auditors are unaware; and the Board of Management has taken all the steps that it ought to have taken as a Board of Management to make itself aware of any relevant audit information and to establish that the College's auditors are aware of that information.

12 PROFESSIONAL ADVISORS

The College's professional advisors are as below:

Audit Scotland appointed Wylie and Bisset as Glasgow Clyde College's external auditors from 2013/14 to 2015/16. BDO were appointed internal auditors by the College from January 2014 for a fifteen month period extendable through to March 2015 following a tendering exercise.

Bankers: Barclays Bank plc, 120 Bothwell Street, Glasgow G2 7JT

External Auditors Wylie and Bisset LLP, 168 Bath Street, Glasgow G2 4TP

Solicitors: Anderson Fyfe, 72 Gordon Street, Glasgow G1 3RN

Internal Auditors: BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow G2 8JX

Chair, Glasgow Clyde College

11 September 2014
Date

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Glasgow Clyde College is committed to exhibiting best practice in all aspects of Corporate Governance with regards to its business. This summary describes the manner in which the College applies the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange and Guide for College Board Members issued by the Association of Scotland in 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied. In the opinion of the Board, the College complies with all the provisions of the Combined Code in so far as they apply to the Scottish College Sector, and it has complied throughout the eight month period ended 31 March 2014.

Board of Management

The Members who served on the Board of Management during the financial period 2013/14 are as listed below:

a) **Members who are not staff or students of the College:**

Mr M Toma (Chair)	Self Employed Accountant
Mr G Chalmers (Vice Chair)	Director, Resource Efficiency Management Ltd
Mr M Adair (until 5 Sept 2013)	Head of Naval Base Projects, Babcock International Group
Mr G Montgomery (until 17 Oct 2013)	Director of PACE Theatre Company, and formerly Director, Archial Architects
Mr R Leggett	Partner, Campbell Riddell Breeze Patterson Solicitors LLP
Mr J Hamilton	Chair of Institute of Counselling
Ms A Ponton	Chief Executive, Scottish Credit and Qualifications Framework (SCQF) Partnership
Mr J Wilson	Head of New Ventures, Scottish Qualifications Authority
Mr L Jacobs	Former Head of Finance and Performance, Glasgow City Community Health Partnership
Mr K McKie	Independent Management Consultant in Business Transformation and Human Resources
Mr G Reid	Business Development Manager, Kier Construction
Ms E Proudfoot	Former Depute Principal, Langside College

The above Board Members did not receive remuneration other than by way of expenses.

b)	Members who were staff or students of the College during the period
Mrs S Walsh	Principal
Mr P Laverie	Teaching Member
Ms S Pickles	Non-teaching Member
Ms L Fleming (from 1 Aug to 31 Dec 2013)	Students' Association

The Board Governance Framework includes an annual self-evaluation for the Board and its Committees, and Members are offered a calendar of training opportunities.

Attendance of all meetings is routinely monitored and in the eight month period to March 2014 the attendance of Board members at Board meetings ranged from 66% to 100% during the period, with an average attendance level of 91%.

KEY COLLEGE COMMITTEES

Members of the undernoted committees during the period to 31 March 2014 were as follows:

Audit Committee

Mr R Leggett, Chair
Mr J Hamilton
Ms E Proudfoot
Mr G Chalmers
Ms L Fleming (until Dec 2013)

Finance and Resources Committee

Mr M Adair, Chair (until Sept 2013)
Mr L Jacobs, Chair (from Oct 2013)
Mr J Wilson
Ms S Pickles
Mr K McKie (from Nov 2013)
Mr G Reid (from Nov 2013)
Mrs S Walsh (Principal)

Learning and Teaching Committee

Mr J Wilson (Chair)
Mr P Laverie (until 3 Feb 2014)
Mrs S Walsh (Principal)
Ms E Proudfoot
Mr G Reid
Ms L Fleming (until 31 Dec 2013)

Organisational Development Committee

Ms A Ponton (Chair)
Mr K McKie
Mr J Hamilton
Mr G Reid (from 13 Mar 2014)
Mr P Laverie (until 3 Feb 2014)
Mrs S Walsh (Principal)

Remuneration Committee

Mr K McKie (Chair)
Mr G Chalmers (Vice Chair)
One other chair

Search and Nomination Committee

Mr M Toma (Chair)
Mr R Leggett
Mr L Jacobs
Mr J Wilson
Ms A Ponton
Mr K McKie

Corporate Governance Statement

The College is committed to exhibiting best practice in all aspects of Corporate Governance. This statement describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in 2012 as they relate to the College sector. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The Board of Management is of the view that an on-going process for identifying, evaluating and managing the significant risks faced by the College has been in place for the eight month period ending 31 March 2014 and up to the date of approval of the College's financial statements. This process is regularly reviewed by the Board of Management and it accords with the guidance as issued by the Scottish Funding Council. The College fully complies with the UK Corporate Governance Code of 2012 as it applies to the College sector.

The Board of Management met four times during the eight month period ending 31 March 2014, and has five standing committees; a Remuneration Committee, an Audit Committee, a Finance and Resources Committee, a Learning and Teaching Committee, and an Organisational Development Committee. At appropriate times a Nominations Committee will be created when required by anticipated Board membership, retirement or casual vacancy. All of these

Committees are formally constituted with terms of reference. They comprise of members of the Board of Management which includes the Principal, a Student Member and two Staff members. Each Committee has a Chair and a Vice Chair. Each Committee has delegated to it a specific list of functions as per the Committee remits, and the primary function of the Board Committees is to support the Board by addressing those specific functions and advising the Board upon related matters.

