

# **Edinburgh College of Art**

## **Annual Report and Accounts 2004/05**

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## **College Secretary's Report**

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### **Scope of Financial Statements**

The Financial Statements reflect the results of the College for the year to 31 July 2005.

### **Results for the year**

The College's Income and Expenditure Account is summarised as follows:-

	<b>2005</b> £'000	<b>2004</b> £'000
Total Operating Income	<b>14,068</b>	12,734
Total Operating Expenditure	<b>13,629</b>	12,695
Surplus for the year	<b>439</b>	39

The Accounts show a continuing trend of operating surpluses. This position has been achieved with the continuing support of the Scottish Higher Education Funding Council (now Scottish Funding Council) in funding the College as a Small Specialist Institution.

### **Fixed Assets**

Purchases are in respect of the renewal and improvement of existing equipment and buildings, and the increase in provision of computer equipment.

### **Other Operating Expenses**

Spend on non-pay budgets is monitored throughout the year with variances requiring explanation; action is taken where there is a likelihood of any overspend in the year. The College makes best use of discounts available and consortium deals to ensure value for money in its non-pay expenditure.

### **Student Tuition Fees and Debt**

The College continues to be concerned about the debt incurred by students in the course of their studies which is exceptional in the case of Art and Design students because of their need to purchase expensive materials. Whilst the level of debt within the HE sector is increasing year on year, the College's bad debts are reducing due to effective control procedures in place.

## **College Secretary's Report (cont)**

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### **Cash Flows**

The cash flow of the College throughout the year is dependant upon the profile of the grant allocation from the Funding Council and the receipt of student fees at the start of the session and the second and third terms. The College's cash flow this year has shown a healthy positive increase of £281,000.

The College has an overdraft facility with its principal bankers and makes use of this as necessary to manage its financial affairs.

### **Investments**

The College's investments in respect of Endowments, Awards and Bequests, and Pension Provision, are managed by Baillie Gifford Investment Managers Limited. These funds are invested through a separate "Edinburgh College of Art Fund" within Baillie Gifford. This fund is split in two, one for the investment of Endowments, Awards and Bequests which is required to produce a yield sufficient to provide the funding for prizes and awards, and the other is for Pension Provision, which is invested for capital growth. The performance of these funds is closely and regularly monitored by the Finance Committee, ensuring both an adequate return and capital appreciation against appropriate benchmarks.

### **Suppliers' Payments**

The College follows a policy of timely payment to suppliers, such that all invoices are settled in the month following the invoice date. This helps the College maintain good relations with its suppliers and complies with the CBI Prompt Payment Code with regard to payments to creditors. The creditors' balance at 31 July 2005 represented 3.6% of invoiced purchases during the year.

### **Employment of People with Disabilities**

The College has taken steps to ensure appropriate compliance with The Disability Discrimination Act. Applications for employment by people with disabilities are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing employees becoming disabled, every effort is made to ensure that their employment with the College continues and that appropriate training is arranged. It is the policy of the College to promote equality of opportunity for disabled staff and students in respect of recruitment, induction training and educational/career development.

### **Employee Involvement**

The College places considerable value on the involvement of its employees and on good communication with them. Staff are encouraged to participate in formal and informal consultations at the College, sometimes through the medium of formal committees. The College has formal mechanisms for staff review and development and has implemented a system of needs assessment for the provision of training for all categories and levels of staff.

## **College Secretary's Report (cont)**

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### **Auditors**

These accounts are audited by Ernst & Young LLP who were appointed by the Board of Governors in June 2001 after a tendering process, and on the recommendation of the Audit Committee.

### **Conclusion**

The College has improved its financial and cash flow position during the year showing an operating surplus for the fourth consecutive year. This has been achieved whilst continuing to invest in the development of the provision of teaching, research and support systems. There has been considerable effort shown by Governors and staff to achieve this result and we expect this trend to continue in the coming year.

Finally, I wish to record my thanks to my colleagues for their support throughout the year and to the Governors for their sound advice and guidance.

Michael W Wood  
**College Secretary**

## **Corporate Governance**

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### **Statement of Governance Procedures applied by the Board of Governors**

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance procedures applied by the College's Governing Body (hereinafter referred to as "the Board"). The College is committed to exhibiting best practice in all aspects of Corporate Governance. The College has charitable status and does not fall within the regulations of the London Stock Exchange, however, the College has applied where relevant the principles of Section 1 of the Combined Code of Corporate Governance. This statement summarises the significant principles applied during the year ended 31 July 2005.

The Board has also adopted the core recommendations of the Nolan Committee with regard to Standards in Public Life and these standards of conduct have been included within the Governors' Handbook.

### **Summary of the College's Structure of Corporate Governance**

The College's Board comprises lay and academic persons appointed under the College's Order of Council (1995), the majority of whom are non-executive. The Board is responsible for the College's strategic direction, reputation, financial well-being, the well-being of the staff and students and for establishing and maintaining high standards of academic conduct and probity.

The role of Chairman of the Board is separated from the role of the College's Chief Executive and designated officer, the Principal.

The matters specially reserved to the Board for decision are set out in the Statutes of the College, by custom and under the Financial Memorandum with the Scottish Higher Education Funding Council (SHEFC, now SFC). The Board holds to itself the responsibilities for the on-going strategic direction of the College, approval of major developments and the receipt of regular reports from executive officers on the day-to-day operation of its activities.

The College's Board 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.

From December 2002, when the Board adopted a risk management strategy for the College, significant risks have been kept under regular review through the Annual Needs Assessment Report prepared by Internal Audit and approved by the Board. Through this process, the Board aims to embed a culture of risk management throughout the institution, to encourage staff to take ownership of risks and to control the risk management programme through monitoring techniques in accordance with the internal control guidance for directors on the Combined Code as amended by the British Universities' Finance Directors' Group.

