



**AYRSHIRE COLLEGE
FOUNDATION**

**Report of the Trustees and
Financial Statements - for the period from Incorporation on
23 December 2013 to 31 March 2015**

REGISTERED COMPANY NUMBER: SC466366 (Scotland)

REGISTERED CHARITY NUMBER: SC044627

Sinclair Scott
Chartered Accountants
Registered Auditor
3 Wellington Square
Ayr
Ayrshire
KA7 1EN

Ayrshire College Foundation

Contents of the Financial Statements for the period from Incorporation on 23 December 2013 to 31 March 2015

	Page
Report of the Trustees	1 to 7
Report of the Independent Auditors	8-9
Statement of Financial Activities	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	15 - 16
Detailed Statement of Financial Activities	17

Ayrshire College Foundation

Report of the Trustees for the Period 23 December 2013 to 31 March 2015

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the period from Incorporation on 23 December 2013 to 31 March 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC466366 (Scotland)

Registered Charity number
SC044627

Registered office
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

Principal address
Kilmarnock Campus
Holehouse Road
Kilmarnock
Ayrshire
KA3 7AT

Trustees

J Rainey (chair)	- appointed 23.12.13
G L Hunt	- appointed 23.12.13
Ms M H M Harper	- appointed 23.12.13
M G Simpson	- appointed 17.3.14
Mrs V A Russell	- appointed 17.3.14
Miss B Graham	- appointed 14.4.14
W Mackie	- appointed 14.4.14

Company Secretaries

Turcan Connell Company
Secretaries Limited

Solicitors

Turcan Connell
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

Auditors

Sinclair Scott
Chartered Accountants
Registered Auditor
3 Wellington Square
Ayr
Ayrshire
KA7 1EN

Advisers

Munro Partnership Ltd., Ayr

Principal Bankers

Bank of Scotland, Kilmarnock

Website

www1.ayrshirecollegefoundation.org.uk

COMMENCEMENT OF ACTIVITIES

The entity was incorporated on 23 December 2013 and commenced activities on that day.

Ayrshire College Foundation

Report of the Trustees for the Period 23 December 2013 to 31 March 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Ayrshire College Foundation ('the Foundation') was incorporated on 23 December 2013 as a limited company, limited by guarantee, as defined by the Companies Act 2006.

The company is governed by its Memorandum and Articles of Association under the Companies Act 2006.

The management of the company and its investment policy are the responsibility of the Board of Directors with the Directors elected under the terms of the Articles of Association.

Directors

The Articles of Association set out that the Foundation should have up to seven Trustees, these trustees also being Directors and members. Within that number, the Articles of Association also stipulate that Ayrshire College can appoint up to three trustees.

Following a request from Ayrshire College, the Foundation appointed Mr W Mackie and Miss B Graham as Trustees on 14 April 2014, with Mr Mackie and Miss Graham being Board members of Ayrshire College.

Organisational structure

The organisational structure of the Foundation is decided on and monitored by the Board of Directors. The Board meets, on average, four times per year.

The Foundation has entered into a service level agreement with Ayrshire College who provide accounting and administrative services to the Foundation at an agreed annual cost of £4,500 + VAT.

Related parties

The Foundation maintains strong working relationships with Ayrshire College who have also nominated two trustees who sit on the Foundation's Board of Directors. Ayrshire College is therefore considered to be a related party.

Statement of Operating Principles

A Statement of Operating Principles was agreed by the Foundation in April 2014. This, outlines the processes that would be implemented in relation to any applications for funding and the standard conditions on which grants would be made, if approved. The Statement highlights that the Foundation is a separate entity, entirely independent of Ayrshire College and not subject to the control or supervision by that College.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The directors regularly review the Foundation's activities and are now developing a strategic plan setting out the major opportunities available to the Foundation. The directors are also developing a Risk Register setting out the risks to which it is exposed. The directors will use the plan, and the Risk Register, once these are finalised, to monitor progress against the strategic objectives and the Foundation's risk mitigation approach.

CHARITABLE OBJECTIVES AND ACTIVITIES

The Foundation was registered as a Scottish Charity on 3 February 2014.

Objectives and aims

The objectives and activities of Ayrshire College Foundation are as follows:

- Charitable Purposes - the advancement of education
- Charitable objects – the objects of the Foundation are to advance the charitable purposes of Ayrshire College to include the advancement of education by making grants and providing financial support for projects and activities being carried out by and supported by Ayrshire College.

Grant making

The Trustees agreed a grant awards policy at their meeting on 14 April 2014. This sets out the approach that should be adopted to request an award from the Foundation, the standard conditions that would be attached to any grant and also the standard Application Form that should be used.

The Foundation commenced development of its website during the financial year to assist in publicising the Foundation's activities and welcomes any applications that would align with the Foundation's charitable objects.

