Annual Audit Report

to the Board of Governors and the Auditor General for Scotland

West Lothian College

Year ending 31 July 2019

MAZARS

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This report has been prepared in accordance with our responsibilities as appointed auditors as set out in Audit Scotland's Code of Audit Practice. Reports and letters prepared by the auditor and addressed to West Lothian College are prepared for the sole use of West Lothian College and we take no responsibility to any member or officer in their individual capacity or to any third party.

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28 November 2019

Dear Members

Annual Audit Report – Year ended 31 July 2019

We are pleased to present our Annual Audit Report for the year ended 31 July 2019. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 7 June 2019. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate. We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me.

Yours faithfully

Lucy Nutley
Mazars LLP

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

This Annual Audit Report sets out the findings from our audit of West Lothian College ('the College') for the year ended 31 July 2019, and forms the basis for discussion at the Audit Committee meeting on 28 November 2019.

Our responsibilities are defined by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice ('the Code') issued by Audit Scotland. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We have issued an unqualified opinion, without modification, on the financial statements on 17 December 2019.

Opinion on regularity

We have issued an unqualified regularity opinion on 17 December 2019, meaning that in our opinion, in all material respects the expenditure and income recognised in the financial statements have been applied for the purposes intended.

Opinion on other requirements

We have issued an unqualified opinion on 17 December 2019 on the matters prescribed by the Auditor General for Scotland. Namely that the remuneration and staff report, performance report and governance statement have been properly prepared in accordance with the relevant legislation.

Wider scope work

We have concluded as follows against the wider scope dimensions for smaller bodies:

- The College has effective arrangements, including budgetary control, that help the Board members scrutinise finances; and
- The College has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board and are reflected in their governance statement.

Misstatements and internal control recommendations

Section 3 outlines the misstatement noted as part of our audit.

As part of our audit we have considered the internal controls in place that are relevant to the preparation of the financial statements. We do this to design audit procedures that allow us to express an opinion on the financial statements; this does not extend to expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have identified no recommendations for the improvement of internal controls at the College during our audit. In addition, there were no recommendations from the prior year which required to be followed up.

1. EXECUTIVE SUMMARY (CONTINUED)

Status of our audit work

We have completed our work on the financial statements and wider scope work for the year ended 31 July 2019.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in June 2019. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum to the Audit Committee.

Adding value through the audit

We recognise that all of our clients want us to provide a positive contribution to meeting their ever-changing business needs. Our aim is to add value to West Lothian College through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help the College promote improved standards of governance, better management and decision making and more effective use of limited financial resources.

1. EXECUTIVE SUMMARY (CONTINUED)

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set materiality at the planning stage of the audit at £376k using a benchmark of 2% of gross expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £407k, using the same benchmark.

Threshold	Initial threshold £'000	Final threshold £'000
Overall materiality	376	407
Performance materiality	300	326
Trivial threshold for errors to be reported to the Audit Committee	11	12

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors

Performance Materiality

Our audit testing is based on a level of performance materiality, which is a percentage of overall materiality, but also dependent on the level of inherent risk assessed on the area being tested. It is lower than overall materiality as it helps to reduce the risk that the total of the uncorrected or undetected misstatements does not exceed materiality for the financial statements as a whole. It is based on between 50 – 80% of overall materiality depending on the risk level. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. This level was set at 3% of materiality.

2. AUDIT OF THE FINANCIAL STATEMENTS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 12 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the College's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Management override of controls	**Description of the risk** In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting on amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion Satisfactory assurance has been gained over the presumed risk of management override. We have no matters to report.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Revenue recognition

Description of the risk

There is a presumption under International Standards on Auditing that there is a significant risk of fraud and error in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by all users of financial statements and can be subject to judgements as to when income for services should be recognised.

This risk only applies to the non-grant income generated by the College. The risk has been rebutted in relation to grant income received by the College, given the highly regulated nature of this income.

How we addressed this risk

We addressed this risk through performing work over:

- The design and implementation of controls management has in place to ensure income is recognised in the correct period;
- Cash receipts around the year end and to ensure they have been recognised in the right year; and
- The judgements made by management in determining when income for the services is recognised.

