

Colleges Scotland Financial Statements for the Year Ended 31 July 2024

Scottish Charity Number: SC023848
Registered in Scotland Number: SC143210

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Report of the Directors

The Directors (who are the Trustees for the purposes of charity law) present their report and audited financial statements for the year ended 31 July 2024.

The Financial Statements have been prepared in accordance with the accounting policies set out in note 1 to the Financial Statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

Objectives and Activities

The Colleges Scotland Strategic Plan 2022-2026 was published in June 2022 and will help deliver the college sector's ambitions.

The board of Colleges Scotland comprises of all 13 regional chairs, the Chief Executive Officer of the charity, the Chair of the College Principals' Group and three college principals, who were elected by their peers. The board is supported by a committee structure in place.

The vision and purpose statements for the organisation from 2022 are as follows:

Vision

When Colleges Thrive, Scotland Thrives. Colleges Scotland as the voice of the sector supports the delivery of thriving colleges at the heart of a thriving Scotland.

Purpose

Colleges Scotland exists to promote, influence and exemplify colleges as they deliver world-class education and training to students and their contribution to Scotland's economic, climate, social, and international ambitions.

Colleges Scotland Strategic Plan 2022-26 which incorporates policy, comms, public affairs and College Employers Scotland areas of work, sets out the strategic aims for Colleges Scotland over five years, these are:

Colleges Scotland Strategic Aims

Aim 1: Lead and influence policy

Aim 2: Raise the Profile and Enhance the Reputation of Scotland's Colleges Sector

Aim 3: Advocate for the delivery of Increased Sector Resource

Aim 4: Be an Enabler, Supporter and Connector of the Sector Membership, both internally and externally

Aim 5: Be an Improving Organisation providing Value for Money for our Members.

Specific activities performed by the management and staff of Colleges Scotland includes:

- Supporting the Colleges Scotland Board
- Supporting the committees of the Colleges Scotland Board. These arrangements ensure collective consideration of substantive policy issues
- Raise awareness, change attitudes and motivate actions
- Carrying out policy research and data gathering to inform and influence funding policy matters affecting the college sector.
- Facilitate and add value to working groups and roundtable type discussions, both within the college sector and externally
- Advocate with key stakeholders on behalf of the college sector to influence policy and funding decisions
- Developing a range of briefing papers on various issues impacting upon the sector and formal responses to consultations on behalf of the sector
- Raising the profile and enhancing the reputation of the sector
- Actively participate with key stakeholders to influence strategic dialogue.

Summary of Key Achievements and Performance

Throughout this year, Colleges Scotland has continued to strongly support the college sector. The collective voice at a national level has been vital in amplifying our message about the need for sustainable and stable investment to Scotland's colleges, with media interest growing in the factors impacting college success. There has also been increasing political interest in the college sector with Scottish and UK Parliamentarians.

Colleges Scotland has continued to collaborate with Ministers, civil servants, Scottish Funding Council (SFC), and other key partners, such as Skills Development Scotland (SDS) and the College Development Network (CDN), to ensure the sector is best placed to continue to provide world-class and inclusive learning opportunities for everyone. This has included work on the Widening Access agenda, college estates and infrastructure for the future, promoting a research report on the economic benefit of college graduates, WorldSkills, the climate emergency, and The Promise.

During 2023/24, Colleges Scotland advocated for sustainable funding, appropriate flexibilities and relevant policies to allow delivery for our learners, and to assist in returning colleges to a position of stability and sustainability, against an extremely challenging funding landscape. Colleges Scotland has also supported senior sector leaders in concluding the Think the Unthinkable workstream. This has progressed into three short life working groups (SLWGs) – Skills Led Regions, Workforce, and Funding and Infrastructure – which have actively developed and accelerated activity relating to the Reform to 2026 agenda. Through the Funding and Infrastructure Short Life Working Group (SLWG) we also worked closely with the Scottish Funding Council (SFC) to take forward priorities relating to estates and infrastructure. Through the Skills Led Regions SLWG we also submitted proposals to Scottish Government around a Colleges First Apprenticeship Model and National and Regional Skills Planning. Work also progressed from Think the Unthinkable related to the sector's workforce. A workforce planning workshop, organised by College Employers Scotland (CES) in conjunction with the HR Strategic Group, was held. The workshop was attended by college HR leaders, and representatives from other public bodies, such as NHS 24, Audit Scotland and CDN.

This academic year has been another challenging period in the history of National Bargaining. There has been industrial action throughout the year with college lecturers taking part in strike action and in action short of strike, including withholding student results. Despite these difficulties, College Employers Scotland has assisted and advised members on the successful conclusion of

a pay award to lecturing staff and to support staff and has also progressed key elements of national policies.

Financial Review

Colleges Scotland has continued to deliver against its objectives and activities during the year. During 2023/24 Colleges Scotland reported net income of £216k (2022/23: net income of £81k) before other recognised gains or losses on the pension scheme. The net income result comprised £71k on restricted funds and £145k on unrestricted funds. (2022/23: net loss of £50k on restricted funds and net surplus £131k on unrestricted funds).

Other recognised gains associated with the defined benefit pension scheme, which do not represent the in-year operating position, resulted in increase in total funds of £71k (2022/23: increase of £366k). Net assets on the balance sheet are £668k (2022/23: £597k). This is explained further within the reserves policy below.

