

Edinburgh College of Art

Annual Report and Accounts 2006/07

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College Secretary's Report

Scope of Financial Statements

The Financial Statements reflect the consolidated results of the College for the year to 31 July 2007.

Results for the year

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

	Group 2007 £000	Group 2006 £000
Total Operating Income	17,147	14,707
Total Operating Expenditure	17,789	14,368
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Total Operating (Deficit)/Surplus	(642)	339
Gain on disposal of assets	945	2,219
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Surplus for the year	303	2,558
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Operating Results

The College has moved from a position of operating surplus in 2006 to an operating deficit in 2007. This can be accounted for by a number of exceptional costs. These include the costs associated with the move to a single campus, substantial remodelling of the main campus, additional costs relating to the Centenary which included a Royal visit, and a pension charge of £734k in relation to unfunded pension liabilities. These exceptional costs total approximately £1m.

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.

College Secretary's Report

Student Tuition Fees and Debt

The College continues to monitor closely any debts incurred by students during their programmes of study. Whilst in general terms 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.

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 has an overdraft facility with its principal bankers and only makes use of this in particular circumstances. Despite exceptional expenditure on the consolidation of the estate, the College's cash position remained positive for 11 months of the year, with a temporary overdraft facility only being utilised in month 12 due to an unexpected delay in completion of an asset sale.

Investments

The College's Investments are managed by Baillie Gifford Investment Managers Limited. These funds are invested through a separate "Edinburgh College of Art Fund" within Baillie Gifford for the investment of Endowments, Awards and Bequests (which is required to produce a yield sufficient to provide the funding for prizes and awards). 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 2007 represented 1.1% 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

Auditors

Ernst & Young LLP were re-appointed in June 2006, following a competitive tendering process, for a further three year period to 31 December 2009.

Conclusion

As was reported last year, the College's acquisition of a subsidiary company for the purposes of developing Evolution House, has been a landmark event in the rationalisation of College's estate. Throughout the year, the building was fitted-out to provide state-of-the-art accommodation for design subjects, the Centre for Visual and Cultural Studies, the Graduate Research School and a new unified Library and Learning Zone. In total, 17% of the student body and 24% of staff are now housed within the new premises, which accounts for 20% of the total estate. Large-scale re-modelling of the main campus was also required to consolidate all activities onto a single campus, reducing from four satellite sites and from 11 to 4 buildings in the space of 15 months. In overall terms, the gross space has reduced by 10.5% and 65% of 'bad-fit' or poorly-utilised space has been resolved, greater than originally envisaged.

The Centenary year was celebrated with many events at home and abroad and a major Centenary Fundraising Campaign was launched in January 2007. To date, the College has secured over £500k towards its global fundraising target of £3M, over a five year period. Most substantial donations have come from charitable trusts and foundations and further applications are planned. The Centenary Dinner held on 11 July was specifically linked to fundraising for the College's fine and rare cast collection. Another highlight of this exceptional year was the visit of TRH The Duke and Duchess of Rothesay on 29 May who visited degree show work in progress and opened an exhibition, jointly organised with the Prince's Drawing School.

The unique nature and scale of investment in the estates infrastructure (across the whole campus, not just confined to Evolution House) during the year was made possible through specific grants from the Funding Council's Learning & Teaching Infrastructure Fund, but largely from the proceeds arising out of the disposal of ageing peripheral sites. Whilst the College (Group) produced an operating deficit, the investment will result in substantial efficiency gains in future years, not least in terms of significantly lower building life-cycle costs. When exceptional, one-off expenditure of £1M is taken into account, an underlying surplus of approximately £300k on continuing operations has been achieved.

Another exceptional feature of the year was the impact of introducing a new nationally-negotiated Pay Framework, the assimilation costs of which were required to be back-dated to August 2006.

In this very special Centenary Year, the College is now re-positioned to enter its second century with renewed confidence as an SSI and with substantially improved teaching and research facilities that match the best of its competitors.

Michael W Wood
College Secretary

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 2007.