Audit conclusion

Satisfactory assurance has been gained over the presumed risk of revenue recognition. We have no matters to report.

Key areas of management judgement

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

Valuation of pension liabilities

Description of the management judgement

The College makes contributions to two pension schemes – the Scottish Teachers Superannuation Scheme (STSS) and the Lothian Pension Fund (LPF). While both are defined benefit schemes, it is not possible to identify the College's share of the underlying assets and liabilities in the STSS and it is therefore accounted for as a defined contribution scheme.

The College's share of the LPF's underlying assets and liabilities is identifiable and a net liability is recognised in the accounts.

Given the scale of the liability recognised in the accounts, a misstatement in the reported position could be material to the financial statements.

How our audit addressed this area of management judgement

We considered the College's arrangements, including the existence of any relevant controls, for making estimates in relation to pension entries within the financial statements.

We also considered the reasonableness of the actuary's assumptions used in providing the College with information in the financial statements through the use of our internal experts.

Audit conclusion

Nationally, in all Local Government Pension Scheme (LGPS) valuations for accounting purposes, during 2018/19 two matters have been identified:

- The impact of Guaranteed Minimum Pension (GMP) equalisation may not be fully included; and
- The impact of a legal case held during the year (known as the McCloud case), concerning potential age discrimination in relation to transition provisions introduced as part of pension reform measures may not be fully included.

Mazars actuaries have reviewed the accounting assumptions used by LPF's actuaries in 2018/19. They identified that the impact of GMP equalisation was not fully included as an assumption in the fund valuation.

In our view, both GMP and McCloud give rise to at least a constructive obligation, which is required to be recognised under FRS102. Management has obtained an estimate of the potential impact of the cost of GMP equalisation based on assumptions by Hymans Robertson, which has been assessed as being a £34,000 increase in liabilities.

The College and audit team had agreed the initial set of assumptions to be used in arriving at the final LGPS valuation as part of pre-audit planning. The assumption in relation to GMP was, in agreement with the College, amended as part of the audit review process to ensure that the College position was in line with all other organisations in that GMP was to be included in the valuation. On receipt of the updated valuation management, in agreement with the audit team, do not consider that this amount is material to the financial statements, and we have therefore recorded an uncorrected misstatement on page 13.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Valuation of land and buildings

Description of the management judgement

The College holds a significant level of land and buildings – reporting a net book value of £16.6m as at 31 July 2019.

In line with the requirements of the Government Financial Reporting Manual, the College has adopted a formal revaluation policy of an external valuation every five years, with a desktop, interim valuation performed during the five year period. The interim valuation was performed as at 31 July 2017, so there was no revaluation in the current year.

The College policy meets the requirement of the FE SORP that assets are valued sufficiently regularly so that the carrying value of the asset is not materially different from its fair value.

The College is also required to assess on an annual basis whether there are indicators of impairment to assets at the reporting date.

Given the significance of the value of fixed assets held, a misstatement in the valuation could be material to the financial statements.

How our audit addressed this area of management judgement

We undertook a range of substantive procedures including:

- Review of management's assessment as to whether the value still reflects the prior year valuation;
- Review of the reconciliation between the College's asset register and general ledger; and
- Considered the College's impairment review process for land and buildings.

Audit conclusion

Our audit work has provided satisfactory assurance over the valuation of the land and buildings. We have no matters to report.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Performance

The College is required to report financial performance under the HE/FE SORP, resulting in the reported deficit of £4,387k in the Statement of Comprehensive Income. However, as a central government body, the College is also required under the Accounts Direction from the Scottish Funding Council to report financial performance as an 'adjusted operating position'. We set out these required positions below.

	2018/19 £'000	2017/18 £'000
Operating income	19,007	17,837
Staff costs	13,626	11,922
Operating expenditure	6,731	6,854
Operating Deficit for the year (FE/HE SORP basis)	(1,350)	(939)

Operating income has increased by £1.2m in the year. Much of the increase is a result of the funding provided for national bargaining, for which the College received £695k from the SFC. There is a further £281k accrued for increased support staff costs as a result of national bargaining which will be paid by the SFC in 2019/20.