The reported net income during 2023/24 was not foreseen as part of the forecasts for Colleges Scotland. This was down to various circumstances; some are noted below:

1. The full cost of installation of internal moveable walls in the Kildean meeting rooms was borne and capitalised by Colleges Scotland however, College Employers Scotland made a 50% contribution.
2. Brought forward planned works to purchase additional IT support/professional services and hardware which included the consolidation of cabinets in the server room.
3. Brought forward other repairs works for the office/meeting space.
4. Recruitment for the Interim Chief Executive Officer did not take place before the year end.
5. External facilitator for the Board Development Day not commissioned before the year end.

Principal Funding Sources

Colleges Scotland funding comes from two sources – sector subscriptions for Policy, Communications and Corporate, and funding from the SFC for College Employers Scotland.

In 2023/24, income from sector subscriptions was £893k for Policy, Communications, Public Affairs and Corporate activity. Income from the SFC for College Employers Scotland was £996k, and a proportion is for corporate service support.

Value Added Tax

Colleges Scotland is not VAT registered.

Investment Policy

Under the Memorandum and Articles of Association, Colleges Scotland has the power to invest in any way the Directors see fit. Having regard to the operational liquidity requirements, the Directors operate a policy of keeping funds required in the short to medium term in a non-interest bearing bank account, whilst funds not so required are held in an interest bearing bank account. Restricted funds for College Employers Scotland are held in a separate non-interest bearing bank account. A new Treasury Management Policy is being developed to maximise interest bearing bank accounts.

Reserves Policy

The Board of Directors have established a policy to build unrestricted funds to a level sufficient to cover any unexpected liabilities which cannot be met out of operational income in the year. The level (a minimum of three months' operating cost) of reserves has therefore been set giving cognisance to the main risks and potential liabilities faced by the company. This lends a degree of financial stability to the business in the event that income sources are lost or reduced to ensure continuity of service provision.

The Reserves Policy was reviewed and updated in June 2024 by the Board, as part of Audit and Risk Assurance Committee's annual Cycle of Business. The policy clearly sets out the principles and guidelines for the management of reserves at Colleges Scotland to ensure the financial sustainability and operational stability of the organisation.

The reserves position at 31 July 2024, excluding pensions liabilities, is therefore £668k (2022/23: £597k) and including pensions liabilities, a net asset position of £668k (2022/23: £597k). Of these reserves, £155k relates to restricted reserves (2022/23: £84k). The Directors are aware of the net asset position at the balance sheet date as a result of FRS102 – section 28 accounting for the Falkirk Pension Scheme and recognise that operational reserves are £513k and are therefore content that the reserves policy has been met.

Going Concern

The Board has not identified any material uncertainty with respect to going concern. The Board is of the view that it would be reasonable to assume that Colleges Scotland will continue to operate for the foreseeable future, being at least 12 months from the date of approval of these financial statements, and, accordingly, the financial statements have been prepared on the going concern basis.

Plans for Future Periods

Following publication of the college sector's [Statement of Ambition 2021-2026](#) which highlighted the five-pronged plan to support a green national recovery programme, to extend its reach within local communities, to develop work-based training, to grow regional partnerships, and to provide locally focused and targeted learning for every student, an updated Colleges Scotland [Strategy 2022-2026](#) was agreed by the Colleges Scotland Board at its meeting in May 2022.

In October 2024, the Board started the process of undertaking a short-term review of the business model and strategic priorities of the organisation in light of wider reforms to ensure value for money and alignment to government priorities. This work will aim also to develop a future vision for the organisation and inspire staff and stakeholders to engage in shaping this vision, so that the organisation is recognised, valued and adequately resourced to be the strong voice for the sector.

Structure, Governance and Management

Governing Document

Colleges Scotland is a charitable company limited by guarantee and registered as a charity in July 1995. The company was established under a Memorandum of Association which establishes the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1. Colleges Scotland is owned by the Regional Colleges and Regional Strategic Bodies.

Legal Status

Colleges Scotland is a charitable company limited by guarantee in terms of the Companies Act 2006. There are 13 members – all of the regional colleges and regional strategic bodies in Scotland. The liability of each member is limited to £1.

Recruitment and Appointment of the Board of Directors

The Board of Directors are also charity trustees for the purposes of charity law.

The Board consists of up to eighteen Board members: twelve Ministerially-appointed Regional Chairs of each regional member and the Regional Chair of Highlands and Islands as a University of Highlands and Islands court appointment, the Chair of the College Principals' Group, the Chief Executive Officer, and up to three members drawn from the College Principals' Group.

Under the requirements of the Memorandum and Articles of Association, with the exception of the Chief Executive Officer who continues to hold office until termination of appointment, the Board of Directors are elected to serve for a period of not more than four years after which they may be re-appointed for a further four years provided that no member holds office for more than eight years in aggregate.

Director Induction and Training

New Directors are provided with login details to a private members area where they are able to access an induction pack briefing them on: their legal obligations; their duties as Board Members; the main documents which set out the operational framework for Colleges Scotland including the Memorandum and Articles, financial performance, relevant policies and procedures, and future plans and objectives. The Board are also given opportunities to meet staff and are encouraged to attend training events where these will facilitate the undertaking of their role.

The insurance policies are (Business Assist, Offices and Surgeries Package, Employers' Liability, Business Accident and Travel, Cyber Risk, Definitive Crime and Combined Liability).

