

# **CLYDEBANK** **COLLEGE**

**ANNUAL REPORT  
TO THE BOARD OF MANAGEMENT AND THE AUDITOR  
GENERAL FOR SCOTLAND ON THE EXTERNAL AUDIT FOR  
THE YEAR ENDED 31 JULY 2007**

**DECEMBER 2007**

<b>Date of commencement of Final Visit</b>	<b>25 September 2007</b>
<b>Date of Draft Report to College</b>	<b>9 October 2007</b>
<b>Date of Discussion re Draft Report</b>	<b>10 October 2007</b>
<b>Date of College Responses</b>	<b>25 October 2007</b>
<b>Date of Presentation of Report</b>	<b>13 November 2007</b>

## CONTENTS

### GLOSSARY OF TERMS

1.	INTRODUCTION	1
2.	INTERNAL CONTROLS AND AUDIT APPROACH	3
3.	FINANCIAL STATEMENTS	5
4.	INTERNAL AUDIT	6
5.	CORPORATE GOVERNANCE	7
6.	VALUE FOR MONEY	8
7.	GMAP VISITS	9
8.	PREVENTION AND DETECTION OF FRAUD AND IRREGULARITIES	10
9.	MANAGEMENT LETTER – 2007	11
10.	MANAGEMENT LETTER – 2006	12
11.	EMERGING ISSUES	13

### APPENDICES

A	Statement of responsibilities of the Board of Management
B	Independent Auditors Report

## **GLOSSARY OF TERMS**

Annual Report	-	Report
Clydebank College	-	The College
Governance and Management Appraisal and Policy Directorate	-	GMAP
Code of Audit Practice	-	The Code
Scottish Funding Council	-	SFC
Value for Money	-	VFM

## 1. INTRODUCTION

- 1.1 Wylie & Bisset were appointed as the External Auditors of Clydebank College with effect from 1 August 2006 for a period of 5 years until 31 July 2011.
- 1.2 The Annual Report has been prepared following the conclusion of our audit of the financial statements of Clydebank College for the year ended 31 July 2007.
- 1.3 Our audit was carried out in accordance with our statutory responsibilities, statements of auditing standards and wider responsibilities contained in the Code of Audit Practice ('the Code') issued by Audit Scotland in March 2007.
- 1.4 Paragraph 24 of the 'Code' states that the auditor's objectives are to:
  - Provide an opinion whether the College's financial statements present a true and fair view of the financial position of the College and the regularity of transactions in accordance with standards and guidance issued by the Auditing Practices Board;
  - Review and report on the College's corporate governance arrangements as they relate to:
    - The College's review of its systems of internal control
    - The prevention and detection of fraud and irregularity
    - Standards of conduct, and the prevention and detection of corruption
    - Its financial position, and
  - Review aspects of the College's arrangements to manage its performance.
- 1.5 The responsibilities of the Board of Management with regard to the financial statements are set out in the "Statement of Responsibilities of the Board of Management" included in Appendix A and in the "Independent Auditors' Report" in Appendix B.
- 1.6 The responsibilities of Wylie & Bisset with regard to the financial statements and our audit opinion on the financial statements are included in the "Independent Auditors' Report" included in Appendix B.
- 1.7 Our audit report on the financial statements for the year ended 31 July 2007 is unqualified.

- 1.8 The Annual Report covers the following areas as set out in the Code:
- a) Internal Controls and audit approach
  - b) Internal Audit
  - c) Corporate Governance
  - d) Value for Money
  - e) GMAP visits
  - f) Prevention and detection of fraud and irregularities
  - g) Management letter – 2007
  - h) Management letter – 2006
- 1.9 Our audit findings in each of the above areas are set out in the relevant sections of the report.
- 1.10 Our audit work is designed to enable us to form an audit opinion on the financial statements of the College and should not be relied upon to disclose all weaknesses in internal controls in relation to the Colleges systems and financial statements.
- 1.11 This report has been prepared for the purposes of the Board of Management and the Auditor General for Scotland and should not be issued to third parties without our prior written consent.
- 1.12 We would emphasise that our comments in this report are not intended to be any reflection on the integrity of the College staff whom we would like to thank for their help and assistance throughout our audit visits.
- 1.13 Should you have any queries on the contents of the Annual Report please do not hesitate to contact us.