In addition, the College has delivered higher numbers of credits in the current year than initially planned, and funding increased by around £85k accordingly. Childcare funding also increased by £137k which is matched by costs incurred.

As expected, staff cost increases have been primarily driven by the outcome of national bargaining. The percentage increase is reflective of the sector as a whole.

Operating expenditure has decreased slightly from the previous year. This is due mainly to window repairs of £578k in the previous year. This decrease was offset by increases in the childcare costs of £137k which is in line with the income increase, development of a new cyber security course which cost around £70k and IT support for replacement of old computers which was around £100k.

All other expenditure is reasonably consistent with the prior year.

While showing an accounting deficit, we highlight that:

- The College met its student credit target confirming the level of funding in the financial statements;
- The College achieved its financial targets in line with its plan; and
- There were no significant changes to the reported position during the year.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Adjusted operating position

The table above sets out the financial position in accordance with the SORP requirements. The table below reflects the 'adjusted operating position' as required by the Accounts Direction set by the SFC. The adjusted operating position removes more volatile accounting entries, such as the valuation of pensions and those that do not have an immediate cash impact on the College. Full details of the adjustments included are shown on page 17 in the accounts.

	2018/19 £'000	2017/18* £'000
Deficit before other gains and losses	(1,350)	(939)
Add back:		
- Depreciation (net of deferred capital grant release)	330	343
- Pension adjustment – Net service cost (FRS 102)	1,157	719
- Pension adjustment – Net interest cost	194	233
Deduct:		
- CBP allocated to loan repayments	158	158
- CBP allocated to Early Retirement payments	32	32
- Balance of payments to ERP		
Adjusted operating surplus	140	166

*Restated in agreement with the SFC

The Accounts Direction issued by the SFC for 2018/19 required Colleges to submit the adjusted operating position calculations with draft accounts to the SFC for review before the accounts are signed off. This has been done by the College.

It is highlighted in the accounts that the adjusted operating surplus above does not take account of a further £166,000 of payments the College has made towards its Early Retirement Provision during the year (£167,000) in 2017-18). Taking this into account the adjusted operating result would be a deficit of £26,000 (£1,000 in 2017-18) which the College regards as its true position with regards to operational outturn for the year.

Based on the reported adjusted operating surplus as per the table above, the College has performed well on a consistent basis in both 2018/19 and 2017/18. The above indicates that the College is operating sustainably within its funding allocation.

2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Qualitative aspects of the entity's accounting practices

We have reviewed the College's accounting policies and disclosures and concluded they comply with the requirements of the 2015 Statement of Recommended Practice: Accounting for Further and Higher Education and the Government Financial Reporting Manual 2018/19, appropriately tailored to the College's circumstances.

Our audit fieldwork commenced on 3 October 2019, with the first draft of the annual report and accounts being received from the Finance Manager on 26 September 2019. The draft annual report and accounts were of an acceptable quality, with updated versions becoming available as a result of updates to disclosure being made.

Producing quality supporting working papers is a crucial part of compiling financial statements that are complete and materially accurate. They also support the delivery of an efficient audit. Working papers provided for audit were good and staff were very responsive to our requests during the audit.

Significant difficulties during the audit

During the course of the audit we did not encounter any difficulties and we have had the full co-operation of management.

3. SUMMARY OF MISSTATEMENTS

Unadjusted misstatements 2018/19

We set out below the misstatements identified above the level of trivial threshold of £12k.

The College obtained an additional valuation of their share of the LPF pension liability to incorporate costs of Guaranteed Minimum Pension (GMP) equalisation as an assumption in the valuation. This has indicated an increase in the liability of £34,000. Management do not consider this amount material and have not adjusted the financial statements.

		Statement of Comprehensive Income		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Re-measurement of defined benefit liability	34			
	Cr. Long term liabilities (Pension deficit)				34
	Being the additional pension liabilities arising from incorporation of GMP costs in the pension valuation				
2	Dr: Deferred income – SFC capital grants			70	
	Cr. Release of deferred capital grants (SFC)		70		
	Being correction of release of deferred grants to be in line with depreciation				
	Total	**34**	**70**	**70**	**34**

Disclosure amendments 2018/19

Various minor presentational amendments were made following review of the draft Annual Report and Accounts and discussion with management.