The Board has considered its current practices and has compared them with those advocated by the Scottish Higher Education Funding Council in its Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks. The Board has embraced this Guide and has adapted its practices to meet the benchmarks of good governing practice as far as its Statutes so permit.

## **Corporate Governance (cont)**

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The Board discharges its responsibilities as follows:

- The Board meets at least five times a year, one meeting being for the specific purpose of approving the College's Strategic and Operational Plans. The Board considers strategic plans, annual budgets, monitors staffing, student, estates and finance issues, sets and approves performance measures and ensures that there is a clear definition of delegated powers and lines of accountability.
- The Board has the following Committees: Policy & Resources (with Finance, Estates and Health & Safety Sub-Committees), Audit and Chairman's (which acts also as the Remuneration and Nomination Committees). All of these Committees have been formally constituted with terms of reference and comprise mainly lay Governors. In addition to the Board and Chairman's Committee, the Chairman also chairs the Policy & Resources, Remuneration and Nominations Committees.
- The Audit Committee is responsible for meeting four times annually with the external and internal auditors to discuss audit findings and to consider detailed audit reports and recommendations for the improvement of the College's systems of internal control, together with management's responses and implementation plans. The Audit Committee also receives and considers reports from SHEFC as they affect the College's activities and monitors adherence with regulatory requirements. The Committee reviews the College's annual financial statements together with the accounting policies. Whilst senior management attend meetings of the Audit Committee, as necessary, they are not members of the Committee and the Committee does meet with the external and internal auditors on their own for independent discussions.
- The Policy and Resources Committee reviews and approves College policies and procedures, monitors staffing and receives reports from the Colleges' Finance and Health and Safety Sub-Committees.
- The Finance Sub-Committee inter-alia recommends to the Board the College's Financial Plans and Annual Budgets and monitors performance in relation to the approved budgets. The Awards & Bequest Sub-Committee reports to the Finance Committee.
- The College Secretary is Secretary to the Board of Governors.

## **Responsibilities of the Board of Governors**

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### **Requirement to Present Audited Financial Statements**

In accordance with the Statutory Instrument governing the College, the Board of Governors is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Edinburgh College of Art (Scotland) Order of Council 1995, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Higher Education Funding Council and the Board, the Board, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit and cash flows for that year.

### **Preparation of the Financial Statements**

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

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

The Board has taken reasonable steps to:

- ensure that funds from the Scottish Higher Education Funding Council are used only for the purposes for which they have been given, and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds from other sources;
- safeguard the assets of the College and hence take reasonable steps to prevent and detect fraud;
- ensure economical, efficient and effective management of the College's resources and expenditure

## **Responsibilities of the Board of Governors (cont)**

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### **Internal Financial Control**

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cashflow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Board;
- a professional internal audit provision whose annual programme is approved by the Audit Committee.

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

## **Independent Auditors' Report to the Board of Governors of Edinburgh College of Art**

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We have audited the Financial Statements for the year ended 31 July 2005 which comprise the Statement of Principal Accounting Policies, Income & Expenditure Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, and the related notes 1 to 28. These Financial Statements have been prepared on the basis of the accounting policies set out in the Statement of Principal Accounting Policies.

This report is made solely to the Board of Governors of Edinburgh College of Art, as a body, in accordance with its Charter. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Board of Governors and Auditors**

As described in the Statement of Responsibilities of the Board of Governors, the Board is responsible for the preparation of the financial statements in accordance with the College's Charter, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other applicable United Kingdom law and accounting standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College have been applied for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Scottish Higher Education Funding Council.

We also report to you if, in our opinion, the Report by the College Secretary is not consistent with the financial statements, if the College has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report by the College Secretary and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them.

### **Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish Higher Education Funding Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

## **Independent Auditors' Report to the Board of Governors of Edinburgh College of Art (cont)**

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We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

### **Opinion**

In our opinion:

- (i) the Financial Statements give a true and fair view of the state of affairs of the College as at 31 July 2005, and of the surplus of the College for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions;
- (ii) income from the Scottish Higher Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the College have been applied for the purposes for which they were received; and
- (iii) income has been applied in accordance with the Further and Higher Education (Scotland) Act 1992 governing the College and, where appropriate, with the Financial Memorandum dated 1 August 1996 (incorporating 1998 revisions) with the Scottish Higher Education Funding Council.

Ernst & Young LLP  
Registered Auditor  
10 George Street  
Edinburgh, EH2 2DZ

## **Statement of Principal Accounting Policies**

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### **Basis of Accounting**

The financial statements are prepared under the historical cost convention in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and other applicable accounting standards.

### **Recognition of Income**

Income from specific endowments and donations, research grants, research contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short term deposits and General Endowment Asset Investments is credited to the Income and Expenditure Account on a receivable basis.

### **Taxation Status**

The College has been granted charitable status by HM Inland Revenue (Reference No SC0009201), and accordingly the College is potentially exempt from taxation in respect of income or capital gains tax received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

### **Foreign Currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### **Land and Buildings**

Freehold land and buildings are stated at cost. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings have been depreciated with effect from 1 August 1993 in order to write-off the cost over their expected useful lives on a straight-line basis. Leasehold Buildings are stated at cost and depreciated in order to write-off the cost over the period of the lease. Details of depreciation rates are given in the accounting policy for depreciation.

Land and buildings acquired with the aid of specific grants from the Scottish Office Education Department (SOED) and the Scottish Higher Education Funding Council (SHEFC) are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings on a straight-line basis.

The portfolio of land and buildings is appraised regularly as part of the College estate strategy. Where assets with no future long-term operational use are identified, disposal is considered. Where the College resolves to dispose of an asset it is stated at the lower of its written down value or net realisable value and transferred to current assets.

## **Statement of Principal Accounting Policies (cont)**

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### **Maintenance of Premises**

The College has a rolling maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance, refurbishment, and any building work not of a capital nature is charged to the income and expenditure account as incurred.