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 Funding Council. 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 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

The Board discharges its responsibilities as follows:

- The Board meets at least four 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 table below shows the frequency of meetings during the 2006/07 year:

COMMITTEE	FREQUENCY OF MEETINGS
BOARD	4
AUDIT	4
AWARDS AND BEQUESTS	2
ESTATES	3
FINANCE	5
JOINT FINANCE/AUDIT	1
HEALTH AND SAFETY	3
POLICY AND RESOURCES	3
BUILDING (I-DESIGN) PROJECT GROUP	12

- 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 SFC 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.

Donald Workman
Chairman

Professor Ian G Howard
Principal

Responsibilities of the Board of Governors

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 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 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

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.

Donald Workman
Chairman

Professor Ian G Howard
Principal

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

We have audited the Group and College Financial Statements for the year ended 31 July 2007 which comprise the Statement of Principal Accounting Policies, Consolidated Income & Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated and College Balance Sheets, Consolidated Cash Flow Statement, and the related notes 1 to 32. 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 the Order in Council (1995). 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with 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 whether they are consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board and the Code of Audit Practice issued by the Scottish 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 judgments made by the Board in the preparation of the Financial

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

Statements, and of whether the accounting policies are appropriate to the Group's and College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College and of the Group as at 31 July 2007, and of the surplus of the Group's income over expenditure and the Group's cash flows 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 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 and, where appropriate, with the Financial Memorandum dated 1 January 2006 with the Scottish Funding Council.

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

Statement of Principal Accounting Policies

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.

Basis of consolidation

The group financial statements consolidate the financial statements of the College and its subsidiary undertaking drawn up to 31 July each year.

Recognition of Income

Recurrent grants from the Scottish Funding Council are recognised in the period in which they are receivable. Specific non-recurrent grants from the Scottish Funding Council are included in the income and expenditure account to the extent of the completion of the activity to which they were allocated. Income from tuition fees is recognisable in the year for which it is received and includes all fees chargeable to students or their sponsors. Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned, together with any related contributions towards overhead costs. Income from donations is credited to the income and expenditure account in the year in which it is earned, unless specific restrictions apply. All income from short-term deposits is credited to the income and expenditure account in the year in which it is earned. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments.

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. Assets under construction are included at fair value to the group.

Statement of Principal Accounting Policies

Land and buildings acquired with the aid of specific grants from the former Scottish Office Education Department (SOED) and the Scottish Funding Council (SFC) 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.

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 former SOED and the SFC 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 to 12 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.

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

Stock

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

Pension and Other Retirement Benefit Schemes

LPF

The College is a member of the Lothian Pension Fund which is a defined benefit plan. The assets of this plan are held in separate trustee administered funds. The defined benefit plan's assets are measured using market values. Pension plan liabilities are measured by an actuary using the 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. The increase in the present value of the liabilities of the College's defined benefit pension plans expected to arise from employee service in the period is charged to operating profit. The expected return on the plan's assets and the increase during the period in the present value of the plan's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension plan's surpluses to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

STSS

The College also participates in the STSS pension scheme which is a multi- employer scheme. The College is unable to identify its share of the underlying assets and liabilities of this scheme on a consistent and reasonable basis, and therefore, as required by FRS17 'Retirement Benefits', accounts for this scheme as if it were a defined contribution scheme. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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 6 November 2006 and agreed that they were appropriate to the financial management of the College.

Consolidated Income & Expenditure Account

for the year ended 31 July 2007

	Notes	Group 2007 £000	Group 2006 £000
INCOME			
Funding Council Grants	1	9,895	8,821
Tuition Fees and Education Contracts	2	4,101	3,852
Research Grants and Contracts	3	553	384
Other Income	4	2,115	1,370
Endowment and Investment Income	5	483	280
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Operating Income		17,147	14,707
EXPENDITURE			
Staff Costs	6	10,029	9,407
Staff Restructuring	6	268	137
Other Operating Expenses	8	6,261	4,204
Depreciation	9	567	491
Interest Payable	10	664	129
		<hr/>	
Total Expenditure		17,789	14,368
(Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets		(642)	339
Gain on disposal of assets		945	2,219
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Surplus on continuing operations after depreciation of tangible fixed assets and disposal of assets		303	2,558
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Consolidated Statement of Total Recognised Gains & Losses