STRATEGIC REPORT

Achievement and performance

Charitable activities

As shown in note 12 to the Financial Statements, the Foundation entered into a Grant Agreement with Ayrshire College in February 2015 to support the College's refurbishment and development of its campuses in Ayr and Kilwinning. The Grant payable was for a maximum amount of £3,042,265. Of this amount, £312,797 was paid to the College in March 2015.

This therefore leaves committed expenditure of up to £2,729,468 as at 31 March 2015. These projects should be completed by November 2015.

The Foundation is keen to receive further charitable requests that align with its charitable objects and is currently considering a number of proposals for funding that have been received.

Investment policy

The Foundation has put in place an Investment and Cash Management Policy in order to regulate the investment of the Foundation's funds, bearing in mind the investment duties of charitable trustees and also the charitable purposes of the Foundation. The attitude to risk of the Trustees also informed the way in which the policy was drafted.

The current policy of the Foundation is that resources should be held as cash balances to maintain flexibility. No move to other investment types or strategies is under consideration at this time.

Assisted by Munro Partnership, and in line with its investment policy, the Foundation has invested its cash resources across a number of accounts with various financial institutions. These accounts are held on terms ranging from instant access to 95 day notice accounts and up to one 12 month fixed term deposit.

The Trustees considered whether an ethical stance should be adopted in relation to the investment of the cash and took legal advice on the relevant considerations. It was decided that no ethical restrictions were appropriate. The Trustees have undertaken to review the Investment and Cash Management Policy periodically.

At 31 March 2015 the Foundation is achieving a weighted average interest rate of approximately 1.1% on its cash balances.

Financial review

Reserves policy

All donations and investment income from the Foundation's funds are credited to general reserves and are available to meet the charitable objects of the Foundation. The Trustees have put in place a Reserves Policy, noting in particular that the Foundation may have either restricted funds or unrestricted funds. Whilst the Foundation has not yet received any specific restricted donations, any such donations would be held in specific restricted funds with any grants by the Foundation from these funds following the terms of the specific restrictions – for example in terms of the benefitting location and type of grant – as long as any such grants were in line with the overall charitable objects of the Foundation. The Trustees have undertaken to review the Reserves Policy periodically.

Review of the period

The results for the period since Incorporation and the financial position of the Foundation are shown in the annexed financial statements.

A significant donation of £6,611,000 was received from Ayrshire College in March 2014 and, in addition, the Foundation has received interest income of £48,284 on its cash balances. Administrative and governance costs in the period amounted to £29,417 and a grant of £312,797 was made to Ayrshire College in March 2015.

The directors therefore report a surplus for the period of £6,317,070.

Ayrshire College Foundation
Report of the Trustees
for the Period 23 December 2013 to 31 March 2015

STRATEGIC REPORT

Financial review

Principal funding sources

The principal funding source for the Foundation is the receipts of donations. It is for this reason that the Trustees prepared and issued the Statement of Operating Principles, setting out the procedures that would be adopted by the Foundation in order to ensure that the processes were as efficient as possible. An initial significant donation was received from Ayrshire College in March 2014 and the Foundation is keen to receive further donations from all sources. The Trustees are in discussion with a number of potential sources of additional funding.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors and members of Ayrshire College Foundation for the purposes of company law, the Foundation having been established as a private company, limited by guarantee) are responsible for preparing the Report of the Trustees 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 which give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources, including the income and expenditure, of the Foundation for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

AUDITORS

The auditors, Sinclair Scott, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the Trustees, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 11 August 2015 and signed on the board's behalf by:

J Rainey - Trustee

Report of the Independent Auditors to the Trustees and Members of Ayrshire College Foundation

We have audited the financial statements of Ayrshire College Foundation for the period ended 31 March 2015 on pages 10 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 trustees those matters we are required to state to them in an auditors' 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 and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page six, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors 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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us;
or
- the financial statements are not in agreement with the accounting records and returns;
or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew P Sinclair (Senior Statutory Auditor)

for and on behalf of Sinclair Scott

Chartered Accountants

Registered Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

3 Wellington Square

Ayr

Ayrshire

KA7 1EN

Date: 11 August 2015

Ayrshire College Foundation

Statement of Financial Activities for the Period from Incorporation on 23 December 2013 to 31 March 2015

	Notes	Unrestricted fund £
INCOMING RESOURCES		
Incoming resources from generated funds		
Voluntary income	2	6,611,000
Investment income	3	48,284
		<u>6,659,284</u>
RESOURCES EXPENDED		
Charitable activities		
Grants payable	4	312,797
Administrative costs	5	5,980
		<u>318,777</u>
Governance costs	6	23,437
Total resources expended		<u>342,214</u>
NET INCOMING RESOURCES		<u>6,317,070</u>
TOTAL FUNDS CARRIED FORWARD		<u>6,317,070</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

