

A REPORT BY THE AUDITOR GENERAL FOR SCOTLAND UNDER SECTION 22(3) OF THE
PUBLIC FINANCE AND ACCOUNTABILITY (SCOTLAND) ACT 2000

THE 2002/03 AUDIT OF LEWS CASTLE COLLEGE

1. I have received the audited accounts of Lews Castle College for the year ended 31 July 2003. The auditors' report on the accounts is not qualified but contains a paragraph drawing attention to the College's position as a going concern. I also prepared a similar report on the College's position as a going concern in respect of the 2001/02 financial year.
2. I submit these accounts and the auditors' report in terms of section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report which I have prepared under section 22(3) of the Act outlining the College's position as a going concern.
3. Lews Castle College reported a deficit on continuing operations, on its Income and Expenditure account, of £561,000 for the period ended 31 July 2003. At 31 July 2003 the accumulated deficit on the College's Income and Expenditure Reserve was £1,055,000.
4. The auditors' report, which is incorporated at pages 27 to 28 of the accounts, refers to the College's financial position in the following terms:

“Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty as to the adequacy of the College's banking facilities and ability to continue in existence. This is dependent upon the College meeting the conditions set out within the Scottish Further Education Funding Council letter of 14 November 2003 and implementing relevant recommendations made by the Financial and Security and Efficiency Review (part 2) undertaken by the Further Education Development Directorate of the Scottish Further Education Funding Council and reported in June 2003. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.”



ROBERT W BLACK
Auditor General for Scotland