for the year ended 31 July 2007	Notes	2007 £000	2006 £000
Surplus on continuing operations		303	2,558
Appreciation of Endowment Asset Investments	14	45	189
Net deferred capital grants (released)/received	19	(105)	(126)
New endowments/endowment disposals	22	(32)	7
Actuarial gain/(loss) recognised in the pension plan	28	2,377	19
		<hr/>	
Total recognised gains relating to the year		2,588	2,647
Prior year adjustment		0	(3,600)
		<hr/>	
Total recognised gains and losses since last report		2,588	(953)
		<hr/> <hr/>	
Reconciliation			
Opening Net Assets as previously stated		12,932	13,885
Prior year adjustment			(3,600)
Total recognised gains relating to the year		2,588	2,647
		<hr/>	
Closing Net Assets		15,520	12,932
		<hr/> <hr/>	
Statement of historical cost surpluses and deficits			
Surplus on continuing operations		303	2,558
Realisation of investment revaluation gains of previous years		0	253
		<hr/>	
Historical cost surplus		303	2,811
		<hr/> <hr/>	

Balance Sheets

as at 31 July 2007

		Group	College	Group	College
	Notes	2007	2007	2006	2006
		£000	£000	£000	£000
FIXED ASSETS					
Tangible Fixed Assets	12	30,905	9,149	27,888	8,364
Investments	13	0	611	0	611
Total Fixed Assets		30,905	9,760	27,888	8,975
Endowment Asset Investments	14	3,987	3,987	3,974	3,974
CURRENT ASSETS					
Stocks & Stores in Hand		65	65	65	65
Debtors	15	663	19,692	527	16,444
Cash at Bank and in Hand		0	0	2,669	2,669
Total Current Assets		728	19,757	3,261	19,178
CREDITORS : Amounts falling due within one year	16	(1,659)	(1,659)	(1,687)	(1,572)
Total creditors due within one year		(1,659)	(1,659)	(1,687)	(1,572)
Net current (liabilities)/assets		(931)	18,098	1,574	17,606
Total assets less current liabilities		33,961	31,845	33,436	30,555
Creditors : Amounts falling due after more than one year	17	(14,854)	(11,754)	(14,854)	(11,754)
Provisions for liabilities and charges	18	(2,598)	(2,598)	(2,045)	(2,045)
Net Pension Liability	28	(989)	(989)	(3,605)	(3,605)
NET ASSETS		15,520	16,504	12,932	13,151
Deferred Capital Grants	19	8,104	8,104	8,209	8,209
ENDOWMENTS					
Specific Endowments	22	3,987	3,987	3,974	3,974
RESERVES					
General Reserve excluding pension liability		4,418	5,402	4,354	4,573
Pension Reserve	28	(989)	(989)	(3,605)	(3,605)
General Reserve including pension liability	22	3,429	4,413	749	968
TOTAL FUNDS		15,520	16,504	12,932	13,151

The Financial Statements on pages 13 - 27 were approved by the Board of Governors on 17 December 2007 and signed on its behalf by:

Donald Workman
Chairman

Professor Ian G Howard
Principal

Consolidated Cash Flow Statement

for the year ended 31 July 2007

	Notes	2007 £000	2006 £000
Cash flow from operating activities	23	176	460
Returns on investments and servicing of finance	24	(302)	122
Capital expenditure and financial investment	25	(2,639)	5,419
Financing		0	(4,129)
(Decrease)/increase in cash in the period		(2,765)	1,872
Reconciliation of cash flow to movement in net funds/(debt)			
(Decrease)/Increase in cash in the period	27	(2,765)	1,872
Cash inflow from increase in loans		0	(11,754)
Net (debt)/funds at start of period	27	(2,765) (9,048)	(9,882) 834
Net debt at end of period		(11,813)	(9,048)

