

## 2010-11 Financial Report: Summary

2010-11 was another successful year in terms of balancing the College's budget and developing further reserves to assist in meeting future costs linked to the College's new campus project.

The following sets out the College's achievements against each of the Board of Management's financial objectives for 2010-11.

**Objective:**

**Maintaining and where possible improving the level of capital investment in terms of the College's estate, educational equipment and other resources.**

**Achievement:**

The College spent £3,541,000 on capital expenditure during 2010/11. This expenditure was used to develop the College's buildings as well as purchasing teaching equipment for classrooms and workshops.

**Objective:**

**Achieving an operating surplus on the College's Income & Expenditure**

**Achievement:**

The 2010/11 operating surplus before exceptional items amounted to £1,269,000.

**Objective:**

**Maintaining an appropriate level of net current assets**

**Achievement:**

The College's 2010/11 net current assets position at 31st July 2010 was £22,348,000.

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During 2010-11 the Board of Management agreed to go ahead with a project to replace all of the College's existing buildings by 2016. This New Campus Project will cost around £200m and is primarily funded by the Scottish Government together with a £19m contribution from the College's own reserves. As a result of this decision the Board also agreed to write down the value of its existing buildings because these will be either demolished during the course of the new campus development or disposed of at the end of the project. This "fixed asset impairment" reduced the value of existing buildings from £66,721,000 to £23,895,000.

The operating surplus prior to the fixed asset impairment for 2010-11 was £1,269,000 but moved to an operating deficit of £34,385,000 as a result of writing down the asset value of the College's existing building. This was an accounting adjustment, which did not affect the College's cash or net current asset position.

The following tables provide summary information about the College's 2010-11 Income & Expenditure Account and Balance Sheet.

<b>2010-11 Income &amp; Expenditure</b>			
	<b>Before Exceptional Items £000</b>	<b>Exceptional Items £000</b>	<b>Totals after Exceptional Items £000</b>
<b>Income:</b>			
SFC Grants	39,333	10,344	49,677
Tuition fees and education contracts	13,742		13,742
Other income	4,561	495	5,056
Investment income	642		642
<b>Total income</b>	<b>58,278</b>	<b>10,839</b>	<b>69,117</b>
<b>Expenditure:</b>			
Staff Costs	40,069	3,667	43,736
Other operating expenses	12,719		12,719
Depreciation	4,221	42,826	47,047
<b>Total expenditure</b>	<b>57,009</b>	<b>46,493</b>	<b>103,502</b>
<b>Operating Surplus / (Deficit)</b>	<b>1,269</b>	<b>(35,654)</b>	<b>(34,385)</b>

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<b>Balance Sheet as at 31<sup>st</sup> July 2011</b>	
	<i>£000</i>
<b>Fixed Assets</b>	<b>23,899</b>
<b>Current assets:</b>	
Stock	33
Debtors	3,690
Short Term Investments	18,900
Cash at bank and in hand	7,918
	<b>30,541</b>
Creditors: amounts falling due within one year	(8,193)
<b>Net current assets</b>	<b>22,348</b>
<b>Total assets less current liabilities</b>	<b>46,247</b>
Provisions for liabilities and charges	(4,446)
<b>Net Assets (before pension asset/liability)</b>	<b>41,801</b>
Pension asset/(liability)	(2,928)
<b>Net Assets</b>	<b>38,873</b>
Income and Expenditure Account	22,421
Less Pension Reserve	(2,928)
Income and Expenditure Account	19,493
Deferred capital grants	13,004
Revaluation reserve	5,866
Restricted reserves	510
<b>TOTAL</b>	<b>38,873</b>

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The following charts provide some further analysis about the College's income and expenditure.