### **Equipment**

Equipment costing less than £1,000 per individual item or group of related items and computers and software, costing less than £500, is written off in the year of acquisition. All other equipment is capitalised, stated at cost and depreciated over its expected useful life. Details of depreciation rates are given in the accounting policy for depreciation.

Equipment acquired with the aid of specific grants from the SOED and the SHEFC is capitalised and depreciated as above. The related grants are treated as deferred equipment grants and released to income over the expected useful life of the equipment.

### **Depreciation**

Depreciation is provided on all tangible fixed assets excluding land, which is not depreciated, on a straight line basis in order to write-off assets over their expected useful lives. Expected useful lives for each asset category are as follows:

Freehold Buildings	100 years
Leasehold Buildings	Lease Period
Plant & Machinery	10 years
Fixtures, Fittings & Furniture	7 years
Teaching & Research Equipment	5 years
Computer Equipment	3 years

### **Operating Leases**

Operating lease rental costs are charged to expenditure in equal annual amounts over the periods of the leases.

### **Fixed Asset Investments**

Listed Investments are stated at market value. Unrealised gains or losses representing the difference between investment book cost and market value are taken to the revaluation reserve. Realised gains or losses on the sale of investments are reflected in the income and expenditure account in the year of disposal.

### **Endowment Asset Investments**

Endowment Asset Investments are stated at market value. Unrealised gains or losses representing the difference between investment book cost and market value are taken to the endowment reserve. Realised gains or losses on the sale of investments are reflected in the income and expenditure account in the year of disposal.

## **Statement of Principal Accounting Policies (cont)**

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### **Stock**

Stock held for resale has been valued at the lower of cost or net realisable value.

### **Consolidation of Students Representative Council**

As the College's Board of Governors has no controlling influence over the operation of the SRC, the results of the Students Representative Council (SRC) are not consolidated within the College financial statements. This is in keeping with other institutions within the higher education sector.

### **Pension and Other Retirement Benefit Schemes**

The College charges the expected cost, based on actuarial advice, of providing pensions under defined benefit schemes and other retirement benefit schemes against income over the service lives of the employees in the schemes. Variations from regular cost are similarly spread over the expected remaining service lives. The difference between the amounts included in the income and expenditure account and payments made are accounted for in the Balance Sheet. Details of the pension schemes are disclosed in note 6c.

### **Provisions**

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

### **Review of Principal Accounting Policies**

The Finance Sub-Committee reviewed the College's Principal Accounting Policies at its meeting on 5 November 2004 and agreed that they were appropriate to the financial management of the College.

**Income & Expenditure Account**

**For the year ended 31 July 2005**

	<b>Notes</b>	<b>2005 £000</b>	<b>2004 £000</b>
<b>INCOME</b>			
Funding Council Grants	1	8,240	7,416
Tuition Fees and Education Contracts	2	3,768	3,574
Research Grants and Contracts	3	454	221
Other Income	4	1,353	1,291
Endowment and Investment Income	5	253	232
		<hr/>	<hr/>
<b>Total Income</b>		<b>14,068</b>	<b>12,734</b>
<b>EXPENDITURE</b>			
Staff Costs	6b	9,073	8,472
Staff Restructuring	6b	126	115
Other Operating Expenses	8	3,900	3,485
Depreciation	9	514	578
Interest Payable	10	0	1
Transfer from accumulated income within specific endowments		16	44
		<hr/>	<hr/>
<b>Total Expenditure</b>		<b>13,629</b>	<b>12,695</b>
		<hr/>	<hr/>
<b>Surplus on continuing operations</b>		<b>439</b>	<b>39</b>
		<hr/>	<hr/>

There were no property revaluations by Edinburgh College of Art during the year therefore no reconciliation through the Statement of Historical Cost Surpluses and Deficits is required.

**Statement of Total Recognised Gains & Losses**

<b>For the year ended 31 July 2005</b>	<b>Notes</b>	<b>2005 £000</b>	<b>2004 £000</b>
Surplus on continuing operations		439	39
Unrealised surplus on revaluation of Fixed Asset Investments	13	253	0
Appreciation of Endowment Asset Investments	14	420	66
Net deferred capital grants received/(released)		24	(113)
Net endowment income for the year		16	67
<b>Total recognised gains relating to the year</b>		<b>1,152</b>	<b>59</b>
Opening Net Assets		12,733	12,674
<b>Closing Net Assets</b>		<b>13,885</b>	<b>12,733</b>

**Balance Sheet****As at 31 July 2005**

	<b>Notes</b>	<b>2005 £000</b>	<b>2004 £000</b>
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	12	11,113	10,952
Investments	13	1,048	914
		—————	—————
<b>Total Fixed Assets</b>		<b>12,161</b>	<b>11,866</b>
<b>ENDOWMENT ASSETS</b>			
	14	3,778	3,342
<b>CURRENT ASSETS</b>			
Stocks		55	51
Debtors	15	886	733
Cash at Bank and in Hand		804	523
		—————	—————
<b>Total Current Assets</b>		<b>1,745</b>	<b>1,307</b>
<b>CREDITORS : Amounts falling due within one year</b>			
	16	(1,573)	(1,380)
		—————	—————
<b>Net current assets</b>		<b>172</b>	<b>(73)</b>
<b>Total assets less current liabilities</b>		<b>16,111</b>	<b>15,135</b>
<b>Provisions for liabilities and charges</b>			
	17	(2,226)	(2,402)
		—————	—————
<b>NET ASSETS</b>		<b>13,885</b>	<b>12,733</b>
		—————	—————
<b>Deferred Capital Grants</b>	18	8,335	8,311
<b>ENDOWMENTS</b>			
Specific Endowments	21	3,778	3,342
<b>RESERVES</b>			
General Reserve	21	1,519	1,080
Revaluation Reserve	21	253	0
		—————	—————
<b>TOTAL RESERVES</b>		<b>13,885</b>	<b>12,733</b>
		—————	—————