Notes to the Accounts

for the year ended 31 July 2007

	Notes	2007 £000	2006 £000
1 Funding Council Grants - SFC			
SFC Recurrent Teaching Grant		6,441	6,157
Funding for Increased STSS Contributions		122	162
SFC Research Grants		1,282	1,107
LTIF Grants		1,012	267
SRIF Grants		118	252
Other SFC Grants		815	750
Releases of Deferred Capital Grants			
Building Grants		65	90
Equipment Grants		40	36
		9,895	8,821
Non-recurrent grant income included in the above amounted to £1,484k (£783k - 2006).			
Grants received from the Funding Council in respect of Hardship and Childcare Funds for students in financial difficulties, and payments to students from this fund, are excluded from the Consolidated Accounts (see Note 32)			
2 Tuition Fees and Education Contracts			
Full Time UK and EU Students		1,908	1,765
Full Time non-EU Students Charged Overseas Fees		1,667	1,698
Part Time Fees		27	53
Non-credit bearing course fees		453	286
Education Contracts		46	50
		4,101	3,852
3 Research Grants & Contracts			
UK Government		187	196
Research Councils		238	136
UK Charities		6	0
UK Industry		4	9
EU Government		13	9
Other overseas		41	9
Other		64	25
		553	384
4 Other Income			
Residences, Catering & Conferences		209	205
Sales to students		681	608
Other Income		1,225	557
		2,115	1,370
5 Endowment and Investment Income			
Interest from Fixed Asset Investments		0	16
Other Interest Receivable		203	78
Endowment Income		159	157
		362	251
Pension Finance Income	28	121	29
		483	280

Notes to the Accounts (continued)

for the year ended 31 July 2007

6 Staff Costs	Notes	2007	2006
Average Staff Numbers by Major Category		Number of employees	
Teaching Staff		85	87
Teaching Support		42	47
Research Grants & Contracts		14	10
Other Support Services		27	27
Administration & Central Services		42	36
Premises		47	45
Other Income Generating Activities		10	8
Catering & Residences		12	9
		279	269
Part time employees are included in the above on the basis of their full time equivalents.			
Analysed as:			
Staff on permanent contracts		269	247
Staff on temporary contracts		10	22
		279	269
Staff Costs for the above persons		£000	£000
Wages and Salaries		8,484	7,859
Social Security Costs		641	585
Pension Costs		904	963
Exceptional restructuring costs		268	137
		10,297	9,544
Teaching Staff		4,497	4,035
Teaching Support		1,120	1,095
Research Grants & Contracts		578	538
Other Support Services		846	868
Administration and Central Services		1,567	1,601
Premises		1,089	969
Other Income Generating Activities		176	170
Catering & Residences		156	131
		10,029	9,407
Exceptional restructuring costs		268	137
		10,297	9,544
Analysed as:			
Staff on permanent contracts		9,670	8,682
Staff on temporary contracts		359	725
		10,029	9,407
Pension Obligations			
Contribution to STSS		420	397
Costs for LGPS		484	566
		904	963
Charge for Serving Employees			
Charge in respect of Enhanced pensions to Former Employees	18	734	0
		1,638	963

Notes to the Accounts (continued)

for the year ended 31 July 2007

7 Emoluments of the Principal and Higher Paid Employees

	Notes	2007	2006
£40,000 - £49,999		25	29
£50,000 - £59,999		10	1
£60,000 - £69,999		2	2
£70,000 +		3	1

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

	2007	2006
	£	£
Salary	112,608	97,406
Pension Contributions	14,451	12,176

	2007	2006
	£000	£000
8 Other Operating Expenses		
Residences Catering and Conferences	161	125
Consumable and Workshop Expenditure	1,045	875
Books and Periodicals	182	127
Heat Light Water and Power	548	289
Repairs and General Maintenance	599	311
Auditors' Remuneration		
External Auditors' Remuneration	38	26
Internal Auditors' Remuneration	22	35
Other Services from External Auditors	50	123
Professional Fees	554	396
Equipment operating lease rentals	59	64
Research Contract Expenditure	299	134
Other Expenses	2,704	1,699
	6,261	4,204

9 Depreciation

Funded by deferred capital Grants	19	105	126
Funded by General Income		462	365
Charge for the year	12	567	491

10 Interest Payable

Bank Interest on loans repayable as follows:

Between two and five years	15	28
In five years or more	649	101
	664	129

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.