Yours faithfully

*Wylie + Bisset*

Wylie & Bisset

## **2. INTERNAL CONTROLS AND AUDIT APPROACH**

2.1 We have reviewed in the course of our audit the key elements of the College's systems of internal financial controls including the following areas;

- a) The College's medium and short term planning processes including budgets;
- b) The College's review of key performance indicators, financial and management accounts;
- c) The College's controls over income and expenditure;
- d) The College's financial controls and procedures;
- e) The input from the Audit Committee and the Finance, Estates and General Purposes Committee;
- f) The College's internal audit service.

2.2 In carrying out our audit work we have taken into account the following:

- a) The Code of Audit Practice issued by Audit Scotland;
- b) The Code of Audit Practice issued by SFC;
- c) Guidance issued by Audit Scotland;
- d) Guidance issued by SFC;
- e) The College's internal control procedures;
- f) The College's Corporate Governance procedures;
- g) The College's approach to Value for Money;
- h) The financial memorandum between SFC and the College.

2.3 In reaching our audit opinion we carried out our audit work based on the audit plan with evidence obtained by:

- a) Reviewing previous financial statements;
- b) Reviewing internal audit plans and reports;
- c) Discussions with senior management and staff at the College;
- d) Completing appropriate audit programmes;
- e) Carrying out analytical review procedures;
- f) Carrying out substantive and compliance audit tests on a judgemental basis;
- g) Reviewing the minutes of the principal College committees.

2.4 Based on our review the College appears to operate appropriate internal financial controls, subject to the management letter points raised in Sections 9 & 10.

2.5 The audit recommendations are included in the appropriate sections of this report.

2.6 The recommendations have been graded as High, Medium or Low priority depending upon the degree of risk assessment for each recommendation. Each recommendation has a target date for remedial action and the person responsible for each recommendation has been nominated in the relevant Section

### **3. FINANCIAL STATEMENTS**

- 3.1 The financial statements of the College are the means by which it accounts for its stewardship of the resources made available to it and its financial performance in the use of these resources. In accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts direction issued by the SFC, it is the responsibility of the College to prepare financial statements, which give a true and fair view of the College's financial position and the income and expenditure for the year.
- 3.2 The Public Finance and Accountability (Scotland) Act 2000 requires that the auditor shall place on the abstract of accounts an audit report, which contains an opinion as to whether the College has fulfilled this responsibility. The format of the audit report directed by the Auditor General for Scotland clarifies the respective responsibilities of management and auditors in relation to the accounts and requires auditors to set out the basis on which they have formed their opinion.

#### **AUDIT REPORT**

- 3.3 We are pleased to record that there are no qualifications in our audit report on the College's 2006/07 accounts, as, in our opinion, the financial statements give a true and fair view of the College's financial position and the income and expenditure for the year; and funds received have been applied for their intended purpose.

#### **FINANCIAL PERFORMANCE**

- 3.4 The income and expenditure account shows an operating surplus for the year of £339,000, which has changed from a surplus of £362,000 in the accounts presented for audit. This is compared to a previous year surplus of £232,000.
- 3.5 In 2006/07 the College budgeted for an operating surplus of £214,000. The College has budgeted for a £123,000 operating surplus in 2007/08.
- 3.6 The deficit brought forward on the income and expenditure reserve at 1 August 2006 was £(2,213,000). After the surplus for the year of £339,000 is taken into account the deficit on the College's income and expenditure reserve at 31 July 2007 is £(1,874,000).
- 3.7 In July 2007 the Scottish Funding Council (SFC) published a series of performance indicators (PIs) assessing the financial performance of further education colleges for 2005/06. The indicators show that in 2005/06 the College was generally operating above the sector average, particularly in regard to:



- ◆ **Operating surplus as % of total income was 1.7% compared with a sector average of 0.8%;**
- ◆ **Days cash to total expenditure, being the time the College could trade by utilising its bank/cash resources, was 107 days compared to a sector average of 58 days;**

3.8 As the financial position of the College has remained stable in 2006/07 and the surplus has remained consistent with the previous year, it is anticipated that similarly favourable comparisons will be reported next year in the 2007/08 figures. The College is to continue to keep the inter-college comparisons produced by SFC under review.

### **SUBMISSION OF ACCOUNTS**

3.9 The accounts were submitted for audit on **25 September 2007**, in line with the agreed timetable. The accounts submitted for audit were substantially complete. Working papers provided were of a high standard and queries arising from the audit have all been resolved. Key staff were readily available for consultation throughout the audit process.

### **ISSUES ARISING**

3.10 During the course of the audit a number of issues arose which were resolved in discussion with, or formally reported to the Financial Controller. This practice is an established part of the audit process. The remainder of this report draws to the attention of the Board of Management and the Auditor General any matters of particular significance or interest, which arose from the audit.

