



# SFC Call for information

## College financial statements and returns 2018-19

Issue date: 26 November 2019

Reference: SFC/CI/09/2019

Deadline: 31 December 2019

Summary: This Call for Information requests copies of audited 2018-19 financial statements and associated supporting information.

FAO: Principals / Executive Director / Directors of Finance and Board Secretaries of colleges and Regional Strategic Bodies

Further information:

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**Job title:** Senior Financial Analyst

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## College financial statements and returns 2018-19

### Purpose

1. I am writing to ask you to provide copies of your audited 2018-19 financial statements and associated supporting information.
2. Regional colleges, non-assigned non-incorporated colleges, and Regional Strategic Bodies (RSBs) should send their returns to the Scottish Funding Council (SFC). RSBs should provide SFC with assigned colleges' financial statements and associated documents.
3. For RSBs that are producing consolidated accounts in 2018-19, a single spreadsheet return should be prepared and sent to SFC along with the other documentation listed in Annex B.
4. All returns and associated documents should be submitted to SFC by 31 December 2019. Each RSB will set a deadline for its assigned colleges to return this information to it.
5. If any of your documents are ready prior to 31 December, earlier submission to SFC would be welcomed.
6. Electronic copies of the annual accounts return and supporting documents should be emailed to: [isg-returns@sfc.ac.uk](mailto:isg-returns@sfc.ac.uk).

### 2018-19 financial statements

7. In preparing their annual report and accounts, institutions<sup>1</sup> are required to comply with the Accounts Direction<sup>2</sup> issued on 5 July 2019.
8. The annual accounts review is an established part of SFC's financial health monitoring framework. This framework also includes cashflow returns to which incorporated colleges, as arms-length central government bodies, are subject.
9. Guidance on completing the spreadsheet return can be found at Annex A.
10. The documents needed to complete your electronic return are published on our website along with this Call for Information and include a blank copy of the spreadsheet; and checklist of required documents (Annex B).
11. Finance Directors will receive an individual spreadsheet which we have pre-populated with the 2017-18 comparative figures.

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<sup>1</sup> The term 'institutions' includes colleges and Regional Strategic Bodies

<sup>2</sup> <http://www.sfc.ac.uk/publications-statistics/guidance/2019/SFCGD142019.aspx>

## Multi-college regions

- Assigned colleges should submit their return and documentation to their RSB who will forward everything on to SFC. SFC will follow up any queries with the RSB.

## Cash budget for priorities (incorporated colleges only)

- We expect that some incorporated colleges will incur deficits as a result of spending the cash budget for priorities in the period. The Accounts Direction referred to above gives an illustrative form of words (at Appendix 5) for inclusion in the 2018-19 financial statements and a worksheet is included in the spreadsheet return so that comparable information on this spend can be collected across the sector. It is important that colleges provide a clear explanation how the cash budget for priorities has been accounted for and the impact of the operating position for the year.
- Each college's cash budget for priorities is set out in the table below.

Region	College	2018-19 cash budget for priorities £'000
Ayrshire	Ayrshire College	1,324
Borders	Borders College	252
Dumfries & Galloway	Dumfries & Galloway College	390
Edinburgh	Edinburgh College	2,547
Fife	Fife College	2,152
Forth Valley	Forth Valley College	613
Glasgow	City of Glasgow College	1,156
Glasgow	Glasgow Clyde College	612
Glasgow	Glasgow Kelvin College	442
Highlands & Islands	Inverness College	496
Highlands & Islands	Lews Castle College	143
Highlands & Islands	Moray College	424
Highlands & Islands	North Highland College	97
Highlands & Islands	Perth College	529
Lanarkshire	New College Lanarkshire	863
Lanarkshire	South Lanarkshire College	197
North East Scotland	North East Scotland College	1,161
Tayside	Dundee & Angus College	1,055
West	West College Scotland	1,639
West Lothian	West Lothian College	190

## **Adjusted operating position**

15. The 2018-19 Accounts Direction referred to above provides guidance on the calculation of the adjusted operating position for institutions in paragraphs 12 to 15 of Appendix 2.

## **Financial position following end of 2018-19**

### ***Regional colleges and RSBs***

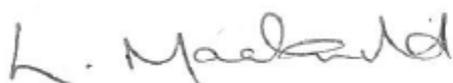
16. If your institution has recorded any significant deterioration in its financial position since the end of 2018-19, please inform the relevant Senior Financial Analyst within the Finance directorate as soon as possible and provide a full commentary on the reasons for the deterioration. A list of the [Senior Analyst portfolios](#) is available on the SFC website.
17. Similarly, if any covenants relating to your institution's borrowing have been, or are likely to be breached within the next 12 months, please advise the relevant Senior Financial Analyst as soon as possible.