Notes to the Accounts (continued)

for the year ended 31 July 2007

12 Tangible Fixed Assets - Group	Notes	Freehold Land	Freehold Buildings	Owned Equipment	Asset under Construction	Total Group
Cost		£000	£000	£000	£000	£000
At 1 August 2006		1,250	6,924	3,820	19,524	31,518
Additions at Cost		0	0	2,282	2,232	4,514
Disposals in year		(159)	(875)	(23)	0	(1,057)
At 31 July 2007		1,091	6,049	6,079	21,756	34,975
Depreciation						
At 1 August 2006		0	(862)	(2,768)	0	(3,630)
Charge for the Year	9	0	(65)	(502)	0	(567)
Eliminated on disposals		0	115	12	0	127
At 31 July 2007		0	(812)	(3,258)	0	(4,070)
Net Book Value at 31 July 2007		1,091	5,237	2,821	21,756	30,905
Net Book Value at 1 August 2006		1,250	6,062	1,052	19,524	27,888

Tangible Fixed Assets - College	Freehold Land	Freehold Buildings	Owned Equipment	Total College
Cost	£000	£000	£000	£000
At 1 August 2006	1,250	6,924	3,820	11,994
Additions at Cost	0	0	2,282	2,282
Disposals in year	(159)	(875)	(23)	(1,057)
At 31 July 2007	1,091	6,049	6,079	13,219
Depreciation				
At 1 August 2006	0	(862)	(2,768)	(3,630)
Charge for the Year	0	(65)	(502)	(567)
Eliminated on disposals	0	115	12	127
At 31 July 2007	0	(812)	(3,258)	(4,070)
Net Book Value at 31 July 2007	1,091	5,237	2,821	9,149
Net Book Value at 1 August 2006	1,250	6,062	1,052	8,364

Certain buildings 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 SFC.

Notes to the Accounts (continued)

for the year ended 31 July 2007

	Notes	College 2007 £000	Group 2006 £000
13 Fixed Asset Investments Group			
Other investments			
At 1 August 2006		0	1,048
Additions	25	0	16
Disposals		0	(1,064)
		<hr/>	<hr/>
As at 31 July 2007		0	0
		<hr/> <hr/>	<hr/> <hr/>
Susidiary undertakings			
		611	0
		<hr/>	<hr/>
As at 31 July 2007		611	0
		<hr/> <hr/>	<hr/> <hr/>

The College holds 100% of the Share Capital of ECA (West Port) Ltd, a property development company registered in Scotland. The investment company amounted to £611k as at 31 July 2007.

The College holds 100% of the Share Capital of College Promotions Limited, a company registered in Scotland. The Company has not traded financial year and is dormant. The investment in the Company amounted to £369 as at 31 July 2007 (£369 - 2006).

The College holds 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 2006.

Notes to the Accounts (continued)

for the year ended 31 July 2007

	Group and College 2007 £000		Group and College 2006 £000	
14 Endowment Assets				
At 1 August 2006		3,974		3,778
Unrealised gain in year	22	45		189
(Decrease)/increase in endowment asset debtors	22	(32)		7
As at 31 July 2007		3,987		3,974
Represented by:				
Unit Trust Investments		3,982		3,937
Bank Balances		5		37
As at 31 July 2007		3,987		3,974

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
--------------------------------	--------------	--------------

	Group 2007 £000	College 2007 £000	Group 2006 £000	College 2006 £000
15 Debtors - Group				
Amounts due within one year:				
Trade Debtors	87	87	76	76
Due from Students	61	61	30	30
Due from subsidiary or associated Companies	0	19,238	0	16,126
Prepayments & accrued income	306	306	212	212
Other debtors	209	0	209	0
	663	19,692	527	16,444

16 Creditors - Amounts falling due within one Year

Creditors	161	161	358	358
Social Security and Taxation Payable	351	351	311	311
Accruals and Deferred Income	1,084	1,084	1,018	903
Bank overdraft	63	63	0	0
	1,659	1,659	1,687	1,572

17 Creditors - Amounts falling due after more than one year

Bank Loan	(a)	11,754	11,754	11,754	11,754
Other creditors		3,100	0	3,100	0
		14,854	11,754	14,854	11,754

(a) Bank loans are repayable as follows:

In one year or less	0	0	0	0
Between one and two years	0	0	0	0
Between two and five years	254	254	254	254
In five years or more	11,500	11,500	11,500	11,500
	11,754	11,754	11,754	11,754

Notes to the Accounts (continued)

for the year ended 31 July 2007

	Group and College 2007 £000	Group and College 2006 £000
18 Provisions for Liabilities and Charges		
Opening Balance as at 1 August 2006	2,045	2,226
Increase in actuarial valuation of enhanced early retiral costs	734	0
Utilised to pay LGPS scheme for former employees	(17)	(16)
Utilised to pay enhanced pensions for former employees	(164)	(165)
Closing Balance at 31 July 2007	2,598	2,045

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 6.