4. WIDER SCOPE

Our approach to wider scope work

The Code requires us to conclude and make a judgement on the four dimensions of wider scope work. These are:

- financial sustainability;
- financial management;
- governance and transparency; and
- value for money.

In recognition that audit work should be risk based and proportionate to the nature and size of the audited body, the Code allows auditors to determine whether application of the full wider scope work is appropriate in smaller bodies. At the planning stage, we considered that the audit of West Lothian College should be carried out under the small body provisions of the Code. We have reached this conclusion through our assessment of:

- the relative size of the College;
- the relative simplicity of the College's functions;
- the College's risk profile; and
- the results of our full review of wider scope dimensions in 2017/18 that did not indicate any areas of higher risk.

In line with the Code requirements, our work has therefore focused on financial sustainability and the governance statement.

National Fraud Initiative

The College participated in the 2018/19 National Fraud Initiative (NFI) exercise. Data was submitted in line with timescales and the Audit Committee have been informed of the exercise. There were no matches arising from the exercise, and no significant findings or issues arose from NFI during the 2018/19 audit process.

4. WIDER SCOPE
FINANCIAL SUSTAINABILITY

Dimension
Financial sustainability extends the going concern assumption from the financial statements, looking forward two to five years, reviewing and assessing arrangements for financial planning and affordable and sustainable service delivery in this timescale.

Our conclusion
West Lothian College has effective arrangements, including budgetary control, that help the Board members scrutinise finances.

Financial Planning

A review of the minutes of the Finance Committee and onwards to the Board demonstrated effective challenge of the financial position by members throughout the year.

The SFC now requires colleges to prepare six-year financial forecasts, with the current forecasts running from 2018/19 to 2023/24. The SFC has been working with sector representatives to develop a set of common assumptions that colleges should use for longer-term financial forecasting. These assumptions are used to produce a financial forecast return (FFR) which is submitted to the SFC annually. The College use the FFR as a basis for their financial strategy planning.

The College has a 6 year plan which is in line with the SFC requirements. There are inherent uncertainties around SFC funding for the College and student support funds, which provide difficulties in forecasting accurately.

The College's forecast as presented to, and approved by the Board is as follows:

	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000
Total income	18,635	18,635	17,514	17,052	17,052
Staff costs	13,171	13,197	12,418	11,886	11,814
Total other expenditure	5,399	5,373	5,031	5,101	5,173
Deficit before other gains & losses	**65**	**65**	**65**	**65**	**65**
Add back: - Depreciation (net of deferred capital grant release)	314	314	314	314	314
Deduct: - CBP allocated to loan repayments and other capital items	190	190	190	190	190
Underlying operating result	**15**	**15**	**15**	**15**	**15**

The figures above are based on the following:

- Income assumptions provided by the SFC;
- A largely flat income level for other/alternative income levels with no increases expected – the decrease in income (and costs) between 2020/21 to 2021/22 is due to the contract with Children's Hearing Scotland coming to an end;
- Decrease in operational expenditure over the 6 years from £18.6m to £17m – mainly as a result of the CHS contract coming to an end, but also due to efficiency savings; and
- Salaries decreasing slightly from being 71% to being 70% of total expenditure.

We consider that financial planning is appropriately managed by the College, and that scrutiny and discussion over future financial plans are built into the various committee and Board meetings.

4. WIDER SCOPE
FINANCIAL SUSTAINABILITY (CONTINUED)

Asset Management and Estates Strategy

An Estates Strategy 2015-2025 is in place. It was introduced to complement the College strategic and operational plans. The key aim of the Estate Strategy is to ensure maintenance of high quality fit for purpose facilities, minimum environmental impact and operational sustainability. The Board of Governors, through the Finance & General Purposes Committee, monitors the strategy, and it is reviewed every 3 years in conjunction with the Corporate Plan.