Organisation

The Board meets at least quarterly and formally constituted committees, with remits approved by the Board, are in place covering the following:

- Audit and Risk Assurance Committee
- Finance and General Purposes Committee
- College Sector Finances Committee.

In addition, the Governing Body of College Employers Scotland was formed under the auspices and authority of Colleges Scotland Board and is the forum through which the employers support the continued delivery and implementation of the Scottish Government's policy of National Bargaining. Through an agreed Memorandum of Authority, the Governing Body of College Employers Scotland has full decision-making authority on all matters related to National Bargaining.

The advisory groups are the College Chairs' Group, College Principals' Group, and the Good Governance Steering Group.

At present, there are eighteen members including the Chief Executive Officer. The Chief Executive Officer is appointed by the Board of Directors to manage the day-to-day operations of the company.

The Board of Colleges Scotland has chosen to adopt the Model Code of Conduct that is in place in the college sector to ensure that its conduct is consistent with the Ethical Standards in Public Life etc (Scotland) Act 2000.

The Board has also chosen to develop its own Governance Framework which draws on the UK Code on Corporate Governance and the Code of Good Governance for Scotland's Colleges in setting out key principles and supporting provisions for effective governance.

Our Governance Framework addresses: protocol for how decisions are made; what decisions are made by trustees; what decisions are delegated; and arrangements for setting pay and remuneration of key management personnel as outlined in the following four sections:

1. The Board Composition and Performance

Colleges Scotland is headed by an effective Board, which is collectively responsible for the success of Colleges Scotland.

All Board members must take decisions objectively in the interests of Colleges Scotland and in pursuance of its charitable objects.

As part of their role, Board members should constructively challenge and help develop proposals on strategy. Board members should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and those financial controls and systems of risk management are robust and defensible.

There should be a clear division of responsibilities within Colleges Scotland, between the running of the Board and the executive responsibility for the running of Colleges Scotland day-to-day operations. No one individual should have unfettered powers of decision. To achieve this, there are clear roles established for the Board, its Chair, the Chief Executive Officer, and also the Board Secretary.

In order to supply the Board in a timely manner with the information in a form and quality appropriate to enable it to discharge its duties, management has an obligation to provide relevant information in an appropriate form, but equally Board members should seek clarification or amplification where necessary.

The Board and its committees should have the appropriate balance of skills, experience, independence, and knowledge of Colleges Scotland to enable them to discharge their respective duties and responsibilities effectively. Appointments to the Board must be made in accordance with the Articles of Association. The Board should retain oversight of membership and tenure and satisfy itself that plans are in place for orderly succession in relation to appointments to the Board.

All Board members receive an induction on joining the Board and should regularly update and refresh their skills and knowledge. They are supported in this by the various roles of the Chair of the Board, the Chief Executive Officer, and the Board Secretary.

The Board should undertake a formal annual evaluation of compliance with the provisions of this document, its own performance, that of its committees, individual Board members, the Chair of the Board and committee chairs.

Individual evaluation should aim to show whether each Board member continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and any other duties). The Chair should act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the Board.

The board concluded its Governance Review for Colleges Scotland and College Employers Scotland at the end of 2022. A workplan around this area was agreed by the board in January 2023 and work continues to be progressed. A significant change during this period included a revised Memorandum of Agreement between Colleges Scotland and College Employers Scotland. This was agreed by the Colleges Scotland Board in June 2023 and formally came into operation at the start of Academic Year 2023/24.

2. Remuneration

The Board has determined that levels of remuneration should be set fairly to commensurate with the duties, responsibilities, skills and experience of the post, sufficient to attract and retain. There should be a formal and transparent procedure for developing policy on remuneration and for fixing the remuneration package of the Chief Executive Officer and senior leadership team. The Chief Executive Officer and senior leadership team should not be involved in deciding his or her own remuneration.

The Finance and General Purposes Committee is an advisory committee with limited decision-making authority on reserved matters and meets at least once per year. The Finance and General Purposes Committee is responsible for making recommendations to the Board for setting remuneration levels, salary awards, pensions, terms and conditions of employment and any other related matters for the Chief Executive Officer and senior leadership team.

The Finance and General Purposes Committee works in conjunction with the Chief Executive Officer on the appointment process and appointment of senior leadership team within the organisation. The Finance and General Purposes Committee leads the appointment process of the Chief Executive Officer and makes a recommendation for their appointment to the full board.

The Finance and General Purposes Committee reviews and agrees the performance management system of the organisation where the chair of the Colleges Scotland Board will be responsible for reviewing the performance of the Chief Executive Officer and reporting findings annually to the board of management. The Chief Executive Officer will be responsible for reviewing the performance of the senior leadership team within the organisation and reporting findings annually to members of the Finance and General Purposes Committee.

The Finance and General Purposes Committee will consider proposals and make recommendations to the board regarding pay awards for all staff.

The Finance and General Purposes Committee will monitor the staffing complement and structure and be consulted on any proposals for major changes to employee benefit structures/working conditions (e.g. location and make recommendations to the board as appropriate).

3. Accountability and Audit

The Board has a responsibility to present a balanced and understandable assessment of Colleges Scotland's position and prospects. This extends to public reports and reports to regulators (particularly the Office of the Scottish Charity Regulator) as well as to information required to be presented by statutory requirements.

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal controls systems.