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 £164,000 (£165,000 - 2006) for enhanced pensions made directly to former employees and payments of £17,000 (£16,000 - 2006) made to the LGPS on behalf of former employees during the year have been set against the provision.

19 Deferred Capital Grants	Notes	SFC Grants £000	Other Grants £000	TOTAL £000
Buildings Grants		7,821	183	8,004
Equipment Grants		205	0	205
As at 1 August 2006		8,026	183	8,209
Released to Income & Expenditure				
Buildings Grants	1	65	40	105
Equipment Grants	1	0	0	0
Released to Income & Expenditure during year		65	40	105
Closing Balances				
Buildings Grants		7,756	143	7,899
Equipment Grants		205	0	205
As at 31 July 2007		7,961	143	8,104

Notes to the Accounts (continued)

for the year ended 31 July 2007

20 Operating Leases	Notes	2007	2006
		£000	£000
Operating lease commitments for equipment hire for current financial year on leases expiring:			
Within one year		0	2
between two and five years		48	126
		48	128

21 Capital Commitments	2007	2006
	£000	£000
Year-end Capital Expenditure - Committed, Contracted and Authorised	391	413

22 Reserves - Group		Endowment Reserve	General Reserve
		£000	£000
As at 1 August 2006		3,974	749
Actuarial Gain		0	2,377
Endowment Disposals		(32)	0
Appreciation of Endowment Investments	14	45	0
Endowment Income for the year		159	0
Endowment Expenditure for the year		(330)	0
Movement on creditors		171	0
Surplus on continuing operations		0	303
		3,987	3,429

The General Reserve comprises the Group General Reserve of £4,418k plus the Pension Reserve of (£989k) totalling £3,429k.

Reserves - College		Endowment Reserve	General Reserve
		£000	£000
as at 1 August 2006		3,974	968
Actuarial Gain		0	2,377
Endowment Disposals		(32)	0
Appreciation of Endowment Investments	14	45	0
Endowment Income for the year		159	0
Endowment Expenditure for the year		(330)	0
Movement on creditors		171	0
Surplus on continuing operations		0	1,068
		3,987	4,413

The General Reserve comprises the College General Reserve of £5,402k plus the Pension Reserve of (£989k) totalling £4,413k.

Notes to the Accounts (continued)

for the year ended 31 July 2007

23 Net Cash Inflow from Operating Activities	Notes	2007 £000	2006 £000
Surplus on continuing operations		303	2,558
Depreciation	9	567	491
Net Pension Costs (FRS17)		(239)	24
Deferred Capital Grants released to Income	19	(105)	(126)
Gain on disposal of tangible fixed asset		(945)	(2,219)
Interest Receivable	5	(362)	(251)
Interest Payable	10	664	129
Decrease/(Increase) in Endowment Investment Debtors	14	(32)	7
(Increase)/Decrease in Stocks		0	(10)
Decrease/(Increase) in Debtors	15	(136)	(12)
(Decrease)/Increase in Creditors	16	(92)	50
Increase/(Decrease) in Provisions	18	553	(181)
Net Cash Flow from Operating Activities		176	460
24 Returns on Investments and Servicing of Finance			
Income from Endowments	5	159	157
Other Interest Received	5	203	94
Interest Paid	10	(664)	(129)
Net Cash (Outflow)/Inflow from Returns on Investment and Servicing of Finance		(302)	122
25 Capital Expenditure and Financial Investment			
Purchase of Tangible Fixed Assets	12	(4,514)	(521)
Purchase of Fixed Asset Investment		0	(16)
Purchase of Subsidiary Company		0	(611)
Sales of Tangible Fixed Assets		1,875	4,750
Sales of Fixed Asset Investments		0	1,817
Net Cash Flow from Capital Expenditure and Financial Investment		(2,639)	5,419
26 Financing			
Additional Loans in period		0	16,254
Capital element of loan repaid		0	(4,500)
Loans Repaid		0	(15,883)
Net Cash Flow from Financing		0	(4,129)
27 Analysis of Changes in Net Debt		At 1 August 2006	At 31 July 2007
Endowment Assets Cash In Hand		37	5
Cash at Bank		2,669	(64)
Total		2,706	(59)
Loans		(11,754)	(11,754)
Change in Net Debt		(9,048)	(11,813)