The Financial Statements on pages 10-27 were approved by the Board of Governors on 19 December 2005 and signed on its behalf by:

Donald Workman  
**Chairman**

Professor Ian G Howard  
**Principal**

**Cash Flow Statement**

**For the year ended 31 July 2005**

	<b>Notes</b>	<b>2005 £000</b>	<b>2004 £000</b>
<b>Cash flow from operating activities</b>	22	424	358
Returns on investments and servicing of finance	23	253	231
Capital expenditure and financial investment	24	(396)	(285)
		<hr/>	<hr/>
<b>Increase in cash in the period</b>		<b>281</b>	<b>304</b>
		<hr/>	<hr/>
<b>Reconciliation of cash flow to movement in net funds</b>			
Increase in cash in the period	25	281	304
Net funds at start of period	25	553	249
		<hr/>	<hr/>
<b>Net funds at end of period</b>		<b>834</b>	<b>553</b>
		<hr/>	<hr/>

**Notes to the Accounts**

For the year ended 31 July 2005

	Notes	2005 £000	2004 £000
<b>1 Funding Council Grants - SHEFC</b>			
SHEFC Recurrent Teaching Grant		5,976	5,723
Funding for Increased STSS Contributions		157	127
SHEFC Research Grants		1,166	959
SRIF Grants		135	6
Other SHEFC Grants		697	488
<b>Releases of Deferred Capital Grants</b>			
Building Grants	18	93	92
Equipment Grants	18	16	21
		<hr/> <b>8,240</b>	<hr/> <b>7,416</b>
		<hr/> <hr/>	<hr/> <hr/>
Grants received from the Funding Council in respect of Access Funds for students in financial difficulties, and payments to students from this fund, are excluded from the Consolidated Accounts			
<b>2 Tuition Fees and Education Contracts</b>			
Full Time UK and EU Students		1,816	1,734
Full Time non-EU Students Charged Overseas Fees		1,533	1,479
Part Time Fees		42	42
Other Fees		377	319
		<hr/> <b>3,768</b>	<hr/> <b>3,574</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>3 Research Grants &amp; Contracts</b>			
Research Contracts		<b>454</b>	<b>221</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>4 Other Income</b>			
Residences, Catering & Conferences		225	237
Sales to students		604	607
Other Income		524	447
		<hr/> <b>1,353</b>	<hr/> <b>1,291</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>5 Endowment and Investment Income</b>			
Interest from Fixed Asset Investments		30	29
Other Interest Receivable		74	36
Endowment Income		149	167
		<hr/> <b>253</b>	<hr/> <b>232</b>
		<hr/> <hr/>	<hr/> <hr/>

**Notes to the Accounts (continued)**

For the year ended 31 July 2005

	Notes	2005	2004		
		<b>Number of employees</b>			
<b>6 Staff Costs</b>					
<b>6a Average Staff Numbers by Major Category</b>					
Teaching Staff		97	102		
Teaching Support		39	36		
Research Grants & Contracts		11	10		
Other Support Services		28	25		
Administration & Central Services		39	36		
Premises		46	45		
Other Income Generating Activities		9	8		
Catering & Residences		10	10		
		279	272		
		279	272		

Part time employees are included in the above on the basis of their full time equivalents.

**Analysed as:**

Staff on permanent contracts	252	243
Staff on temporary contracts	27	29
	279	272
	279	272

<b>6b Staff Costs for the above persons</b>	<b>£000</b>	<b>£000</b>
Wages and Salaries	7,645	7,194
Social Security Costs	563	518
Pension Costs	865	760
Revaluation of unfunded pension liability	0	35
Exceptional restructuring costs	126	80
	9,199	8,587
	9,199	8,587

Teaching Staff	3,980	3,845
Teaching Support	1,041	1,004
Research Grants and Contracts	669	566
Other Support Services	811	704
Administration and Central Services	1,348	1,196
Premises	931	878
Other Income Generating Activities	164	156
Catering & Residences	129	123
	9,073	8,472
Sub-total	9,073	8,472
Exceptional restructuring costs	126	115
	9,199	8,587
	9,199	8,587

**Analysed as:**

Staff on permanent contracts	8,307	7,628
Staff on temporary contracts	766	844
	9,073	8,472
	9,073	8,472

**Notes to the Accounts (continued)**

**For the year ended 31 July 2005**

	<b>Notes</b>	<b>2005</b> £'000	<b>2004</b> £'000
<b>6c Pension Obligations</b>			
Contribution to STSS		381	329
Contribution to LGPS		484	431
<hr/>			
<b>Contributions for Serving Employees</b>		<b>865</b>	<b>760</b>
Contribution to LGPS for Former Employees	17	15	15
<hr/>			
<b>Contributions to Pension Schemes</b>		<b>880</b>	<b>775</b>
Direct Payment of Enhanced pensions to Former Employees	17	161	156
<hr/>			
<b>Total Pension Payments</b>		<b>1,041</b>	<b>931</b>
<hr/>			

## **Notes to the Accounts (continued)**

**For the year ended 31 July 2005**

### **6d Pension Schemes**

The College provides pensions for the majority of its employees by means of membership of external pension schemes and accounts for these on a SSAP 24 basis. The principal schemes are the Scottish Teachers' Superannuation Scheme (STSS), administered by the Scottish Office Pension Agency and the Local Government Pension Scheme (LGPS), administered by Lothian Pension Fund.

#### **The Scottish Teachers' Superannuation Scheme (STSS)**

The STSS is a defined benefit scheme, which is notionally funded; the Government Actuary using the aggregate method holds scheme assets in a notional fund that is valued every five years. The rate of contribution payable to the scheme is determined by the Secretary of State on the advice of the Government Actuary. Under the scheme, benefits are based on final pensionable salary for academic and related employees. During the financial year the level of contribution to the scheme was £381,000 (2004 - £329,000).

Under FRS 17, the defined benefit scheme is a multi-employer scheme but the College is unable to identify its share of the underlying assets and liabilities. As such, the scheme has been accounted for as if it were a defined contribution scheme.