The Audit Committee met three times during the eight month period ending March 2014, with the College's external and internal auditors in attendance as appropriate. The Committee considers detailed reports together with recommendations for improvements of the College's systems of internal control and management's responses and implementation plans. It also considers reports from the Scottish Funding Council as they affect the College's business and monitors adherence to the regulatory requirements. Whilst senior executives of the College attend meetings of the Audit Committee as necessary, they are not members of the Committee.

The Finance and Resources Committee met three times during the eight month period ending March 2014, and this Committee inter alia recommends to the Board of Management the annual revenue and capital budgets, monitors the College's financial performance in relation to the approved budgets, including estates and resources implications.

The Learning and Teaching Committee met two times during the eight month period ending March 2014. This Committee considers all aspects relating to the learning experience and identifies any related improvements that can be made. The Committee also formulates the Board's strategy in relation to the future educational direction of the College and actions all matters pertaining to student affairs, including welfare and discipline and student appeals.

The Organisational Development Committee met twice during the eight month period ending March 2014. This Committee considers all policy aspects relating to staffing including equality and diversity issues, human resource issues, staff governance, staff well-being and health and safety matters.

The Remuneration Committee determines the remuneration of the most senior staff, including the Principal.

A Nominations Committee is appointed when required, with a remit to bring before the Board of Management a list of appropriate candidates to fill such vacancies. This list will, in principle, provide a greater number of nominations than there are places available. When seeking appointment of new Board members an external advert is placed in a national newspaper and then a selection process is undertaken which concludes via voting of Board members at a full Board meeting.

The Board of Management is consulted on an on-going basis each year on the College's plans and supporting strategies and the Board approves the College's Corporate Plan.

Statement On System Of Internal Financial Control

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

The College has an approved Risk Management Policy which was approved by the Board of Management in 2013. There is also a Risk Register for the College and each identified risk has a member of the College Management Team identified as the risk owner. The owner is responsible for ensuring that the mitigating countermeasures are implemented for each risk, and for reviewing and updating the commentary and rating of each risk on an on-going basis. The Risk Register is reviewed regularly by the College Management Team during each year and is presented to the Board of Management and the Audit Committee once per year.

The College Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units.

The College has an independent Secretary to the Board in line with the recommendations of the Scottish Funding Council.

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

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

In accordance with the College's Constitution, the Board of Management of Glasgow Clyde College is responsible for the administration and management of the affairs of the College, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial period.

The Board of Management is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Constitution, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. It is the duty of the Board of Management, through its designated office holder, to prepare financial statements for each financial period 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 period.

In causing the financial statements to be prepared, the Board of Management has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- the 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 has a responsibility 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 Further and Higher Education (Scotland) Act 1992, the College's 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 hence to take reasonable steps to prevent and detect fraud;
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the College's resources and expenditure; and
- ensure sound corporate governance and the proper conduct of the College's operations.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic faculties and schools and heads of support and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the College and the Board of Management;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Board of Management; and
- a professional Internal Audit team whose annual programme is agreed by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

Statement of disclosure to Auditors

- so far as the Board of Management is aware, there is no relevant audit information of which the College's auditors are unaware; and
- it has taken all the steps that it ought to have taken as a Board of Management to make itself aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Chair, Glasgow Clyde College

11 September 2014
Date

Independent Auditor's report to the members of the Board of Management of Glasgow Clyde College, the Auditor General for Scotland and the Scottish Parliament

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

We have audited the financial statements of Glasgow Clyde College for the period ended 31 March 2014 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Income and Expenditure Account, the statement of Historical Cost Surpluses and deficits, Statement of Total Recognised Gains and Losses, the Balance Sheet, 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.

Independent Auditor's report to the members of the Board of Management of Glasgow Clyde College, the Auditor General for Scotland and the Scottish Parliament

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 body'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 body's affairs as at 31 March 2014 and of its deficit 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.

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.

**Independent Auditor's report to the members of the Board of Management of
Glasgow Clyde College, the Auditor General for Scotland and the Scottish
Parliament**

Opinion on other prescribed matters

In our opinion 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 and Internal Control does not comply with Scottish Funding Council requirements.

We have nothing to report in respect of these matters.

**Ross McLauchlan,
for and on behalf of Wylie & Bisset LLP**

Date

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

STATEMENT OF ACCOUNTING POLICIES**BASIS OF PREPARATION**

These financial statements have been prepared 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: Accounting for Further and Higher Education (2007). They conform to the latest guidance published by the Scottish Funding Council.

The College's treatment of tangible fixed assets complies with Financial Reporting Standard (FRS) 15 'Tangible Fixed Assets'.

BASIS OF ACCOUNTING

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

RECOGNITION OF INCOME

Income from grants, contracts and other services rendered is recognised in the income and expenditure account in proportion to the extent of completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the financial period in which it is earned. The main annual recurrent allocation from the Scottish Funding Council, which is intended to meet recurrent costs, is credited direct to the income and expenditure account and related costs are reported in the relevant period.