The Board should establish formal and transparent arrangements for considering how they should apply the risk management and internal control principles and for maintaining an appropriate relationship with Colleges Scotland's auditors.

To this end, the Board has established an Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee meets, as a minimum, twice a year but may meet with the external auditors in attendance if requested. The committee considers detailed reports together with recommendations for the improvement of the systems of internal control and management's responses and implementation plans. An Annual Report is presented to the Board by the Audit and Risk Assurance Committee expressing an opinion on whether it believes that the company has effective systems and processes in place regarding risk management, governance and financial control.

The Audit and Risk Assurance Committee should review arrangements by which staff of Colleges Scotland may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Audit and Risk Assurance Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

4. Other Committees/Advisory Groups

The Board is supported in its duties by a further committee, College Sector Finances Committee. This is an advisory committee and is authorised to negotiate on behalf of the Board in relation to all aspects of funding for the sector, including negotiating the quantum, the allocation process and student support funding.

In addition, within its structure, the Board has three advisory groups (College Chairs' Group, College Principals' Group, and the Good Governance Steering Group).

These are all sector-facing groups established to consider issues impacting the sector and help share the policy agenda in these areas. Furthermore, College Employers Scotland is the body recognised by the Board of Colleges Scotland, through the Memorandum of Agreement, as the forum through which National Bargaining is to be implemented by employers. The Governing Body of College Employers Scotland appoints an Executive Group and a National Joint Negotiating Committee (NJNC) Management Side Negotiating Team.

Related Parties

There are 24 colleges which operate in 13 regions across Scotland (10 Regional Colleges and 3 Regional Strategic Bodies) whose Chairs are members of our Board. The Chair of the College Principals' Group and three college principals are also members of our Board who are elected by their peers.

Annual Colleges Scotland membership subscriptions are received from the 10 Regional Colleges and 3 Regional Strategic Bodies.

College Employers Scotland Facilities Time income was received from 24 individual colleges. Of these colleges, 11 are Regional Colleges and 12 are Assigned Colleges as part the 3 Regional Strategic Bodies. Facilities Time will be reimbursed to 10 colleges.

Sustainability Reporting

The Corporate Social Responsibility policy was updated in September 2023.

Corporate Social Responsibility is a key part of the Colleges Scotland strategy. Staff are supported to volunteer and take part in fundraising which reflects their personal interests and encourages professional development. A number of our staff also sit on charity boards as trustees.

As part of the Corporate Social Responsibility policy, Colleges Scotland has teamed up with Stirlingshire Voluntary Enterprise (SVE), Stirling's local third sector interface. Activity has included hosting Stirling's Third Sector Breakfast Club meetings at Colleges Scotland office in Stirling and taking part in the judging of SVE's inspire Volunteering Awards and some members of staff volunteering at the awards ceremony.

Reference and Administrative Information

Company Number:	SC143210
Registered Scottish Charity Number:	SC023848
Registered Office:	Argyll Court Castle Business Park Stirling FK9 4TY
External Auditor:	Chiene + Tait LLP (trading as CT) 61 Dublin Street Edinburgh EH3 6NL
Solicitors:	Thorntons LLP Whitehall House 33 Yeaman Shore Dundee DD1 4BJ
Bankers:	Bank of Scotland plc The Mound Edinburgh EH1 1YZ
Chief Executive	Shona Struthers (until 20 September 2024)
Interim Chief Executive Officer	Dr Graeme Jackson (1 October 2024 – current)
Company Secretary	Frances Harrower (1 May 2023 – current)

Directors and Trustees

The Directors/Trustees of the Company during the year 1 August 2023 – 31 July 2024 and as at 3rd December 2024 were:

Name	Position and Organisation	Date of Appointment	Date of Termination
Dr Winnie Wai-Yin Hatton (Chair)	Regional Chair, West College Scotland	3 March 2020	
Abhishek Agarwal	Regional Chair, Forth Valley College	28 June 2024	
Angus Campbell	Further Education Regional Lead and Vice-Chair of UHI Regional Strategy Committee, University of the Highlands and Islands	28 October 2021	
Joanna Campbell (Vice Chair)	Principal and Chief Executive, Dumfries and Galloway College	12 September 2023 (*)	
Elizabeth Connolly	Principal and Chief Executive, West College Scotland	1 January 2020	
Margaret Cook	Principal and Chief Executive, UHI Perth	15 November 2018	
Sue Cook	Regional Chair, West Lothian College	27 June 2024	
Trudi Craggs	Interim Regional Chair, Forth Valley College	26 January 2023	30 June 2024
Audrey Cumberford MBE (Vice Chair)	Principal and Chief Executive, Edinburgh College	4 May 2021	12 September 2023 (*)
Dr Graeme Jackson	Interim Chief Executive Officer, Colleges Scotland	1 October 2024	
Laurence O'Donnell	Regional Chair, Dundee and Angus College	27 October 2022	
Susan Elston	Regional Chair, North East Scotland College	26 January 2023	
Alexander Linkston	Regional Chair, West Lothian College	27 June 2016	26 June 2024
Raymond McCowan	Regional Chair, Borders College	1 February 2022	
Janie McCusker	Regional Chair, Glasgow Colleges' Regional Board	8 January 2018	
Fiona McQueen	Regional Chair, Ayrshire College	3 March 2022	
Lydia Rohmer	Principal and Chief Executive Officer, UHI North, West and Hebrides	7 September 2015	7 September 2023
Nora Senior	Regional Chair, Edinburgh College	27 October 2022	
Derek Smeall	Principal and Chief Executive, Glasgow Kelvin College	20 November 2023	
Ronald Smith	Chair, The Lanarkshire Board	3 October 2019	
Caroline Stuart	Regional Chair, Dumfries and Galloway College	1 February 2022	
David Watt	Regional Chair, Fife College	19 March 2019	
Shona Struthers	Chief Executive, Colleges Scotland	18 August 2014	20 September 2024