Notes to the Accounts (continued)

for the year ended 31 July 2007

28 Pension and Similar Obligations

The College provides pensions for the majority of its employees by means of membership of external pension schemes. 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 £420,000 (£397,000 - 2006).

The Local Government Pension Scheme (LGPS)

The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended. 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.

Within the Lothian Pension Fund, employer liabilities are based on the individual member profile for each employer. Assets have been tracked for each employer since 2002. Prior to 2002 assets were not tracked individually and the allocation was pro-rata based on the liability profile. It is recognised that the decision and methodology used to apportion the assets as a 2002 was to some extent arbitrary but going forward the approach seems consistent and reliable.

The scheme recently notified employers of their separate contribution rates calculated to reflect their experience profile and address the contribution shortfall within 15 years.

A full actuarial valuation was carried out at 31 March 2005 by a qualified independent actuary and rolled forward to 31 July 2007. The major assumptions used by the actuary were:

	31 July 2007	31 July 2006	31 July 2005
Rate of increase in salaries	4.8%	4.6%	4.3%
Rate of increase in pensions payments	3.3%	3.1%	2.8%
Discount rate	5.8%	5.1%	5.0%
Inflation assumption	3.3%	3.1%	2.8%

The College's share of assets within the scheme, and the expected rates of return were:

	Long term rate of return expected at 31 July 2007	Value at 31 July 2007 £000	Long term rate of return expected at 31 July 2006	Value at 31 July 2006 £000	Long term rate of return expected at 31 July 2005	Value at 31 July 2005 £000
Equities	8.0%	12,102	7.7%	11,274	7.3%	10,370
Bonds	5.2%	1,184	4.7%	848	4.7%	807
Property	6.0%	2,085	5.7%	1,574	5.4%	1,268
Cash	5.1%	994	4.8%	458	4.5%	356
Total market value of assets		16,365		14,154		12,801

	31 July 2007 £000	31 July 2006 £000	31 July 2005 £000
The College's net pension assets within the scheme were:			
Estimated employer assets (A)	16,365	14,154	12,801
Present value of scheme liabilities	17,105	17,498	16,165
Present value of unfunded liabilities	249	261	236
Total value of liabilities (B)	17,354	17,759	16,401
Net pension liability (A-B)	(989)	(3,605)	(3,600)

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 £602,000 (£566,000 - 2006) and for former employees is was £17,000 (£16,000 - 2006). 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.

Notes to the Accounts (continued)

for the year ended 31 July 2007

28 Pension and Similar Obligations (cont'd)	Notes	2007	2007	2006	2006	2005	2005
			£000		£000		£000
Movement in deficit during the year							
Deficit at beginning of the year			(3,605)		(3,600)		(3,081)
Current Service Cost			(683)		(583)		(507)
Employer Contributions			574		514		529
Contributions in respect of unfunded benefits			16		16		16
Past Service Cost			211		0		0
Net return on assets	5		121		29		(34)
Actuarial gains/(losses)			2,377		19		(523)
			<u>(989)</u>		<u>(3,605)</u>		<u>(3,600)</u>
Deficit in scheme at end of year							
Analysis of net return on pension scheme							
Expected return on pension scheme assets		34.8%	1,033	30.9%	835	25.6%	747
Interest on pension liabilities		(30.8%)	(912)	(29.9%)	(806)	(26.8%)	(781)
			<u>121</u>		<u>29</u>		<u>(34)</u>
Net return		4.1%	121	1.1%	29	(1.2%)	(34)
Actuarial gain/(loss) in statement of total recognised gains and losses							
Actual return less expected return on assets			789		983		1,497
Experience gains and losses on liabilities			5		(347)		7
Changes in assumptions			1,583		(617)		(2,027)
			<u>2,377</u>		<u>19</u>		<u>(523)</u>
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses			<u>2,377</u>		<u>19</u>		<u>(523)</u>
History of experienced gains and losses							
Difference between expected and actual return on scheme assets			789		983		1,497
Value of assets			16,366		14,154		12,081
Percentage of assets			4.8%		6.9%		12.4%
Experience gains and losses on scheme liabilities			5		(347)		7
Total present value of liabilities			17,354		17,759		16,401
Percentage of the total present value of liabilities			0%		(2.0%)		0.0%
Actuarial gains/(losses) recognised in STRGL			2,377		19		(523)
Total present value of liabilities			17,354		17,759		16,401
Percentage of the total present value of liabilities			13.7%		0.1%		(3.2%)