National estates survey

Gardiner & Theobald were appointed by the Scottish Funding Council in January 2017 to provide a summary of the conditions of the estates within the Scottish Further Education sector, being the first independent review of the college estate in Scotland for 10 years. Across Scotland the estimated net total backlog of maintenance and renewals cost is £163 million excluding contingencies, any related operational and management costs of the colleges, professional fees, VAT, optimism bias and inflation allowance. When taking these items into account, the resulting total gross estimated backlog is £363 million. 10% of these costs were defined as urgent, requiring action within the next year, with the majority of the costs requiring action within 3-5 years.

The Scottish Funding Council is working with the Scottish Government and Scottish Futures Trust to produce a framework for college sector estate development to manage competing demands for estate development.

The West Lothian College survey showed an estimate of £2 million of costs over the 5 year period from 2018-19 to 2022-23, with only £17k being identified as urgent. The report states that expenditure of this level is to be expected with buildings approaching 20 years old. The work marked as urgent has already been completed, and the remaining works are currently being planned.

We consider that appropriate attention is given to the estate and assets, and that their maintenance is factored into long term plans and discussions.

4. WIDER SCOPE
GOVERNANCE STATEMENT

Dimension
Governance and transparency covers the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

Our conclusion
West Lothian College has governance arrangements in place that provide appropriate scrutiny of decisions made by the Board, these are reflected in the governance statement

Governance arrangements

Our work in this area has considered the overall governance arrangements in place at the College, reviewed the financial and performance reporting to the Board of Governors, and reviewed the minutes of committees to inform our assessment of the appropriateness of the governance structure. We have also attended Audit Committees during the year.

During 2018/19, the Board consisted of 22 members, 11 female (including the Principal) and 11 male. The Board meets with the objective of the Gender Representation on Public Boards (Scotland) Bill which was introduced by the Scottish Parliament in June 2018 with an implementation date of 2022.

The key committees comprise, and are chaired by former Board members, with each also containing the Principal, with the exception of the Audit Committee. However, we note that the Principal attended the Audit Committee on a regular basis. In addition, the Chair of the Board is also not permitted to be a member of the Audit Committee. Appropriate College officers attend committees and present reports as required.

The Board and each of the various the committees (including the Audit Committee) generally meet 4 or 5 times a year, with the Remuneration Committee meeting twice. Minutes of these meetings are published to the College's website in a timeous fashion following the meetings, showing transparency. Committee papers are detailed and provide a good overview of the content of the meetings.

Governance Statement
As part of our audit we have read the governance statement included in the annual report. The governance statement sets out the corporate governance framework in place throughout the reporting year, the internal controls in operation, the work of internal audit and the overall efficiency and effectiveness of the governance framework.

The governance statement confirms the college's compliance with the 2016 Code of Good Governance for Scotland's Colleges.

We are required to read and provide an opinion on the governance statement. In our opinion, the information contained within is consistent with the financial statements. We also consider that the governance statement has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and further directions made by the Scottish Funding Council.

Internal audit
An effective internal audit service is an important element of any organisation's governance arrangements. Internal audit provide the College with independent assurance on internal control and corporate governance processes. The internal audit function at the College is provided by Scott Moncrieff. Internal audit have attended Audit Committees throughout the year and have produced a number of reports to support the overall Head of Internal Audit Opinion. The overall opinion was that the College '*has a framework of internal controls in place that provides reasonable assurance regarding the organisation's governance, risk management, achievement of objectives and value for money'* for the year ended 31 July 2019.

5. OUR FEES

Fees for work as the College's appointed auditor

We reported out proposed fees for the delivery of our work in our Audit Strategy Memorandum, presented to the Audit Committee in June 2019. Having substantially completed our work for the 2018/19 financial year, we can confirm that our final fees are as follows:

Area of work	Proposed fee 2018/19	Final fee 2018/19
Auditor remuneration	£13,180	£13,180
Pooled costs	£760	£760
Contribution to Audit Scotland costs	£800	£800
Total Fee	£14,740	£14,740

We confirm that these fees are in line with the scale fee set by Audit Scotland. We also confirm that we have not undertaken any non-audit services for the College in the year.

APPENDIX A
INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.