(*) appointed as Chair of the College Principals' Group

Directors' Responsibilities in Relation to the Financial Statements

The trustees (who are also directors of Colleges Scotland for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

In accordance with Colleges Scotland's articles, the auditor will be reappointed at the forthcoming Annual General Meeting.

Disclosure of Information to Auditor

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Directors' report was approved by the Board of Directors.



Dr Waiyin Hatton, Chair

30.01.25

Date

COLLEGES SCOTLAND

Independent Auditor's Report to the Directors and Members of Colleges Scotland for the year ended 31 July 2024

Opinion

We have audited the financial statements of Colleges Scotland (the 'charitable company') for the year ended 31 July 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

COLLEGES SCOTLAND

Independent Auditor's Report to the Directors and Members of Colleges Scotland for the year ended 31 July 2024 (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept adequate and sufficient accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

COLLEGES SCOTLAND

Independent Auditor's Report to the Directors and Members of Colleges Scotland for the year ended 31 July 2024 (continued)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the charitable company and industry in which it operates and considered the risks of acts by the charitable company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

We focussed on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of Board and other Committee meetings throughout the period; and
- obtaining and understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Board that represented a material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

COLLEGES SCOTLAND

Independent Auditor's Report to the Directors and Members of Colleges Scotland for the year ended 31 July 2024 (continued)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, to the charitable company's directors, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body and the charity's directors as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Chittleburgh CA (Senior Statutory Auditor)

For and on behalf of

CT

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

CT is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Date: 3 . 2 . 25

COLLEGES SCOTLAND

STATEMENT of FINANCIAL ACTIVITIES

for the year to 31 July 2024

	Note	Unrestricted Funds £000s	Restricted Funds £000s	2024 Total £000s	2023 Total £000s
Income:					
Charitable activities	3	924	1,172	2,096	1,992
Investments	4	2	-	2	1
Total		926	1,172	2,098	1,993
Expenditure:					
Charitable activities	5	781	1,101	1,882	1,912
Total Expenditure		781	1,101	1,882	1,912
Net Income		145	71	216	81
Transfers between funds		-	-	-	-
Net Income after transfers		145	71	216	81
Other recognised gains					
Actuarial (loss)/gain on pension fund	16	(145)	-	(145)	285
Net Movement in Funds		-	71	71	366
Funds brought forward		513	84	597	231
Funds carried forward		513	155	668	597

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The notes on pages 20 to 33 form part of these financial statements.

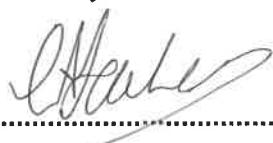
COLLEGES SCOTLAND

BALANCE SHEET

As at 31 July 2024

	Notes	2024 £000s	2023 £000s
FIXED ASSETS			
Tangible assets	10	69	48
CURRENT ASSETS			
Debtors	11	282	259
Cash at bank and in hand	12	857	740
		<u>1,139</u>	<u>999</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	<u>(489)</u>	<u>(414)</u>
NET CURRENT ASSETS		<u>650</u>	<u>585</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>719</u>	<u>633</u>
Provisions	14	<u>(51)</u>	<u>(36)</u>
NET ASSETS	18	<u>668</u>	<u>597</u>
FUNDS			
Restricted funds	17	155	84
Unrestricted funds :			
General funds	17	513	513
TOTAL CHARITY FUNDS	18	<u>668</u>	<u>597</u>

Approved by the Board of Directors and signed on its behalf by:



..... Interim Chief Executive Officer
Dr Graeme Jackson



..... Chair
Dr Waiyin Hatton

DATE: 30.01.25

Company Registration Number: **SC143210**
 Charity number: **SC023848**

The notes on pages 20 to 33 form part of these financial statements.

COLLEGES SCOTLAND

STATEMENT of CASH FLOWS

For the year ended 31 July 2024

	Notes	2024 £000s	2023 £000s
Reconciliation of net movement in funds to net cash inflow from operating activities			
Net movement in funds		216	81
Interest received		(2)	(1)
Increase in debtors		(23)	(120)
Increase in creditors		75	97
Depreciation charge		18	24
Increase in Dilapidations Provision		15	1
Defined Benefit Pension scheme		(145)	(88)
Net cash used by operating activities		154	(6)
Cash flows from investing activities			
Interest received		2	1
Purchase of tangible fixed assets		(39)	(56)
Cash provided by investing activities		(37)	(55)
Increase / (Decrease) in cash and cash equivalents in the year		117	(61)
Cash and cash equivalents at beginning of year		740	801
Cash and cash equivalents at end of year	12	857	740

The notes on pages 20 to 33 form part of these financial statements.