#### **The Local Government Pension Scheme (LGPS)**

The LGPS is a defined benefit scheme that is externally funded and is valued every three years by independent actuaries using the projected unit method. Lothian Pension Fund on the advice of the actuaries determine the rate of contributions payable. Lothian Pension Fund holds its LGPS assets in a separate fund. Under the scheme, benefits are based on a final pensionable salary for non-academic and other employees. Under FRS 17, the defined benefit scheme is a multi-employer scheme but the College is unable to identify its share of the underlying assets and liabilities. As such, the scheme has been accounted for as if it were a defined contribution scheme. A full actuarial valuation of the scheme was carried out at 31 July 2005 by a qualified independent actuary who estimated that the Net Pension Liability on the scheme amounted to £3,600,000.

The major assumptions used by the actuary were:

Rate of increase in salaries	4.3%	4.4%
Rate of increase in pensions payments	2.8%	2.9%
Discount rate	5.0%	5.8%
Inflation assumption	2.8%	2.9%

The assets in the scheme and the expected rates of return were:

	<b>Long term rate of return expected at 31 July 2005</b>	<b>Value at 30 July 2005 £000</b>
Equities	7.3%	1,804,000
Bonds	4.7%	140,000
Property	5.4%	221,000
Cash	4.5%	62,000
		<b>2,227,000</b>

The College management is of the opinion that the College's share of the assets and liabilities of the LGPS cannot be accurately identified and therefore should not be included.

The College has been required to increase its level of employers' contribution to the LGPS scheme to make good its share of the actuarial deficiency relating to current and former employees. The difference in the regular pension cost for current employees is considered immaterial and the additional contributions treated as part of the regular pension cost. During the financial year the level of contribution to the scheme for current employees was £485,000 (2004 - £429,000) and for former employees was £15,000 (2004 - £15,000). The pension provision has been used to offset the cost of these contributions on behalf of former employees, contributions on behalf of current employees are charged to the income and expenditure account. The College also makes pension payments to former employees who have taken early retirement.

Under the transitional FRS 17 reporting arrangements the College continues to account for pension costs under SSAP 24.

**Notes to the Accounts (continued)**

For the year ended 31 July 2005

**7 Emoluments of the Principal and Higher Paid Employees**

	<b>Notes</b>	<b>2005</b>	<b>2004</b>
£30,000 - £39,999	32	31	
£40,000 - £49,999	25	20	
£50,000 - £59,999	2	4	
£60,000 - £69,999	2	0	
£70,000 +	1	1	

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

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Salary	94,559	85,410
Pension Contributions	11,820	9,975

The estimated value of other benefits has been calculated in accordance the Statement of Standard Accounting Practice 24.

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>8 Other Operating Expenses</b>		
Residences Catering and Conferences	143	169
Consumable and Workshop Expenditure	900	840
Books and Periodicals	126	152
Heat Light Water and Power	248	224
Repairs and General Maintenance	298	322
Auditors' Remuneration :		
External Auditors Remuneration	25	24
Internal Auditors Remuneration	16	15
Other Services from External Auditors	25	0
Professional Fees	213	237
Equipment operating lease rentals	72	95
Research Contract Expenditure	162	139
Increase in valuation of fixed asset investments	13	(55)
Other Expenses	(27)	1,323
	1,700	
	<b>3,900</b>	<b>3,485</b>

**Notes to the Accounts (continued)**

**For the year ended 31 July 2005**

9 Depreciation	Notes	2005 £000	2004 £000
Funded by deferred capital Grants	18	109	113
Funded by General Income		405	465
 <b>Charge for the year</b>	 12	 <b>514</b>	 <b>578</b>

**10 Interest Payable**

Bank Interest	0	1

**11 Taxation**

The College has been granted Charitable Status by HM Inland Revenue and accordingly the College is potentially exempt from taxation in respect of income or capital gains to the extent that such income or gains are applied exclusively for charitable purposes.

12 Tangible Fixed Assets	Notes	Freehold Land	Freehold Buildings	Owned Equipment	Total
<b>Cost</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2004		1,750	9,176	2,970	13,896
Additions at Cost		0	294	381	675
Disposals in year		0	0	0	0
 At 31 July 2005		 1,750	 9,470	 3,351	 14,571
 <b>Depreciation</b>					
At 1 August 2004		0	(998)	(1,946)	(2,944)
Charge for the Year		0	(93)	(421)	(514)
Charge on disposals		0	0	0	0
 At 31 July 2005		 0	 (1,091)	 (2,367)	 (3,458)
 <b>Net Book Value at 31 July 2005</b>		 <b>1,750</b>	 <b>8,379</b>	 <b>984</b>	 <b>11,113</b>
 Net Book Value at 1 August 2004		 1,750	 8,178	 1,024	 10,952

Freehold land and buildings with a net book value of £8,509,000 have been funded from Treasury sources. Should the particular property be sold, the College is obliged to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum issued by SHEFC.

**Notes to the Accounts (continued)**

**For the year ended 31 July 2005**

	<b>Notes</b>	<b>2005</b> £'000	<b>2004</b> £'000
<b>13 Fixed Asset Investments</b>			
At 1 August 2004		914	1,001
Additions	24	30	29
Disposals	24	(176)	(171)
Increase in valuation of fixed asset investments to Revaluation Reserve	21	253	55
Increase in valuation of fixed asset investments to Income & Expenditure Account	8	27	0
<b>As at 31 July 2005</b>		<b>1,048</b>	<b>914</b>

The College established a separate staff enhanced pension fund with the objective of investing resources in order to fund the liabilities arising from the grant of enhanced pensions to former employees who elected to take early retirement. A professional fund manager manages the pension fund. The management performance is subject to the review of the Governing Body. Income arising on investments and realised gains or losses on the sale of fixed asset investments are disclosed at Note 5 to the Accounts.