3.11 The new campus at Queens Quay was due to be completed prior to 31 July 2007. Due to an over-run in construction the College did not take possession or occupancy of the campus until 3rd August 2007. Accordingly, the asset continues to be included within 'assets under construction' in the financial statements.

3.12 The College has retained Deloitte to assess and provide a VAT strategy with regard to zero rating for the whole College new build and the Lennartz mechanism. For the purposes of our audit we have placed reliance on the work done by Deloitte in this area.

3.13 The College signed a set of conditional missives for the sale of the old campus at Kilbowie Road on 10<sup>th</sup> August 2007. The missives became unconditional on 24<sup>th</sup> August 2007 - the purchaser had a right to rescind on the deal until this point. After discussion with the College, it was agreed that the Kilbowie Road campus should remain (at cost) within tangible fixed assets at 31<sup>st</sup> July 2007.

3.14 During our audit work, the College brought to our attention that SFC fee waiver income was overstated by £23,000. This adjustment was made resulting in the surplus for the year moving from £362,000 to £339,000.

## 4. INTERNAL AUDIT

### **Objective and Approach**

- 4.1 Internal audit is a key element of the internal control system set up by management. A strong internal audit function is necessary to ensure the continuing effectiveness of the internal control system established. The College, therefore, needs to have in place a properly resourced internal audit service of good quality. To maximise the reliance that may be placed on internal audit and to avoid duplication of effort, the adequacy of internal audit is assessed each year.
- 4.2 The College's internal auditors are BDO Stoy Hayward.
- 4.3 The College's internal audit strategic and operational plans are set out for the year ending 31 July 2007 in the Audit Needs Assessment.
- 4.4 In the course of the year ended 31 July 2007 the following internal audit reports were issued:
- a) Auto Engineering Cluster
  - b) Budgetary Control, Accounting Cash & Treasury Management
  - c) Payroll & Personnel System
  - d) European Funding
  - e) New Build Migration Procedures
  - f) Routes to Learning
  - g) Strategic Growth
  - h) Risk Management
- 4.5 The Internal audit work carried out and the reports issued in the year were in line with the Audit Needs Assessment.
- 4.6 The Annual Report from the College's internal auditors gave reasonable assurance for the year. No internal audit reports were outstanding at the date of this Annual report.
- 4.7 In compiling our recommendations for improvements included at section 9, we have not repeated matters already highlighted by internal audit in their reports.

### **Opinion**

- 4.8 An assessment was made of the adequacy of the Internal Audit function using a bespoke checklist and discussion with the Internal Audit providers. Reports issued by internal audit were also reviewed. Based on this work we concluded that the internal audit function is operating effectively and that we can place formal reliance on work of Internal Audit. Accordingly reliance was placed on the work of Internal Audit in all areas on which reported they reported during 2006/07 as detailed at 4.4.

## **5. CORPORATE GOVERNANCE**

### **Objective and Approach**

- 5.1 A review and assessment of the College's Corporate Governance systems relating to standards of conduct, openness and integrity was carried out using a bespoke checklist. We also reviewed the following:
- a) The College's Corporate Governance Statement included in the financial statements for the year ended 31 July 2007;
  - b) The College's Corporate Governance strategy;
  - c) The minutes of meetings of key College committees issued during the year.

### **Opinion**

- 5.2 Based on our review the College appears to operate appropriate Corporate Governance procedures and that management have adequate arrangements in place covering standards of conduct etc. These include for example Codes of Conduct for both Board Members and Staff.

### **Recommendations**

- 5.3 There were no recommendations in 2006 and no further recommendations in this area this year.

## **6. VALUE FOR MONEY**

### **Objective and Approach**

- 6.1 We have reviewed the College's Value for Money systems including the following:
- a) The College's strategy in this area;
  - b) VFM studies carried out by the College's internal auditors.

### **Opinion**

- 6.2 Based on our review the College appears to have established adequate arrangements to secure economy, efficiency and effectiveness in the use of its resources subject to the points noted below.

### **Recommendations**

- 6.3 There were no recommendations in 2006 and no further recommendations in this area this year.

## **7. GMAP VISITS**

- 7.1. The College has not had a GMAP visit during the year ended 31 July 2007.
- 7.2. There was a GMAP visit on 29<sup>th</sup> September 2007 to discuss college returns.
- 7.3. We recommend that any reports from future GMAP visits should be forwarded to us so that they can be reviewed as part of our audit work.