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024

1. Accounting Policies

General Information

College Scotland is a charitable company limited by guarantee and is incorporated in Scotland. The charitable company's registered charity number is SC023848 and its registered company number is SC143210. The address of the charitable company's registered office is Argyll Court, Castle Business Park, Stirling, FK9 4TY.

The continuing activities of Colleges Scotland is to promote the advancement of college education for the public benefit.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities SORP (FRS102) and the Charities Accounts (Scotland) Regulations 2006. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Colleges Scotland meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared under the historical cost convention. These financial statements are presented in Pounds Sterling (GBP), which is the functional currency of the charitable company, and rounded to the nearest £1,000.

Going Concern

The Board has not identified any material uncertainty with respect to going concern. The Board is of the view that it would be reasonable to assume that Colleges Scotland will continue to operate for the foreseeable future, being at least 12 months from the date of approval of these financial statements, and, accordingly, the financial statements have been prepared on a going concern basis.

Income recognition

Income is recognised in the Statement of Financial Activities when the charitable company is entitled to the income, receipt of income is probable and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- Subscription income is recognised in the period in which the charitable company provides the services.
- Grants, where entitlement is not conditional on the delivery of a specific performance by the charitable company, are recognised when the charitable company becomes unconditionally entitled to the grant.
- Grants, where related to performance and specific performance by the charitable company, are accounted for as the charitable company earns the right to the consideration by its performance. Income is deferred for grants which have claw back conditions.
- Investment income consists of bank interest and is included when receivable.

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024

1. Accounting Policies (continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is classified by activity. The Charity is not registered for VAT and expenditure includes the irrecoverable VAT element. The following specific policies are applied to particular categories of expenditure:

- Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include costs linked with strategic management.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

The basis on which costs have been allocated are set out in notes 5 and 6.

Pensions

Retirement benefits to the employees of the company are provided by Falkirk Council (FCPF) and Aegon. FCPF is a defined benefit scheme. For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs related to the defined benefit plan are recognised in the Statement of Financial Activities within employee benefit costs.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting is limited to the present value of available refunds or reductions in future contributions to the plan.

The company also participates in a defined benefit contribution scheme with Aegon. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs charged to the statement of financial activities represent the contributions payable by the charity in the year.

Leases

Rentals payable and receivable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024

1. Accounting Policies (continued)

Employee Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are rendered.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Taxation

The company is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 466 to 493 of Corporation Tax Act 2010 to the extent that such income or gains are applied to exclusively charitable purposes. Non-recoverable VAT arising from expenditure on activities is charged to the statement of financial activities in the year in which it is incurred.

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

1. Accounting Policies (continued)

Tangible fixed assets

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Equipment	-	3-5 years straight line
Furniture & Fittings	-	5 years straight line

The capitalisation threshold for fixed asset expenditure is £1,000.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Any impairment is recognised in the Statement of Financial Activities.

Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand and bank deposits with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are obligations to pay for goods or services that have been acquired. Creditors are classified as creditors falling due within one year if payment is due within one year or less. Any amounts due after one year are recognised as creditors falling due after one year. Creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Board of Directors in furtherance of the general objectives of the company.

Designated funds comprise unrestricted funds that have been set aside by the Board of Directors for particular purposes.

Restricted funds represent grant monies from the Scottish Funding Council (SFC) to specifically support College Employers Scotland.

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

2. Judgements and estimates

In preparing the financial statements, directors make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements are made in the application of income recognition accounting policies, and the timing of the recognition of income in accordance with the Charities SORP (FRS 102).

In measuring the defined benefit pension liability, the directors take advice from the actuaries on the appropriate actuarial assumptions required to value the liabilities arising. The estimate is necessarily sensitive to the actual assumptions chosen as follows:

- A 0.1% decrease in the real discount rate would increase the defined benefit obligation by 2% (£64,000)
- A 1 year increase in member life expectancy would increase the defined benefit obligation by 4% (£132,000)
- A 0.1% increase in the salary increase rate would increase the defined benefit obligation by 0% (£3,000)
- A 0.1% increase in the pension increase rate would increase the defined benefit obligation by 2% (£63,000)

3. Income from charitable activities

	2024	2023
	£000s	£000s
<i>Unrestricted</i>		
Subscriptions	893	893
Contracts and support services	29	26
Other Income	2	-
	<u>924</u>	<u>919</u>
<i>Restricted</i>		
Grant Funding from SFC	944	888
Facilities time	225	185
Other Income	3	-
	<u>1,172</u>	<u>1,073</u>
Total income from charitable activities	<u>2,096</u>	<u>1,992</u>

COLLEGES SCOTLAND

Notes to the Financial Statements
for the year ended 31 July 2024 (continued)

4. Income from investments

	2024 £000s	2023 £000s
<i>Unrestricted</i>		
Bank Interest	2	1

5. Expenditure on charitable activities

2024	Colleges Scotland £000s	College Employers Scotland £000s	Job Evaluation £000s	Total £000s
Staffing Costs	583	528	-	1,111
Other costs associated with support to colleges	183	554	-	737
Service Level Agreement costs	9	11	-	20
Governance costs	6	8	-	14
Total	781	1,101	-	1,882

Analysis between funds

Unrestricted	781	-	-	781
Restricted	-	1,101	-	1,101
Total	781	1,101	-	1,882

2023	Colleges Scotland £000s	College Employers Scotland £000s	Job Evaluation £000s	Total £000s
Staffing Costs	613	520	152	1,285
Other costs associated with support to colleges	151	389	35	575
Service Level Agreement costs	19	21	-	40
Governance costs	6	6	-	12
Total	789	936	187	1,912