For Bursary, Discretionary and Education Maintenance Allowance funds, the grants are excluded from the Income and Expenditure Account of the College as these grants are available solely for students, with the College acting as paying agent. Childcare funds from the SFC are included in the College Income and Expenditure account.

GOING CONCERN

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.

TANGIBLE FIXED ASSETS**a) Land and Buildings**

Land and buildings in operational use have been included in the balance sheet at valuation which, due to their specialised nature in being used as a College, is stated at depreciated replacement cost. Values are stated as at the latest valuation for 31 March 2014, based on the valuation report with reference to that date as prepared by Ryden.

Depreciation is provided in the income and expenditure account on opening valuation or cost at 2%-3% per annum with an equivalent amount being transferred from the revaluation reserve and included in the statement of historical cost surplus and deficits for the period.

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

Properties that have been declared surplus to the College's requirements have been valued on the basis of Market Value.

b) Equipment

Individual items of equipment or groups of items costing more than £5,000 have been capitalised at cost and are depreciated over their useful economic life at rates varying between 10% and 33%. All other equipment is written off to the income and expenditure account in the period of acquisition.

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 and released to the income and expenditure account over the expected useful economic life of the related equipment.

MAINTENANCE OF PREMISES

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

STOCKS

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

TAXATION

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

The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

PROVISIONS

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

The College has made provision for the enhanced pensions paid to former employees who have taken early retirement for which it is liable. This provision is calculated based on actuarial tables which take account of the enhancement payable, the age, sex and marital status of the former employee. The annual cost of the enhancement is funded from the provision and the provision level is maintained by an annual charge in the income and expenditure account.

RETIREMENT BENEFITS

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

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency. The College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and, therefore, as required by FRS 17 'Retirement Benefits', accounts for its participation in the STSS as if it were a defined contribution scheme. As a result, contributions are charged to the income and expenditure account as they arise. This is expected to result in the pension cost being a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit basis.

Administrative and support staff may join the Strathclyde Pension Fund, which is administered by Glasgow City Council and which requires contributions to be made to its Number 1 fund. The Fund is a defined benefit pension scheme, providing benefits based on final pensionable pay, which is contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the Fund are held separately from those of the College. Fund assets are measured using market values. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Contributions to the Strathclyde Pension Fund are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the scheme in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the Fund, after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the Fund is recognised in the profit and loss account on a systematic basis over the expected average remaining lives of members of the funds in accordance with FRS 17 'Retirement Benefits', and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		£'000	£'000
INCOME			
Funding Council Grants	1	24,857	34,959
SFC Exceptional restructuring income		643	4,122
Tuition Fees and Education Contracts	2	4,047	6,058
Other Grant Income	3	675	1,168
Other Operating Income	4	2,846	4,438
Investment Income	5	253	214
Total Income		33,321	50,959
EXPENDITURE			
Staff Costs	6	19,446	29,217
Exceptional restructuring costs	6	804	4,474
Exceptional restructuring costs – non staff		0	300
Other Operating Expenses	8	9,086	10,894
Depreciation	11	3,123	4,550
Transfer to Arm's-Length Foundation		14,400	0
Interest Payable	9	0	34
Total Expenditure		46,859	49,469
Surplus/(deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets and before tax		(13,538)	1,490
Gain/(loss) on disposal of assets		1,683	(1)
Taxation	10	0	0
Surplus/(deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets, Disposal of Assets & Tax		(11,855)	1,489

The Income and Expenditure Account is in respect of continuing operations.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE PERIOD ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		£'000	£'000
Surplus/(deficit) on Continuing Operations before taxation		(11,855)	1,489
Difference between Historical Cost Depreciation and the Actual Charge for Period on the Revalued amount		0	0
Transfer from Revaluation Reserve in respect of depreciation on revalued fixed assets	19	0	73
Historical Cost Surplus/(deficit) for the period before and after Tax		<u>(11,855)</u>	<u>1,562</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		£'000	£'000
Surplus/(deficit) on continuing operations		(11,855)	1,489
Prior period adjustment		(767)	0
Other pension scheme movement		198	0
Actuarial (loss)/gain in respect of pension provision	19	(2,484)	4,662
Revaluation adjustment		33,451	0
Total recognised gain/(loss) since last annual report		<u>18,543</u>	<u>6,151</u>
Reconciliation			
Opening reserves as previously stated		25,167	18,249
Prior period adjustment		(767)	
Opening reserves as restated		24,400	
Total recognised gain/(loss) relating to the period		<u>18,543</u>	<u>6,151</u>
Closing reserves		<u>42,943</u>	<u>24,400</u>