### ***Assigned colleges***

18. If your college has recorded any significant deterioration in its financial position since the end of 2018-19, please inform your RSB as soon as possible and provide a full commentary on the reasons for the deterioration. The RSB should inform the relevant Senior Financial Analyst.
19. Similarly, if any covenants relating to your college's borrowing have been, or are likely to be breached within the next 12 months, please advise your RSB as soon as possible. The RSB should inform the relevant Senior Financial Analyst.

## **Further information**

20. Please contact Wilma MacDonald, tel: 0131 313 6565, email: [wmacdonald@sfc.ac.uk](mailto:wmacdonald@sfc.ac.uk) or Dorothy Carson, tel: 0131 313 6607, email: [dcarson@sfc.ac.uk](mailto:dcarson@sfc.ac.uk) for further information.



**Lorna MacDonald**  
Director of Finance

## Completion of the financial statements spreadsheet

### Explanations for significant variances

1. Please enter explanations for any significant variances in the columns provided. Providing comprehensive reasons for larger variances in the spreadsheet should reduce the number of questions we have after submission. Please use the explanations column to draw attention to anything you feel it would be useful for SFC to know.
2. When we have reviewed your spreadsheet, we will consider if there are any further issues we need to raise with you, or in the case of assigned colleges with your RSB, before concluding our consideration of your financial statements. A [blank copy of the spreadsheet format](#) is available on our website.

### Which figures does the institution need to add?

3. All blue boxes in the worksheets should be completed. If the figure for an item is zero, **please enter a “0” and don’t simply leave the box blank**. The cash budget for priorities sheet is not required for non-incorporated colleges.

### Spreadsheet order

4. There are eleven sheets in the spreadsheet that have boxes to be completed. We suggest that the order of completion is:
  - (i) Income.
  - (ii) Expenditure.
  - (iii) Pension contributions.
  - (iv) Statement of Comprehensive Income and Expenditure (SoCIE).
  - (v) Balance Sheet.
  - (vi) Adjusted operating position.
  - (vii) Cash budget for priorities.
  - (viii) Additional info (please complete all applicable sections).
  - (ix) Cashflow.
  - (x) Commentary.
  - (xi) Declaration.
5. We have added a new sheet to the spreadsheet this year to capture the cash impact of employer pension contributions. We have also removed the ‘Consolidated Statement of Changes in Reserves’ sheet from the return.

6. Please note that only whole numbers should be input into the spreadsheet. It is very important that you do not link the spreadsheet to another document or add additional columns or rows in any of the sheets in the workbook.

### **What explanation is the institution expected to provide?**

7. If the movement in an item on last year's results or on the September 2019 FFR forecast is of a significant amount, please provide details of the reason for the variance in the explanation column.
8. Explanations which are genuinely insightful, giving clarity about the cause of a variance, are more useful to us as we analyse your accounts. We hope that by receiving meaningful explanations at this stage the number of queries arising from our review of the spreadsheet and accounts should be small.

### **Commentary sheet**

9. A commentary sheet is provided for institutions that wish to bring to our attention any events or circumstances that had a significant impact on the institution's performance during the year.
10. Your commentary should include a description of how the general economic environment has impacted on the financial performance of the institution.
11. It is important to our interpretation of the financial statements to understand the adjusted operating position of the institution and comparison with prior years. The commentary should refer, among other things, to the following:
  - Explanation of year-on-year variances.
  - Description of any material items.
  - Adjusted operating position.

## Financial statements and return checklist

### Institutions not producing consolidated accounts

Please ensure that all of the documents referred to below are submitted to SFC in the format indicated and no later than 31 December 2019.

1	A signed copy of the audited financial statements	PDF
2	An unsigned copy of the audited financial statements (to be put on SFC's website after laying in Parliament)	PDF
3	Management letter and report from external auditor	PDF
4	Paper to finance committee which accompanied the financial statements	PDF
5	Subsidiary accounts (where applicable)	PDF
6	Internal auditor's annual report	PDF
7	Audit Committee annual report	PDF
8	Copy of the spreadsheet signed by the Principal	PDF
9	The spreadsheet return	Microsoft Excel

### RSBs producing consolidated accounts

SFC requires all of the information above for each of the assigned colleges with the exception of the spreadsheet return as a consolidated spreadsheet return is required for RSBs producing consolidated accounts.

### All assigned colleges

Please ensure that all of the documents referred to above are submitted to your RSB in the format indicated to allow the RSB to send its information to SFC no later than 31 December 2019. Each RSB will set a deadline for its assigned colleges to return this information to it.