The pension provision (Note 17) is not yet matched by the assets established to fund it, namely staff enhanced pension fund cash held for pension fund. This shortfall will be funded from revenue income over future years until the liability is fully covered by the investments.

The College hold 100% of the Share Capital of College Promotions Limited, a company registered in Scotland. The Company has not traded in the financial year and is dormant. The investment in the Company amounted to £369 as at 31 July 2005 (2004 - £369).

The College hold 100% of the Share Capital of Re:Imagine Living Ltd, a company registered in Scotland. The Company has not traded in the financial year and is dormant. The investment in the Company amounted to £1 as at 31 July 2005.

**14 Endowment Assets**

At 1 August 2004		3,342	3,209
Unrealised gain in year	21	420	66
Increase in endowment asset debtors	22	16	67
<b>As at 31 July 2005</b>			
		<b>3,778</b>	<b>3,342</b>

**Represented by:**

Unit Trust Investments		3,748	3,312
Bank Balances		30	30
<b>As at 31 July 2005</b>			
		<b>3,778</b>	<b>3,342</b>

All income from Endowment Assets is spent by way of prizes awarded to students by the Awards & Bequests Sub-committee

**Investment Book Value**

Unit Trust Investments at Cost		3,650	3,650
<b>As at 31 July 2005</b>			

**Notes to the Accounts (continued)**

For the year ended 31 July 2005	2005 £000	2004 £000
<b>15 Debtors</b>		
<b>Amounts due within one year:</b>		
Trade Debtors	67	106
Debts due from students	44	92
Due from associated companies	3	24
Prepayments and accrued income	772	511
	<hr/>	<hr/>
	886	733
	<hr/>	<hr/>
<b>16 Creditors - Amounts falling due within one Year</b>		
Creditors	501	537
Social Security and Taxation Payable	298	265
Accruals and Deferred Income	774	578
	<hr/>	<hr/>
Subtotal	1,573	1,380
Bank Overdrafts	0	0
	<hr/>	<hr/>
	1,573	1,380
	<hr/>	<hr/>
<b>17 Provisions for Liabilities and Charges</b>		
Opening Balance as at 1 August 2004	2,402	2,538
Revaluation of unfunded pension liability	0	35
Utilised to pay LGPS scheme for former employees	(15)	(15)
Utilised to pay enhanced pensions for former employees	(161)	(156)
	<hr/>	<hr/>
<b>Closing Balance at 31 July 2005</b>	<b>2,226</b>	<b>2,402</b>
	<hr/>	<hr/>

As part of an early retirement initiative, the College has granted enhancements to the pension rights of employees accepting early retirement. These enhanced pensions extend beyond the normal pension rights arising from the funded pension schemes which have been detailed in Note 6c. With the exception of enhancements which have been granted under the 'New Blood' Initiative promulgated by SHEFC which are funded jointly by the College and SHEFC, enhanced pensions are not supported by invested assets.

The Pension provision includes a provision for 'New Blood' Initiative enhanced pensions, provision for unfunded enhanced pensions and provision for under-funding in the Local Government Pension Scheme (LGPS) arising from contributions for former employees. Payments of £161,000 (2004 - £156,000) for enhanced pensions made directly to former employees and payments of £15,000 (2004 - £15,000) made to the LGPS on behalf of former employees during the year have been set against the provision.

**Notes to the Accounts (continued)**

**For the year ended 31 July 2005**

<b>18 Deferred Capital Grants</b>	<b>Notes</b>	<b>SHEFC Grants £000</b>	<b>Other Grants £000</b>	<b>Total £000</b>	
Buildings Grants		8,111	183	8,294	
Equipment Grants		17	0	17	
<b>As at 1 August 2004</b>		<b>8,128</b>	<b>183</b>	<b>8,311</b>	
<b>Equipment Grants Received during year</b>		<b>133</b>	<b>0</b>	<b>133</b>	
<b>Released to Income &amp; Expenditure</b>					
Buildings Grants	1	93	0	93	
Equipment Grants	1	16	0	16	
<b>Released to Income &amp; Expenditure during year</b>		<b>109</b>	<b>0</b>	<b>109</b>	
<b>Closing Balances</b>					
Buildings Grants		8,018	183	8,094	
Equipment Grants		134	0	241	
<b>As at 31 July 2005</b>		<b>8,152</b>	<b>183</b>	<b>8,335</b>	
<hr/>					
<b>19 Operating Leases</b>		<b>2005 £000</b>	<b>2004 £000</b>		
Operating lease commitments for current financial year on leases expiring:					
Within one year		1	7		
between two and five years		186	151		
		<b>187</b>	<b>158</b>		
<hr/>					
<b>20 Capital Commitments</b>		<b>2005 £000</b>	<b>2004 £000</b>		
Commitments contracted for at 31 July 2005		339	30		
<b>Commitments under finance leases entered into but not yet provided for in the financial statements</b>		<b>75</b>	<b>0</b>		
<hr/>					
Included within commitments contracted at 31 July 2005 was the work in progress for the lift within the Architecture Building.					
<b>21 Reserve Reconciliation</b>		<b>Endowment Reserve £000</b>	<b>Revaluation Reserve £000</b>	<b>Income Reserve £000</b>	<b>Total Reserve £000</b>
<b>As at 1 August 2004</b>		<b>3,342</b>	-	<b>1,080</b>	<b>4,422</b>
New Endowments		-	-	-	-
Appreciation of Fixed Asset Investments	13	-	253	-	253
Appreciation of Endowment Investments	14	420	-	-	420
Endowment Income for the year		149	-	-	149
Endowment Expenditure for the year		(133)	-	-	(133)
Surplus on continuing operations		-	-	439	439
<b>As at 31 July 2005</b>		<b>3,778</b>	<b>253</b>	<b>1,519</b>	<b>5,550</b>
<hr/>					