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS 2013/14

BALANCE SHEET AS AT 31 MARCH 2014

	<u>Note</u>	<u>2014</u> £'000	As restated <u>2013</u> £'000
FIXED ASSETS			
Tangible Fixed Assets	11	149,504	116,232
Total Fixed Assets		149,504	116,232
CURRENT ASSETS			
Stocks	12	18	13
Debtors	14	6,832	1,994
Investment	13	0	3,678
Non-Current Assets held for Sale		0	1,311
Cash at Bank and in Hand		5,597	14,815
Total Current Assets		12,447	21,811
Less: Creditors – amounts due within one year	15	10,443	5,264
NET CURRENT ASSETS		2,004	16,547
TOTAL ASSETS LESS CURRENT LIABILITIES		151,508	132,779
Less: Creditors – amounts due after more than one year	16	2,920	2,763
PROVISIONS FOR LIABILITIES AND CHARGES	17	3,339	4,385
NET ASSETS BEFORE PENSION ASSET/LIABILITY		145,249	125,631
Net Pension (liability)	19	(5,151)	(2,113)
NET ASSETS AFTER PENSION LIABILITY		140,098	123,518
DEFERRED CAPITAL GRANTS	18	97,155	99,118
INCOME AND EXPENDITURE ACCOUNT, excluding PENSION RESERVE		2,794	14,664
PENSION RESERVE		(5,151)	(2,113)
INCOME AND EXPENDITURE ACCOUNT, including PENSION RESERVE	19	(2,357)	12,551
Revaluation Reserve	19	45,300	11,849
Total Reserves		42,943	24,400
TOTAL		140,098	123,518

The financial statements on pages 32 to 34 were approved by the Board of Management on 11 September 2014 and signed on its behalf by:

Mark Toma
 Chair, Glasgow Clyde College

Susan Walsh
 Principal & Chief Executive,
 Glasgow Clyde College

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		£'000	£'000
Cash (out)/inflow from operating activities	20	(13,380)	(742)
Returns on investments and servicing of finance	21	39	210
Taxation	10	0	0
Capital expenditure and financial investment	22	445	(38)
Increase in investments		0	0
Financing	24	0	(20)
Management of Liquid Resources	25	0	0
Increase/(decrease) in cash in the period		<u>(12,896)</u>	<u>(590)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		<u>2014</u>	<u>2013</u>
Increase/(decrease) in cash		(12,896)	(590)
Cash inflow/(outflow) from liquid resources	25	0	0
Movement in net funds in the period		<u>(12,896)</u>	<u>(590)</u>
Net funds at 01 August	23	18,493	19,083
Net Funds at end of period	23	<u>5,597</u>	<u>18,493</u>

NOTES TO THE FINANCIAL STATEMENTS

1. SFC GRANTS

	<u>Note</u>	<u>2014</u> £'000	<u>2013</u> £'000
FE Recurrent Grant (including fee waiver)		20,046	28,476
Childcare funds		1,051	1,052
Release of deferred capital grants	18	2,885	3,812
Merger Funding – Student Association		67	0
Other SFC grants		808	1,619
		<u>24,857</u>	<u>34,959</u>
Exceptional Restructuring Income		643	4,122
Total		<u>25,500</u>	<u>39,081</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>2014</u> £'000	<u>2013</u> £'000
FE Fees – UK & EU	601	917
Fees – Non EU	331	249
HE Fees	2,513	3,634
SDS Contracts	281	977
Other Contracts	321	281
Total	<u>4,047</u>	<u>6,058</u>

3. OTHER GRANT INCOME

	<u>2014</u> £'000	<u>2013</u> £'000
European Funds	153	693
Other Grant Income	399	281
Release of Deferred Capital Grants	18	194
	<u>675</u>	<u>1,168</u>

4. OTHER OPERATING INCOME

	<u>2014</u> £'000	<u>2013</u> £'000
Catering Income	537	668
Other Income Generating Activities	1,326	1,869
Other Income	983	1,901
	<u>2,846</u>	<u>4,438</u>

5. INVESTMENT INCOME

	<u>2014</u> £'000	<u>2013</u> £'000
Other Interest Receivable	39	210
Net return on pension assets	27	4
FRS17 Interest	0	0
	<u>253</u>	<u>214</u>

6. STAFF COSTS

6.01 Staff Numbers:

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

	<u>2014</u> Cost £'000	<u>2013</u> Cost £'000
Executive Management	347	1,211
Academic/Teaching Departments	12,518	17,569
Academic/Teaching Support Services	1,334	2,249
Research grants and contracts	0	0
Administration and Central Services	4,094	7,067
Premises	719	1,133
Catering	198	283
Sub-total Wages & Salaries	<u>19,210</u>	<u>29,512</u>
Exceptional restructuring costs	804	4,474
Unfunded Pension costs	237	*
Funded Pensions FRS17 adjustment	<u>(1)</u>	<u>(295)</u>
 Total Wages and Salaries (including exceptional restructuring costs)	 <u>20,250</u>	 <u>33,691</u>

* 2012/13 Unfunded pension costs not analysed separately.

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

	<u>2014</u>	<u>* 2013</u>
Executive Management	4	11
Academic/Teaching Departments	324	394
Academic/Teaching Support Services	46	80
Administration and Central Services	186	212
Premises	28	37
Catering	11	13
TOTAL	<u>599</u>	<u>747</u>

*The legacy colleges adopted different approaches to categorising staff.

The number of staff, including senior post-holders and the Principal, who received emoluments in the following ranges were:

	<u>2014</u>	<u>2013</u>
£50,001 to £60,000 per annum	0	4
£60,001 to £70,000 per annum	12	4
£70,001 to £80,000 per annum	0	3
£80,001 to £90,000 per annum	2	1
£90,001 to £100,000 per annum	1	1
£100,001 to £110,000 per annum	0	1
£110,001 to £120,000 per annum	0	1
£120,001 to £130,000 per annum	0	0
£130,001 to £140,000 per annum	0	0
£140,001 to £150,000 per annum	1	0
TOTAL	<u>16</u>	<u>15</u>

6. STAFF COSTS (cont.)

The College offered severance on a business case basis during the period which was banded based on length of service with a maximum severance payment equal to 13 months' salary for staff exceeding 14 years continuous service.