## **8. PREVENTION AND DETECTION OF FRAUD AND IRREGULARITIES**

### **Objective and Approach**

- 8.1. The Code sets out that the College should establish arrangements for the prevention and detection of fraud and other irregularities as part of its Corporate Governance procedures.
- 8.2. An assessment was made of the adequacy of the systems and controls for the prevention and detection of fraud and irregularities using a bespoke checklist.
- 8.3. In the course of the audit we have reviewed the following areas with regard to the prevention and detection of fraud and irregularities:
  - a) The monitoring and compliance with financial procedures;
  - b) The College's strategy to prevent and detect fraud and other irregularities;
  - c) The internal controls operated for segregation of duties, authorisation and approval processes and reconciliation procedures.
- 8.4 No areas of concern were found during normal audit procedures.
- 8.5 We emphasise that our audit of the financial statements is planned to ensure there is a reasonable expectation of detecting misstatements arising from fraud or other irregularity that are material in relation to those financial statements, but cannot be relied upon to detect all frauds and irregularities.

### **Opinion**

- 8.6 Overall we concluded that management takes fraud prevention and detection seriously and has reliable controls in place to ensure that potential areas for fraud are detected and dealt with.

### **Recommendations**

- 8.7 There were no recommendations in 2006 and no further recommendations in this area, this year.

## 9. MANAGEMENT LETTER – 2007

- 9.1 The management letter for the year ended 31 July 2007 was issued by Wylie & Bisset following the audit for the year.
- 9.2 Of the two recommendations set out in the management letter, both recommendations are still ongoing and are reported below.
- 9.3 There are no recommendations graded as “High” priority in this area.

Background	Recommendation	Priority	College Response	Responsibility /Timescale
a. Included within fixed assets are ‘Assets under construction’ which comprise those assets acquired as part of the new build at Queens Quay. Included within this asset is an element of fixtures, fittings & equipment totalling £666K, which has not yet been split from the land & buildings element of the asset.	Fixed assets must be properly allocated to the correct class of asset and depreciated accordingly.  Those assets relating to the new campus should be depreciated from the point at which they come into use.	<i>Medium</i>	<i>Noted and will be actioned as part of New Build project completion.</i>	<i>Financial Controller/ During 2007/08</i>
b. Monthly payroll is being physically checked in full due to an apparent lack of confidence in the current payroll system.	Problems with the current system should be addressed with the service provider.  Staff should only perform a sample of payroll checks each month.	<i>Medium</i>	<i>Noted and recommendation will be actioned as part of agreed action plan regarding upgrading of HR system.</i>	<i>Director of Human Resources In line with agreed action plan.</i>

## 10. MANAGEMENT LETTER – 2006 and prior

9.4 The recommendations following the audit for the year ended 31 July 2006 by Baker Tilly are detailed below.

9.5 Both points below have been dealt with during the year ended 31 July 2007 and have no impact on the current year accounts.

Background	Recommendations	Priority	College response	Responsibility /Timescale
a) No consideration was given for the adjustment regarding retentions resulting in both Fixed Assets and Creditors being understated.	It was recommended that the introduction of a mechanism that prompts the finance team to account for the retention each financial year.		Agreed. All invoices will have retentions accrued for from August 2006 onwards.	
b) A decision was made by the Board to expense £80k of legal fees in relation to the new build at Queens Quay rather than capitalising with all the other costs of the new build. Both the surplus for the year and fixed assets are potentially understated.	It was recommended that all spend that is capital in nature is capitalised in the Balance Sheet in future years.		Noted. However the decision was taken by the FE&GP committee to take account of an overspend of £80k against current operating surpluses, thus maintaining the maximum amount of contingencies for the finalisation of the new college build programme.	



## **11. EMERGING ISSUES**

### **Charitable Status**

As a result of the pilot review of the charitable status of John Wheatley College in Glasgow completed in May 2007, the charitable status of the College is in doubt. The Office of the Scottish Charity Regulator, OSCR, concluded that John Wheatley College did not meet the charity test set out in the Charity & Trustee Investment (Scotland) Act 2005 because its constitution allows Scottish Ministers to exert control over the College. In addition, the constitution also permitted distribution of charitable funds for non-charitable purposes, which contravenes the Act. OSCR have given John Wheatley College two years to address the situation.

In reality this is not a situation that John Wheatley College can rectify. The solution must come from the Scottish Government. Our current understanding is that Ministers will exempt Scotland's Colleges from the relevant part of the charity test. The legislation already contains a provision by which they can do this.