29 Post Balance Sheet Events

Since the end of the financial year to 31 July 2007 there have been no significant post balance sheet events which would lead to adjustment or require further disclosure within these accounts.

30 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.

31 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 £3,560, 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.

32 HE Bursaries and other student support funds

	2007	2007	2007	2006
	HE Childcare	HE Hardship	Total	Total
	£000	£000	£000	£000
Balance B/F	1	(1)	0	0
Allocation received in year	21	70	91	81
Disbursed to students	(20)	(77)	(97)	(81)
Institution contribution to funds	0	6	6	0
Virements	(2)	2	0	0
Balance C/F	0	0	0	0

The above Funding Council Grants are available solely for students; the College acts only as a paying agent. These grants and related disbursements are therefore excluded from the College Income & Expenditure Account.

Board of Governors 2006/2007

2006/07 Membership of Board of Governors

Chairman

Mr. Donald Workman, MA(Oxon)

Governors, ex officio

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

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

Ms Sarah Beattie-Smith, President S.R.C.

Appointed Members

Mr. James A. Clark, CA (Resigned 31/12/06)

Mr. J.C. Elliot, MA, MBA

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

Ms Shonaig Macpherson, CBE, FRSE
(Convener, Audit Committee)

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

Professor Ian F.Y. Marrian, MA, CA
(Convener Finance Sub-Committee)

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

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

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

Elected Members

Mrs Karen Forbes BA (from 1/8/06)
Academic Council

Professor L Mitchell Dip Des (L'Pool) FRSA, MSCD,
MBID MCSD,ILTM
Academic Staff Governor

Ms. C Nelson
Non-Academic Staff Governor

Secretary to the Board

Mr. Michael W. Wood, BA, MBA

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

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 SFC 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. Donald Workman (Convener)
Mr. J.C. Elliot
Mr. Alastair Mackenzie
Professor Ian Marrian
Professor Ian G. Howard (Principal)
Professor Brent 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:

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

Constitution & Terms of Reference of Principal Board Committees

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
Professor L Mitchell
Mr. Robert B. Robertson
Mrs Karen Forbes
Mr Alastair Mackenzie

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

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)
President, S.R.C.

(In addition the Membership of the Sub-Committee comprises the Health and Safety Officer, Head of Human Resources, Student Health Adviser (University of Edinburgh), College Superintendent, Occupational Health (University of Edinburgh), Student Welfare Officer, Estates Officer, Unison Representative, Amicus Representative, EIS Representative)

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 Funding Council's Governance, Management, Appraisal Policy (GMAP) Department 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:

Ms Shonaig Macpherson (Convener)
Professor D. Gareth Owen
Professor Stephen Blackmore
Mr. Robert B. Robertson
Mr Alastair MacKenzie (from 1 January 2007)

Constitution & Terms of Reference of Principal Board Committees

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. Donald Workman (Chairman/Convener)
Professor Ian F.H. Marrian
Mr. James A. Clark (to 31 December 2006)
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. Donald Workman (Chairman/Convener)
Professor Ian F.Y. Marrian
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. Donald Workman (Chairman, Convener)
Lady Mathewson
Mr. J.C. Elliot
Mr Robert Robertson
Professor Ian G. Howard, Principal