Payments in respect of compensation for loss of office are provided in the accounts in the period when severance is approved. Aggregate compensation for loss of office for staff whose earnings were more than £50,000 per annum or where the costs of all of the elements of a proposed arrangement amount to more than £75,000 comprised:

	<u>2014</u> £'000	<u>2013</u> £'000
Severance	0	593
Payment in lieu of notice	0	57
Pension Payments	0	357
TOTAL	<u>0</u>	<u>1,007</u>

6.02 Staff Costs for the Above Persons:

	<u>2014</u> £'000	<u>2013</u> £'000
Wages and salaries	16,180	24,434
Social security costs	1,130	1,886
Other pension costs (excluding FRS17 Adjustment)	2,137	3,192
Restructuring Costs	804	4,474
FRS17 pension adjustment	(1)	(295)
TOTAL STAFF COSTS	<u>20,250</u>	<u>33,691</u>

The 2013/14 pay award was 3.03% consolidated for teaching staff and £1,000 per FTE non-consolidated for support staff.

7. SENIOR POST HOLDERS EMOLUMENTS

	<u>2014</u> Number	<u>2013</u> Number
The number of senior post-holders including the Principal was:	4	11
Senior post-holders annual emoluments are made up as follows:	£'000	£'000
Salaries	275	905
Benefits in Kind	0	7
Employer's Pension Contributions	42	141
Total Emoluments	<u>317</u>	<u>1,053</u>

	£'000	£'000
The above emoluments include amounts payable to the Principal during the financial reporting period (who is also the highest paid Senior Post Holder) were:		

Salary	97	316
Employer's Pension Contributions	14	50
	<u>111</u>	<u>366</u>

(Note : For the above comparison with prior year the emoluments shown are the combined total for the highest paid post holders for each of the three legacy Colleges' for 2012/13)

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

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

8. OTHER OPERATING EXPENSES

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Teaching Departments	1,749	2,632
Administration and Central Services	2,003	2,414
Premises Costs	1,822	2,815
Residences and Catering	455	553
Childcare	1,051	1,052
Other	1,162	1,411
Lennartz Adjustment	713	0
Agency Staff Costs	131	17
Total	<u>9,086</u>	<u>10,894</u>

Other Operating Expenses include:

	£'000	£'000
Auditor's remuneration		
External Audit of Financial Statements	26	42
Internal Audit Services	4	60
Other Services	15	16
Hire of other assets – Operating lease	124	186

9. INTEREST PAYABLE

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Unfunded Pension finance costs	0	0
FRS17 Pension finance costs (note 27)	0	34
	<u>0</u>	<u>34</u>

10. TAXATION

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

11. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant & Equipment	Total
COST/VALUATION	£'000	£'000	£'000
As at 1 August 2013	123,528	14,341	137,869
Additions	1,668	624	2,292
Transfers – assets re-categorised	3,492	(3,492)	0
Revaluation	18,728	0	18,728
Impairment	0	0	0
Disposals	(518)	0	(518)
As at 31 March 2014	146,898	11,473	158,371
DEPRECIATION			
As at 1 August 2013	12,443	9,194	21,637
Transfers – assets re-categorised	1,214	(1,214)	0
Provided during period	2,236	887	3,123
Revaluation	(15,375)	0	(15,375)
Disposals	(518)	0	(518)
As at 31 March 2014	0	8,867	8,867
NET BOOK VALUE			
As at 1 August 2013	111,085	5,147	116,232
NBV as at 31 March 2014	146,898	2,606	149,504
At valuation	45,300	0	45,300
Financed by Capital Grant	95,983	1,172	97,155
Inherited/Other	5,615	1,434	7,049
Total as at 31 March 2014	146,898	2,606	149,504

Notes

The land and buildings of the College have been included in the balance sheet on the basis of a valuation conducted by Ryden as at 7 March 2014. Fixed asset values have been subsequently adjusted for capital spend and other adjustments.

The land and buildings owned and occupied by the College at 31 March 2014 comprise property, which may not be disposed of, without prior approval of the Scottish Funding Council as follows:

- Hatfield Drive, Anniesland Campus – education and administration
- Mosspark Drive, Cardonald Campus – education and administration
- Prospecthill Road, Langside Campus – education and administration

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

12. STOCKS

	<u>2014</u> £'000	<u>2013</u> £'000
Goods for Resale	18	13

13. INVESTMENTS

	<u>2014</u> £'000	<u>2013</u> £'000
The current asset investments held by the College represent funds held on fixed short term deposit	0	3,678

14. DEBTORS

Amounts falling due within one year:	<u>2014</u> £'000	<u>2013</u> £'000
Trade Debtors – net of provision for doubtful debts	700	349
Debts due from students - net of provision for doubtful debts	214	21
European Funding	212	60
Prepayments and Accrued Income	5,706	1,487
Other Debtors	0	77
	<u>6,832</u>	<u>1,994</u>