Analysis between funds

Unrestricted	789	-	-	789
Restricted	-	936	187	1,123
Total	789	936	187	1,912

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

6. Analysis of support and governance costs

2024	Basis of allocation	Support Costs £000s	Governance £000s	Total £000s
Service Level Agreement costs	Direct	20	-	20
Audit fees	Direct	-	14	14
Total		20	14	34
2023	Basis of allocation	Support Costs £000s	Governance £000s	Total £000s
Service Level Agreement costs	Direct	40	-	40
Audit fees	Direct	-	12	12
Total		40	12	52

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

7. Staff costs

	2024	2023
	£000s	£000s
Core Staff		
Wages and salaries	821	919
Social security costs	91	79
Other pension costs	234	241
FRS 102 defined benefit adjustment	(145)	(95)
Total staff costs	<u>1,001</u>	<u>1,144</u>
Short-term and temporary staff		
Consultants	110	141
Total	<u>1,111</u>	<u>1,285</u>
<i>Average staff numbers</i>		
Employees	<u>18</u>	<u>18</u>

The number of staff who received emoluments above £60,000 (excluding employer pension contributions) fell within the following ranges was as follows:

	2024	2023
£60,000 - £69,999	1	1
£70,000 - £79,999	2	2
£80,000 - £89,999	-	-
£90,000 - £99,999	1	1

Key management personnel are defined as the Trustees, the Chief Executive, the Director of Strategic Policy and Corporate Governance, the Director of College Employers Scotland and the Head of Communications and Public Affairs. Total remuneration of key management was as follows:

	2024	2023
	£000s	£000s
Salary	243	236
Benefits in kind	4	2
Pension contributions	73	72
Total Emoluments	<u>320</u>	<u>310</u>

The above emoluments include amounts payable to the Chief Executive, Shona Struthers, who is also a trustee for the purposes of charity law, of £93,508 (2023: £90,785). Contributions to pension schemes on behalf of the Chief Executive were £28,208 (2023: £27,508). The Chief Executive also received benefits in kind of £1,738 (2023: £1,042). As authorised by the charitable company's Articles of Association, the above noted remuneration to Shona Struthers is for her role in the day to day running of the charitable company.

8. Board remuneration

The emoluments of key management, including the Chief Executive, are disclosed in note 7. No other member of the Board either received or waived any emoluments during the year. (2023 - £nil).

During the year, Directors received reimbursement of expenses of £79 (2023 - £457).

COLLEGES SCOTLAND
Notes to the Financial Statements
for the year ended 31 July 2024 (continued)

9. Net expenditure for the year

This is stated after charging:

	2024 £000s	2023 £000s
Depreciation of tangible fixed assets	18	24
Auditors remuneration – audit	14	12
Operating lease rentals	67	65
Pension contributions	89	146

10. Tangible fixed assets

	Equipment £000s	Furniture & Fittings £000s	Total £000s
Cost:			
At 1 August 2023	148	5	153
Additions during the year	-	39	39
At 31 July 2024	148	44	192
Accumulated depreciation:			
At 1 August 2023	100	5	105
Provided during the year	17	1	18
At 31 July 2024	117	6	123
Net book value			
31 July 2024	31	38	69
31 July 2023	48	-	48

11. Debtors

	2024 £000s	2023 £000s
Debtors	225	186
Other debtors	36	36
Prepayments and accrued income	21	37
	282	259

The debtors above include the following amounts falling due after more than one year:

	2024 £000s	2023 £000s
Other debtors	36	36

12. Cash and cash equivalents

	2024 £000s	2023 £000s
Cash at bank and in hand	857	740

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

13. Creditors: Amounts falling due within one year

	2024 £000s	2023 £000s
Trade Creditors	68	84
Taxes and social security costs	23	34
Accruals and other creditors	398	296
	489	414

14. Provisions

	2024 £000s	2023 £000s
Opening balance	36	35
Increase in year	15	1
Closing balance	51	36

The above dilapidations provision has been recognised in relation to the lease of the office premises expiring in December 2027.

15. Lease commitments

Future minimum lease payments falling due under non-cancellable operating leases are:

	2024 £000s	2023 £000s
In less than 1 year	48	67
Within 2-5 years	160	28
	208	95

16. Pension commitments and other post-retirement benefits

Colleges Scotland is a member of the Falkirk Council Pension Fund (FCPF) and operates the Aegon scheme. Colleges Scotland also contributes into a personal pension plan for employees on request.

The total employer's pension cost for the period was as follows:

	2024 £000s	2023 £000s
Contribution to FCPF	210	218
Contribution to Aegon	24	23
Total pension cost	234	241

Contributions outstanding at the year-end were £21,547 (2023 : £27,336)

The estimated employer contributions to the defined benefit scheme (Falkirk Council Pension Fund) for the next financial year will be approximately £210,000.

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

16. Pension commitments and other post-retirement benefits (continued)

The following information is based upon a full actuarial valuation of the Fund at 31st July 2024 by a qualified independent actuary, Hymans Robertson LLP.