In the event that the situation is not resolved all Colleges would potentially lose their charitable status, which could result in the loss of VAT exemptions and payment of Corporation tax on surpluses. Based on current information the likelihood of this is extremely remote and accordingly no reference has been made to it in the financial statements.

### **Pension and FRS 17**

Retirement benefits to employees of the College are provided by the Teachers' Superannuation Scheme (Scotland) (STSS) and the Local Government Superannuation Scheme (LGSS). These are defined benefit schemes. Due to the multiemployer nature of these schemes it is not been possible to identify the shares of assets and liabilities applicable to the College, hence the pension cost in the financial statements has been accounted for on a defined contribution basis as permitted by FRS 17.

It is likely that in a future accounting period, these schemes will have to be disclosed as defined benefit schemes which will require incorporation of a related pension scheme asset or liability in the balance sheet of the College.

### **Statement of Recommended Practice (SORP)**

The Statement of Recommended Practice on Accounting in Higher and Further Education Institutions has been updated at July 2007 for accounting periods ending 31 July 2008 onward.

**STATEMENT OF RESPONSIBILITIES OF THE BOARD OF  
MANAGEMENT**

## Statement of Responsibilities of the Board of Management

The members of the Board of Management are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum dated 1<sup>st</sup> January 2006, agreed between the SFC and the Board of Management of the College, the Board through the Principal is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice - Accounting in Further and Higher Education Institutions and which give a true and fair view of the state of affairs of the College and the results for that year.

In preparing the financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Board of Management is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

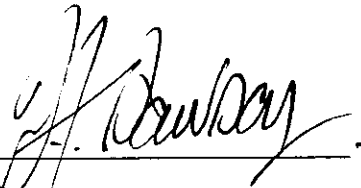
In so far as the Board of Management are aware:

- a. there is no relevant audit information of which the College's auditors are unaware; and
- b. the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## CLYDEBANK COLLEGE - Year ended 31<sup>st</sup> July 2007

The Board is responsible for ensuring that funds from SFC are used only in accordance with the Financial Memorandum from SFC and any other conditions that the SFC may from time to time prescribe. Members of the Board must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are only used in accordance with the purposes for which they have been provided. In addition, members of the Board are responsible for securing the economical, efficient and effective management of the College's resources and expenditure so that the benefits that should derive from the application of public funds by the SFC are not put at risk.

**Signed on behalf of the Board of Management**

A handwritten signature in black ink, appearing to read 'Janet Dawson', is written over a horizontal line.

**Janet Dawson**

**Chair of Board of Management**

11<sup>th</sup> December 2007

**INDEPENDENT AUDITORS REPORT**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BOARD OF  
MANAGEMENT OF CLYDEBANK COLLEGE, THE SCOTTISH PARLIAMENT  
AND THE AUDITOR GENERAL FOR SCOTLAND**

We have audited the financial statements of Clydebank College for the year ended 31 July 2007 under the Further and Higher Education (Scotland) Act 1992. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

**Respective responsibilities of the Board of Management, Accountable Officer and Auditor**

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

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

We report our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction. We also report if, in our opinion, the Foreword is not consistent with the financial statements, if the body has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit. We also report whether in all material respects:

- the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers;
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1<sup>st</sup> January 2006 and any other terms and conditions attached to them for the year ended 31 July 2007; and
- funds from whatever source administered by the college for specific purposes have been properly applied for the intended purposes.

We review whether the Corporate Governance Statement reflects the college's compliance with the requirements of the Scottish Funding Council. We report if, in our opinion, it does not comply with these requirements or if it is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the college's corporate governance procedures or its risk and control procedures.

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

**Basis of audit opinion**

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and income included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Management and Accountable Officer 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.

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

**Opinion****Financial statements**

In our opinion

- the financial statements give a true and fair view, in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction, of the state of affairs of the college as at 31 July 2007 and of its surplus, total recognised gains and losses and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction made thereunder.

**Regularity**

In our opinion in all material respects

- the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum dated 1<sup>st</sup> January 2006 and any other terms and conditions attached to them for the year ended 31 July 2007; and
- funds from whatever source administered by the college for specific purposes have been properly applied for the intended purposes.

*Wylie + Bisset*

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**Wylie & Bisset**  
Chartered Accountants and Registered Auditors  
168 Bath Street  
Glasgow G2 4TP

11 December 2007  
**Date**