15. CREDITORS: Amounts falling due within one year:

	<u>2014</u> £'000	<u>2013</u> £'000
Payments received in advance	1,521	53
Trade Creditors	1,200	306
Deferred Income	1,141	279
Other Taxation (PAYE) and Social Security (NI)	523	365
VAT accumulated under the Lennartz Principle	766	491
VAT and Social Security	14	479
Accruals and Deferred Income	3,325	3,112
Bursaries and Discretionary funds for future disbursement	626	33
Student Residences	890	0
Other Creditors	437	146
	<u>10,443</u>	<u>5,264</u>

16. CREDITORS: Amounts falling due after more than one year:

	<u>2014</u> £'000	<u>2013</u> £'000
VAT accumulated under the Lennartz Principle	2,920	2,763
	<u>2,920</u>	<u>2,763</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>2014</u>	<u>2013</u>
	Total	Total
	£'000	£'000
At 1 August	£'000	£'000
Balance at 1 August as previously stated	2,807	811
Prior period adjustment	<u>767</u>	<u>767</u>
Balance at 1 August as restated	3,574	4,385
Transfer to Creditors<1yr	0	(890)
Payments made in period	(138)	0
Provision adjustment required in period	(97)	79
Balance at end of period	<u>3,339</u>	<u>0</u>
	<u>3,339</u>	<u>4,385</u>

The unfunded pension liability is in respect of future pension liabilities arising from early retirals. The valuation of the College's liabilities relating to the unfunded early retirement provision has been undertaken by an independent firm of actuaries.

The termination costs provision is in relation to the charge payable to Prospect Student Residences upon termination of the rental guarantee arrangement made with them as part of the lease of the student residences. Langside College provided notice of their intended withdrawal from the guarantee on 5 October 2010 at which point the liability to pay the charge crystallised. This provision has been transferred to Current Creditors in the balance sheet and the termination payment was settled on 1 September 2014.

18. DEFERRED CAPITAL GRANTS

	SFC / SOEID £'000	OTHER GRANTS £'000	TOTAL £'000
At 1 August 2013			
Land and Buildings	92,299	4,457	96,756
Equipment	1,793	106	1,899
Non-Current Assets held for Sale	190	273	463
Receivable			
Land and Buildings	1,509	0	1,509
Equipment	0	0	0
Released to Income and Expenditure Account			
Land and Buildings	(2,177)	(104)	(2,281)
Equipment	(708)	(19)	(727)
Non-Current Assets held for Sale	(190)	(273)	(463)
Rounding adjustment		(1)	(1)
At 31 March 2014			
Land and Buildings	91,631	4,353	95,984
Equipment	1,085	86	1,171
Non-Current Assets held for Sale	0	0	0
Total	<u>92,716</u>	<u>4,439</u>	<u>97,155</u>

19. RESERVES	2014	2013
Revaluation Reserve	£'000	£'000
At 1 August	11,849	11,922
Transfer to Income and Expenditure Account in respect of:		
- Disposals	(652)	0
- Depreciation on revalued assets	0	(73)
Uplift in valuation	34,103	0
At end of period	<u>45,300</u>	<u>11,849</u>
Income and Expenditure Reserve		As restated
At 1 August as previously stated	12,551	6,327
Prior period adjustment	<u>(767)</u>	
At 1 August as restated	11,784	
Surplus/(deficit) for the period	(11,855)	1,489
Transfer from revaluation reserve	0	73
Other pension scheme movement	198	0
Actuarial gain/(loss) in pension scheme	<u>(2,484)</u>	<u>4,662</u>
At end of period	<u>(2,357)</u>	<u>12,551</u>
Represented by:		
Income & Expenditure reserve		
At 1 August as previously stated	15,431	13,367
Prior period adjustment	<u>(767)</u>	
At 1 August as restated	14,664	
Surplus/(deficit) for the period	(11,855)	1,489
Transfer to pension reserve	(213)	(265)
Other pension scheme movement	198	0
Transfer from revaluation reserve	0	73
	<u>2,794</u>	<u>14,664</u>
Pension Reserve		As restated
At 1 August as restated	(2,113)	(7,040)
Prior period adjustment	<u>(767)</u>	
At 1 August as previously stated	(2,880)	
Current service costs	(708)	(1,358)
Past service gains/(loss)	(103)	(142)
Losses of curtailments	0	0
Employer contributions	810	1,745
Net Return on Assets/Liabilities	1,471	897
Interest cost on liabilities	(1,257)	(927)
Contributions in respect of unfunded liabilities	0	50
Transfer from income & expenditure	213	265
Actuarial gain/(loss) and past service credit	<u>(2,484)</u>	<u>4,662</u>
At end of period	<u>(5,151)</u>	<u>(2,113)</u>

Summary

Income & expenditure reserve (excluding Pension Fund)	2,794	14,664
Pension Reserve	(5,151)	(2,113)
At end of period	(2,357)	12,551