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability						
	2024			2023		
	Asset	Obligations	Net (liability) / asset	Asset	Obligations	Net (liability) / asset
	£000s	£000s	£000s	£000s	£000s	£000s
Fair value of plan assets	3,273	-	3,273	3,577	-	3,577
Present value of funded obligations	-	3,273	(3,273)	-	3,950	(3,950)
Opening position as at 31 July 2023	3,273	3,273	-	3,577	3,950	(373)
Service Cost						
Current service cost	-	96	(96)	-	139	(139)
Past service cost	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-
Total Service Cost	-	96	(96)	-	139	(139)
Net interest						
Interest income on plan assets	198	-	198	129	-	129
Interest cost on defined benefit obligation	-	167	(167)	-	140	(140)
Total Net Interest	198	167	31	129	140	(11)
Total defined benefit cost recognised in SOFA	198	263	(65)	129	279	(150)
Cashflows						
Participants' contributions	41	41	-	37	37	-
Employer contributions	210	-	210	238	-	238
Benefits paid	(75)	(75)	-	(69)	(69)	-
Unfunded benefits paid	-	-	-	-	-	-
Contributions in respect of unfunded benefits paid	-	-	-	-	-	-
Expected closing position	3,647	3,502	145	3,912	4,197	(285)
Remeasurements						
Changes in demographic assumptions	-	(130)	130	-	(50)	50
Changes in financial assumptions	-	3	(3)	-	(1,117)	1,117
Other experience	(571)	(71)	(500)	-	243	(243)
Return on assets excluding amounts included in net interest	208	-	208	(90)	-	(90)
Adjustment for amounts not recognised in balance sheet	20	-	20	(549)	-	(549)
Total remeasurements recognised in SOFA	(343)	(198)	(145)	(639)	(924)	285
Fair value of plan assets	3,304	-	3,304	3,273	-	3,273
Present value of plan liabilities	-	3,304	(3,304)	-	3,273	(3,273)
Closing position	3,304	3,304	-	3,273	3,273	-

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

16. Pension commitments and other post-retirement benefits (continued)

The principal actuarial assumptions used at the balance sheet date are as follows:

	2024	2023
	%	%
Pension Increase Rate	2.75	3.00
Salary Increase Rate	3.25	3.60
Discount Rate	5.00	5.05
	Males	Females
	Years	Years
Current pensioners	20.3	23.1
Future pensioners (assumed to be aged 45 at last formal valuation date)	21.1	24.8

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

The major categories of plan assets as a percentage of total plan assets were as follows:

	2024	2023
	%	%
Equities	55	60
Bonds	34	31
Property	5	5
Cash	6	4

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

17. Fund reconciliation

2024	At 1 August 2023	Income	Expenditure	Transfers	Other Gains/ (Losses)	At 31 July 2024
	£000s	£000s	£000s	£000s	£000s	£000s
Unrestricted funds						
General fund	513	926	(926)	-	-	513
Designated Funds: Pension Liability	-	145	-	-	(145)	-
Total Unrestricted Funds	513	1,071	(926)	-	(145)	513
Restricted funds						
College Employers Scotland	84	1,172	(1,101)	-	-	155
Total Restricted funds	84	1,172	(1,101)	-	-	155
Total funds	597	2,243	(2,027)	-	(145)	668
2023	At 1 August 2022	Income	Expenditure	Transfers	Other Gains/ (Losses)	At 31 July 2023
	£000s	£000s	£000s	£000s	£000s	£000s
Unrestricted funds						
General fund	470	920	(877)	-	-	513
Designated Funds: Pension Liability	(373)	88	-	-	285	-
Total Unrestricted Funds	97	1,008	(877)	-	285	513
Restricted funds						
College Employers Scotland	134	1,073	(1,123)	-	-	84
Total Restricted funds	134	1,073	(1,123)	-	-	84
Total funds	231	2,081	(2,000)	-	285	597

Designated Funds

The designated fund represents the recognised actuarial valuation of the pension fund at 31st July 2024 as carried out by qualified independent actuary, Hymans Robertson LLP.

Restricted Funds

All grant income from the Scottish Funding Council and expenditure for the operations of College Employers Scotland to support the implementation of National Bargaining is charged against restricted funds and held in a separate non-interest-bearing bank account.

COLLEGES SCOTLAND

Notes to the Financial Statements

for the year ended 31 July 2024 (continued)

18. Funds analysis

2024	Restricted £000s	Unrestricted Designated Funds £'000s	Unrestricted General Funds £000s	Total Funds £000s
Net assets	155	-	564	719
Net pension asset / (liability)	-	-	-	-
Provisions	-	-	(51)	(51)
	155	-	513	668
2023	Restricted £000s	Unrestricted Designated Funds £000s	Unrestricted General Funds £000s	Total Funds £000s
Net assets	84	-	549	633
Net pension asset / (liability)	-	-	-	-
Provisions	-	-	(36)	(36)
	84	-	513	597

19. Related party transactions

From subscription income totalling £892,665, £876,740 has been received from 10 Regional Colleges and 3 Regional Strategic Bodies whose Chairs are members of our Board.

From Facilities Time income totalling £290,089, £225,090 has been received from 24 individual Colleges. Of these Colleges, 11 are Regional Colleges and 12 are Assigned Colleges as part the 3 Regional Strategic Bodies, all of whose Chairs are members of our Board. A total of £290,089 for Facilities Time will be reimbursed to 10 colleges.

From other income totalling £5,085, £2,596 has been received from staff members. This was for the sale of mobile phone handsets.