**Notes to the Accounts (continued)**

**For the year ended 31 July 2005**

**22 Reconciliation of Consolidated Operating Surplus/(Deficit) to  
Net Cash Inflow/(outflow) from Operating Activities**

	Notes	2005 £000	2004 £000
<b>Surplus on continuing operations</b>		439	39
Depreciation	9	514	578
Deferred Capital Grants released to Income	18	(109)	(113)
Unrealised gain on fixed asset investments	13	(27)	(55)
Interest Receivable	5	(253)	(232)
Interest Payable	10	0	1
Net Endowment Income		16	42
Increase in Stocks		(4)	(6)
Increase in Endowment Asset Debtors	14	(16)	(67)
(Increase)/Decrease in Debtors		(153)	181
Increase in Creditors		193	126
Decrease in Provisions		(176)	(136)
<b>Net Cash Flow from Operating Activities</b>		<b>424</b>	<b>358</b>

**23 Returns on Investments and Servicing of Finance**

Income from Endowments		149	167
Other Interest Received		104	65
Interest Paid		(0)	(1)
<b>Net Cash Inflow from Returns on Investment and Servicing of Finance</b>		<b>253</b>	<b>231</b>

**24 Capital Expenditure and Financial Investment**

Purchase of Tangible Fixed Assets	12	(675)	(452)
Purchase of Fixed Asset Investments	13	(30)	(29)
Sales of Fixed Asset Investments	13	176	171
Deferred Capital Grants Received	18	133	0
Endowments Received		0	25
<b>Net Cash Flow from Capital Expenditure and Financial Investment</b>		<b>(396)</b>	<b>(285)</b>

**25 Analysis of Changes in Net Funds**

	At 1 August 2004	Cashflows	At 31 July 2005
Endowment Assets Cash In Hand	30	0	30
Cash at Bank	523	281	804
<b>Change in Net Funds</b>	<b>553</b>	<b>281</b>	<b>834</b>

**Notes to the Accounts (continued)**

**For the year ended 31 July 2005**

**26 Post Balance Sheet Events**

Since the end of the financial year to 31 July 2005 there have been no significant post balance sheet events which would lead to adjustment or require further disclosure within these accounts.

**27 Contingent Liabilities**

Based on the facts known at this time, the College's solicitors have advised that any potential liability arising from any outstanding legal claim would not be considered material in overall financial terms.

**28 Related Party Transactions**

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procedures. Transactions totalling £30,000, relating to consultancy work, took place with Quayle Munro Limited, a company in which Mr J.C. Elliot is a director. There were no amounts outstanding.

## Board of Governors 2004/2005

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2004/2005 Membership of Board of Governors

Academic Staff

### **Chairman**

Mr G. Duncan, RIBA, ARIAS, MRTPI, FRSA  
(until 31.12.04)

Mr. Donald Workman, MA(Oxon)  
Vice-Chairman; (Chairman from 01.01.05)

Mr. Neil K. Kempsell, BA(Hons)  
Non-Academic Staff

### **Secretary to the Board**

Mr. Michael W. Wood, BA, MBA

### **Governors, ex officio**

Professor Ian G. Howard, MA, RSA,  
Principal  
(Convener, Health & Safety Sub-Committee)

Professor Brent D. MacGregor, BA, MA, DPhil  
Vice-Principal

Mr. Matthew J.W. Brown, President S.R.C.  
(from 01.08.04 to 31.07.05)

### **Appointed Members**

Mr. James A. Clark, CA

Mr. J.C. Elliot, MA, MBA  
(Convener Finance Sub-Committee to 20.09.04)

Lady Mathewson, DA(Edin)  
Convener, Awards & Bequests Sub-Committee

Ms Shonaig Macpherson, LLB  
(Convener, Audit Committee from 21.09.04)

Mr. Donald MacDonald, CBE, MA, LLB, CA

Professor Ian F.Y. Marrian, MA, CA  
(Convener, Audit Committee from 01.01.04 to 20.09.04)  
(Convener Finance Sub-Committee from 21.09.04)

Mr. Robert B. Robertson, BSc, MSc, ARICS

Mr. Erick Davidson

Professor Stephen Blackmore, FRSE

Miss Alison Watt, DA(Glas)

### **Co-opted Members**

Professor Angus J. Macdonald, BSc, PhD

Dr. Alexander Fraser, RSA, RSW  
(until 31.07.05)

Professor D.G. Owen MA, PhD, CEng, FICE, FSUT

Mr. Alastair Mackenzie, CBE, RIBA, MRTPI  
(Convener, Estates Sub-Committee)

### **Elected Members**

Mrs Birgitta MacDonald, DA(Edin)  
Academic Council

Mr. John F. Mooney, DA(Edin), ARSA, RSW

### **Advisers**

#### **Auditors**

Ernst & Young LLP,  
Chartered Accountants,  
10 George Street,  
Edinburgh, EH2 2DZ

#### **Bankers**

The Bank of Scotland  
38 St Andrew Square  
Edinburgh  
EH2 2YR

#### **Solicitors**

Anderson Strathern, LLP  
1 Rutland Court  
Edinburgh, EH3 8EY

Morton Fraser, LLP  
30/31 Queen Street,  
Edinburgh, EH2 1JX

#### **Investment Managers**

Baillie Gifford & Co.  
Calton Square  
1 Greenside Row  
Edinburgh, EH1 3AN

**Note:** as at 31.07.05, one Governor was over the age of 65.

**Constitution & Terms of Reference of Principal Board Committees**

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**POLICY AND RESOURCES COMMITTEE****Summary Terms of Reference:**

The Policy and Resources Committee, through the Strategic Plan, the Operational Plan, the Estates Strategy and otherwise, considers strategic policy for the academic and general development of the College and its financial management within the context of:

- (a) Funding, policy direction and guidance from SHEFC and the Scottish Executive;
- (b) Entrepreneurial activity relating to sponsorship, fund-raising and marketing;
- (c) Advice to the Governing Body in establishing and reviewing the broad direction of College developments through its Vision and Mission Statements.