20. RECONCILIATION

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		£'000	£'000
Reconciliation of operating surplus/(deficit) to net cash flow from operating activities			
Operating Surplus after Depreciation of assets at valuation and tax		(11,855)	1,489
Pension costs less contribution payable		1	(265)
Depreciation	11	3,123	4,550
Gain on Sale of Fixed Assets		(1,683)	0
(Increase)/Decrease in Assets held for resale		1,311	0
(Increase)/Decrease in Stocks		(5)	(5)
Deferred capital grants released to income	18	(3,471)	(4,006)
(Increase)/Decrease in debtors	14	(4,838)	(417)
(Decrease)/Increase in Provisions		(1,046)	196
Increase/(Decrease) in creditors	15, 16	5,336	(2,070)
Investment Income		0	(79)
Interest receivable – bank interest	5	(39)	(131)
- net return on pension assets		(214)	(4)
Net cash (outflow)/inflow from operating activities		(13,380)	(742)

21. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		£'000	£'000
Interest received – bank		39	210
Net cash inflow from returns on investments and servicing of finance	5	39	210

22. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>Note</u>	<u>2014</u> £'000	<u>2013</u> £'000
Purchase of tangible fixed assets	11	(2,292)	(1,870)
Receipts from sale of fixed tangible assets		1,228	0
Capital Grants Received	18	1,509	1,832
Net cash (outflow) from capital expenditure		445	(38)

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 July 2013	Cash Flows	Other Changes	At 31 March 2014
	£'000	£'000	£'000	£'000
Cash	14,815	(9,218)	0	5,597
Investments	3,678	(3,678)	0	0
TOTAL	18,493	(12,896)	0	5,597

24. FINANCING

	2014 £'000	2013 £'000
Repayment of amounts borrowed	0	(20)
	0	(20)

25. MANAGEMENT OF LIQUID RESOURCES

	2014 £'000	2013 £'000
Withdrawals from deposits	0	801
Placing of deposits	0	(801)
	0	0

26. FINANCIAL COMMITMENTS

	<u>2014</u>
	£'000
Non-cancellable operating leases expiring 2-5 years	186

27. PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to one of two principal pension schemes, The Strathclyde Pension Fund (SPF) and the Scottish Teachers' Superannuation Scheme (STSS):

The total pension cost for the College was:

	8 mos to 31 March 2014	12 mos to 31 July 2013
	£000s	£000s
Contribution to STSS	1,271	2,079
Contribution to SPF	1,025	1,377
FRS17 Adjustments	(1)	(295)
Total Pension Cost for period	2,295	3,161

Contribution rates:

STSS	14.90%	14.90%
SPF	19.30%	19.30%

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the STSS was 31 March 2005.

Contributions were payable to the STSS at a rate of 7.15% of pensionable pay as from 1 April 2002, 7.4% from April 2003, 12.5% from 1 October 2003, 13.5% from 1 April 2007 and 14.9% from 1 April 2009. Employer rates are reviewed every five years following a scheme valuation by the Government Actuary.

Principal Actuarial Assumptions

Rate of return on investments in excess of rate of increase in salaries	0.90%	0.70%
Rate of return on investments in excess of rate of increase in pensions	4.20%	3.00%

Under the definitions set out in Financial Reporting Standard (FRS 17) retirement Benefits, the Scottish Teachers Superannuation Scheme 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 FRS 17 and accounted for contributions to this scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contributions rate.

Strathclyde Pension Fund

The Strathclyde Pension Fund is a funded defined benefit scheme, with the assets held in separate trustees administered funds. The total contribution made for the period ended 31 March 2014 was £994,000 of which employer's contributions totalled £810,000 and employees' contributions totalled £184,000. The latest actuarial valuation of the Strathclyde Pension Fund was 31 March 2008.

	As restated	
Present Value of funded defined benefit obligations	(44,915)	(40,376)
Fair value of Plan Assets	<u>39,764</u>	<u>38,263</u>
Net over/(under) funding in funded plans	(5,151)	(2,113)
Net Liability	<u>(5,151)</u>	<u>(2,113)</u>

Principal Actuarial Assumptions

Rate of return on investments in excess of rate of increase in salaries	0.7%	2.3%
Rate of return on investments in excess of rate of increase in pensions	2.9%	3.7%

Glasgow Clyde College

27 Pensions and similar obligations (continued)

For the purposes of FRS17, an actuarial valuation was calculated by actuaries as at 31 July 2013 and 31 March 2014

Major assumption used:	As at 31 March 2014	As at 31 July 2013
Pension increases	2.80%	2.80%
Rate of increase in salaries	5.10%	5.10%
Expected return of assets	6.00%	5.80%
Discount rate for liabilities	4.30%	4.60%

Mortality has been assumed as future life expectancies at age 65 of:

	Males	Females
Current pensioners	21	23.4
Future pensioners	23.3	25.3

	Long-term rate of return expected at 31 March 2014	Value at 31 March 2014	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013
Equities	6.60%	30,221	6.40%	29,080
Bonds	3.70%	4,772	3.80%	5,357
Property	4.80%	2,783	4.60%	2,679
Cash	3.70%	1,988	3.40%	1,147
		39,764		38,263
Total Market Value of Assets				
Present value of scheme liabilities		(44,915)		(40,376)
Deficit in the scheme		(5,151)		(2,113)

Analysis of the amount charged to income and expenditure account.