Ayrshire College Foundation

Balance Sheet At 31 March 2015

	Notes	£
CURRENT ASSETS		
Debtors	9	13,532
Cash at bank		<u>6,311,148</u>
		6,324,680
CREDITORS		
Amounts falling due within one year	10	(7,610)
		<u>6,317,070</u>
NET CURRENT ASSETS		<u>6,317,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,317,070</u>
NET ASSETS		<u>6,317,070</u>
FUNDS	11	
Unrestricted funds		<u>6,317,070</u>
TOTAL FUNDS		<u><u>6,317,070</u></u>

The financial statements were approved by the Board of Trustees on 11 August 2015 and were signed on its behalf by:

J Rainey, Trustee

G Hunt, Trustee

Ayrshire College Foundation

Cash Flow Statement for the Period 23 December 2013 to 31 March 2015

	Notes	£
Notes		
Net cash inflow from operating activities	1	6,262,864
Returns on investments and servicing of finance	2	48,284
		<hr/>
		<u>6,311,148</u>
<hr/>		
Reconciliation of net cash flow to movement in net cash balances	3	
Increase in cash in the period		<hr/> 6,311,148
Change in net cash balances resulting from cash flows		<hr/> 6,311,148
Movement in net cash balances in the period		<hr/> 6,311,148
Net cash balances at 31 March 2015		<hr/> <u>6,311,148</u>

Ayrshire College Foundation

**Notes to the Cash Flow Statement
for the Period 23 December 2013 to 31 March 2015**

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£
Net incoming resources	6,317,070
Interest received	(48,284)
Increase in debtors	(13,532)
Increase in creditors	7,610
Net cash inflow from operating activities	<u><u>6,262,864</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Returns on investments and servicing of finance	
Interest received	<u>48,284</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>48,284</u></u>

3. ANALYSIS OF CHANGES IN NET CASH BALANCES

	At 23/12/13 £	Cash flow £	At 31/3/15 £
Net cash:			
Cash at bank	-	6,311,148	6,311,148
Total	<u><u>-</u></u>	<u><u>6,311,148</u></u>	<u><u>6,311,148</u></u>

Ayrshire College Foundation

Notes to the Financial Statements for the Period 23 December 2013 to 31 March 2015

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

INCOMING RESOURCES

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

RESOURCES EXPENDED

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

TAXATION

The Foundation is exempt from corporation tax on its charitable activities. The Foundation is not registered for VAT and all input VAT is irrecoverable.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

2. VOLUNTARY INCOME

Donation from Ayrshire College	£ <u>6,611,000</u>
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3. INVESTMENT INCOME

Bank account interest	£ <u>48,284</u>
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4. GRANTS PAYABLE

Charity	£ <u>312,797</u>
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The total grants paid during the period were as follows:

Grant to Ayrshire College (see note 12)	£ <u>312,797</u>
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5. CHARITABLE ACTIVITIES COSTS

Administrative expenses	£ 5,400
Website	460
Bank charges	120
	<u>5,980</u>

These costs include applicable, and irrecoverable, VAT.

Ayrshire College Foundation

Notes to the Financial Statements - continued for the Period 23 December 2013 to 31 March 2015

6. GOVERNANCE COSTS

	£	
Legal and professional fees	20,037	
Auditors' remuneration	3,400	
	23,437	
	23,437	

These costs include applicable, and irrecoverable, VAT.

7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	£	
Auditors' remuneration	3,400	
	3,400	

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the period ended 31 March 2015

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the period ended 31 March 2015

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	
Accrued interest income	12,724	
Prepayments	808	
	13,532	
	13,532	

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	
Accrued expenses	7,610	
	7,610	
	7,610	

11. MOVEMENT IN FUNDS

	Net movement in funds	At 31/3/15
	£	£
Unrestricted funds		
General fund	6,317,070	6,317,070
	6,317,070	6,317,070
TOTAL FUNDS	6,317,070	6,317,070

Net movements in funds, included in the above are as follows:

	Incoming Resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	6,659,284	(342,214)	6,317,070
	6,659,284	(342,214)	6,317,070
TOTAL FUNDS	6,659,284	(342,214)	6,317,070

12 Commitments

The Foundation entered into a Grant Agreement with Ayrshire College in February 2015 to support the College's refurbishment and development of its campuses in Ayr and Kilwinning. The Grant payable was for a maximum amount of £3,042,265. Of this amount, £312,797 was paid to the College in March 2015.

This therefore leaves committed expenditure of up to £2,729,468 as at 31 March 2015. These projects should be completed by November 2015.

Ayrshire College Foundation

**Detailed Statement of Financial Activities
for the Period 23 December 2013 to 31 March 2015**

£

INCOMING RESOURCES

Voluntary income

Donations

6,611,000

Investment income

Deposit account interest

48,284

Total incoming resources

6,659,284

RESOURCES EXPENDED

Charitable activities

Website

460

Bank charges

5,520

Grants to institutions

312,797

318,777

Governance Costs

Legal and professional fees

20,037

Auditors' remuneration

3,400

23,437

Total resources expended

342,214

Net income

6,317,070