**Sub-Committees: Finance; Estates; Health and Safety****Membership:**

Mr. Graham Duncan (Convener until 31.12.04)  
Mr. Donald Workman (Convener from 01.01.05)  
Mr. J.C. Elliot  
Dr. Alexander Fraser (until 31.07.05)  
Mr. Alastair Mackenzie  
Professor Ian G. Howard, Principal  
Professor Brent D. MacGregor, Vice-Principal

**FINANCE SUB-COMMITTEE****Summary Terms of Reference :**

The Finance Sub-Committee shall maintain and review the financial management and operational systems of the College.

**Membership:**

Mr. J.C. Elliot (Convener until 20.09.04)  
Professor Ian F.Y. Marrian (Convener from 21.09.04)  
Mr. Donald Workman  
Mr. Donald MacDonald  
Professor Ian G. Howard, Principal

## **Constitution & Terms of Reference of Principal Board Committees (Continued)**

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### **AWARDS AND BEQUESTS SUB-COMMITTEE**

#### **Summary Terms of Reference:**

The Awards and Bequests Sub-Committee (a sub-committee of the Finance Sub-Committee) is responsible for the administration of the Andrew Grant Bequest under the terms of the Bequest, Act, Orders and College Regulations relating thereto. The Sub-Committee also administers other bequest funds and prize money.

#### **Membership:**

Lady Mathewson, (Convener)  
Professor A.J. Macdonald  
Dr. Alexander Fraser (until 31.07.05)  
Mr. Robert B. Robertson  
Mr. John F. Mooney  
Mrs Birgitta MacDonald

### **ESTATES SUB-COMMITTEE**

#### **Summary Terms of Reference:**

The Estates Sub-Committee (a sub-committee of the Policy and Resources Committee) shall monitor the management of building works in the College, approve the overall annual programmes for capital and non-capital building works, and recommend a long term estate management strategy to the Policy and Resources Committee

#### **Membership:**

Mr. Alastair Mackenzie, (Convener)  
Mr. Robert B. Robertson  
Mr. Graham Duncan (co-opted)  
Professor Ian G. Howard, Principal

## **Constitution & Terms of Reference of Principal Board Committees (Continued)**

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### **HEALTH AND SAFETY SUB-COMMITTEE**

#### **Summary Terms of Reference:**

The Health and Safety Sub-Committee (a sub-committee of the Policy and Resources Committee) shall be responsible for the general supervision of safety arrangements within the College, for advising Heads of Schools and Departments of legal requirements and responsibilities and for proposing College policy on safety. The sub-committee presents an Annual Report on Health and Safety matters to the Board.

#### **Membership:**

Professor Ian G. Howard, Principal (Convener from 01.06.04)  
Dr. Alexander Fraser (until 31.07.05)  
Mr. Neil K. Kempsell  
Mrs Birgitta MacDonald  
President, S.R.C.

### **AUDIT COMMITTEE**

#### **Summary Terms of Reference:**

The Audit Committee provides advice to the Board of Governors, to the Finance Sub-Committee, to College Management and to the Scottish Higher Education Funding Council's Governance, Management, Appraisal Policy (GMAP) on the effectiveness of internal control and management systems of the College and on the appointment of internal and external auditors.

The Committee is authorised by the Board of Governors to investigate any activity within its terms of reference.

#### **Membership:**

Professor Ian F.Y. Marrian (Convener from 01.01.04 to 20.09.04)  
Ms Shonaig Macpherson (Convener from 21.09.04)  
Professor D. Gareth Owen  
Professor Stephen Blackmore  
Mr. James A. Clark  
Mr. Robert B. Robertson

## **Constitution & Terms of Reference of Principal Board Committees (Continued)**

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### **CHAIRMAN'S COMMITTEE**

#### **Summary Terms of Reference:**

The Chairman's Committee examines recommendations of Committees of the Board of Governors and of Academic Council prior to their consideration by the Board of Governors and briefs the Chairman on matters to be considered by the Board.

The Committee also acts as Remuneration and Nominations Committees (see separate entries).

The Committee acts with all the powers of the Board during vacation and emergency periods excluding specific financial, staffing and constitutional matters (see detailed terms of reference).

#### **Membership:**

Mr. G. Duncan, (Chairman/Convener until 31.12.04)

Mr. Donald Workman (Vice-Chairman/Chairman/Convener from 01.01.05)

Professor Ian F.H. Marrian (from 01.01.05)

Mr. James A. Clark

Professor Ian G. Howard, Principal

### **CHAIRMAN'S COMMITTEE ACTING AS REMUNERATION COMMITTEE**

#### **Summary Terms of Reference**

The Chairman's Committee acts as a Remuneration Committee in relation to the salaries and other remuneration of the Principal and senior central management of the College and to consider any other matter relating to remuneration referred to it by the Board of Governors, including applications for premature retirement with enhancement of pension and the terms of any severance agreements.

#### **Membership:**

Mr. G. Duncan, (Chairman/Convener until 31.12.04)

Mr. Donald Workman (Vice-Chairman/Chairman/Convener from 01.01.05)

Professor Ian F.Y. Marrian (from 01.01.05)

Mr. J.C. Elliot

Professor Ian G. Howard, Principal

### **CHAIRMAN'S COMMITTEE ACTING AS NOMINATIONS COMMITTEE:**

#### **Summary Terms of Reference:**

The Chairman's Committee acts as a Nominations Committee in relation to the identification and selection of new independent lay members to the Board of Governors and to make recommendations to the Board in this regard.

To consider lay Governor nominations for re-election to the Board and to make recommendations to the Board in this regard.

#### **Membership:**

Mr. G. Duncan, (Chairman, Convener until 31.12.04)

Mr. Donald Workman (Chairman, Convener from 01.01.05)

Lady Mathewson

Mr. J.C. Elliot

Professor Ian G. Howard, Principal