	As at 31 March 2014	As at 31 July 2013
	£'000	£'000
Current Service cost	708	1,358
Past service costs/(gains)	103	142
Curtailments	0	0
Total Operating Charge/(gain)	811	1,500

Analysis of pension finance costs/(income)

Expected return on pension scheme assets	(1,471)	(1,544)
Interest of pension liabilities	1,257	1,574
Pension finance costs/(income)	(214)	30
Net revenue account cost	597	1,530

Amount recognised in the statement of recognised gains and losses (STRGL)

		As restated
Expected return on pension assets less actual return	(438)	4,603
Experience gains and losses arising on the scheme liabilities	812	(11)
Change in financial assumptions underlying the scheme liabilities	(2,858)	70
Actuarial gain/(loss) recognised in STRGL	(2,484)	4,662

Movement in deficit during period

Deficit in scheme at 01 August as restated	(2,113)	(7,040)
Prior year adjustment	(767)	
Deficit in scheme as 01 August as previously stated	(2,880)	
Movement in period:		
Current service charge	(708)	(1,358)
Contributions	810	1,795
Past service costs	(103)	(142)
Losses on curtailments	0	0
Net interest/return on assets	214	(30)
Actuarial gains/(losses)	(2,484)	4,662
Deficit in scheme at end of period	(5,151)	(2,113)

27 Pensions and similar (continued)

	As at 31 March 2014	As at 31 July 2013
Asset and Liability Reconciliation	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period as restated	40,376	37,935
Prior Year Adjustment	767	
Liabilities at start of period as previously stated	41,143	
Service Cost	708	1,358
Interest Cost	1,257	1,574
Employee contributions	184	377
Actuarial loss/(gain)	2,046	(58)
Benefits paid	(526)	(952)
Past Service cost	103	142
Losses on curtailments	0	0
Liabilities at end of period	44,915	40,376
Reconciliation of Assets		
Assets at start of period	38,263	30,895
Expected return on assets	1,471	1,544
Actuarial loss	(438)	4,603
Employer contributions	810	1,795
Employee contributions	184	377
Benefits paid	(526)	(951)
Assets at end of period	39,764	38,263
History of experience gains and losses		
Fair Value of Employer Assets	39,764	38,263
Present Value of Defined Benefit Obligation	(44,915)	(40,376)
Deficit	(5,151)	(2,113)
Experience Gains on Assets	(438)	4,603
Experience Gains on Liabilities	812	(11)

Employer contributions for the year to March 2015 has been estimated at approximately £917,000

28 Related Party Transactions

The Board of Management of Glasgow Clyde College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 and is funded by the Scottish funding Council.

Due to the nature of the College's operations and the composition of its Board of Management being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arm's length and in accordance with normal project and procurement procedures. During the period Glasgow Clyde College had material transactions with the Student Awards Agency for Scotland, receiving from them fees paid on behalf of Higher National students, and also Scottish Qualifications Authority in respect of examination fees paid on behalf of students.

29 FE Bursary and other Student Support Funds

	FE Bursary	FE Hardship	HE Hardship	Other	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000
Balance b/fwd	493	164	0	128	785	416
Adjustment to Balance b/fwd	(119)	90	0	(128)	(157)	0
Allocation received in period	4,639	547	275	352	5,813	7,826
SFC Debtor	618	0	0	0	618	0
Interest earned	0	0	0	0	0	0
	5,631	801	275	352	7,059	8,242
Expenditure Repaid to Funding Council	(5,257)	(161)	(154)	(338)	(5,910)	(7,283)
Virements	(374)	(440)	0	0	(814)	(32)
	0	186	0	0	186	(142)
Balance c/fwd	0	386	121	14	521	785
Represented by:						
Retained by College for students	0	386	121	14	521	54
Repayable to Funding Council as Clawback	0	0	0	0	0	731
	0	386	121	14	521	785

All Bursary and Student Support 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.

30. FE CHILDCARE FUNDS

	2014	2013
	£'000	£'000
Balance b/fwd	31	12
Allocation received in period	786	1,058
SFC Debtor	265	0
	<hr/> 1,082	<hr/> 1,070
Expenditure	(1,051)	(1,166)
Repaid to SFC as clawback	155	0
Virements	(186)	127
Balance c/fwd	<hr/> 0	<hr/> 31
Represented by:-		
Repayable to Funding Council as clawback	0	31
Retained by College for students	0	0
	<hr/> 0	<hr/> 0

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

31. CAPITAL COMMITMENTS

	2014	2013
	£'000	£'000
Contracted for at end of period	<hr/> 0	<hr/> 0

32. POST BALANCE SHEET EVENTS

There are no post balance sheet events.

33. CONTINGENT LIABILITIES

The College had no contingent liabilities at 31 March 2014.

34. PRIOR YEAR ADJUSTMENTS

A prior year adjustment has been made to transfer the unfunded pension liability of the old Anniesland College from pension liabilities to provisions for liabilities. This adjustment has been made to align the accounting treatment of the three legacy colleges. All of the legacy colleges valued their unfunded liabilities under the auspices of FRS17 'Retirement Benefits' however Cardonald and Langside Colleges accounted for the unfunded liability under FRS12 'Provisions for liabilities'. The effect of this adjustment is to increase provisions for liabilities by £767,000 and reduce the FRS17 pension liability by the same amount.



Telephone: 0141 272 9000
Email: info@glasgowclyde.ac.uk

Annesland Campus, 19 Hatfield Drive, Glasgow G12 0YE
Cardonald Campus, 390 Mosspark Drive, Glasgow G52 3AY
Langside Campus, 50 Prospecthill Road, Glasgow G42 9LB