

# **College Development Network Financial Statements for the Year Ended 31 July 2017**

**Charity Number:** SC021876  
**Company Number:** SC143514

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## Report of the Directors/Trustees for the year ended 31 July 2017

The Directors/Trustees present their report and audited financial statements for the year ended 31 July 2017.

### Objectives and Activities

College Development Network (CDN) supports and promotes the learning community in the college sector to contribute to the social and economic wellbeing of Scotland. We do this by leading, influencing and enabling change and improvement across Scotland's college sector and beyond. We develop and support the college sector through the professional development of their people, resources and approaches to learning. CDN also has a key role in translating Scottish Government policy drivers into practical actions for colleges.

CDN's charitable objective and principal activity continues to promote the advancement of education in Scotland and more generally in the UK and international context by supporting organisations and institutions that provide education and training and lifelong learning opportunities.

The CDN Board has an established series of sub-committees to improve our governance, including the Development Committee, the Innovation Committee, the Audit Committee and the HR Committee. These committees convened regular meetings through 2016-17 which have been well attended and proactive in terms of discussion and outputs.

2016-17 saw the 2nd year of delivery against the Outcome Agreement with the SFC, through implementation of CDN's Operational Plan which also aligns directly with the Strategic Plan 2015-18.

The key strategic themes are:

**Strategic Theme 1** Governance, Leadership and Management - CDN will assist in developing the sector's leadership and governance capacity at all levels, including emerging leaders, senior leaders, principals and Board development programmes.

**Strategic Theme 2** Curriculum, Learning, Teaching, Assessment and Attainment - CDN will demonstrate leadership on current and emerging theory and practice in learning, teaching, assessment and attainment through networks, workshops, online learning and webinars.

**Strategic Theme 3** Development Networks - CDN will support a range of Networks to build sector capacity by leading, creating and sharing best practice based on drivers that influence and address current challenges.

**Strategic Theme 4** Employer Engagement and Enterprise - CDN will lead on ambitious partnership initiatives on behalf of the college sector to support the delivery of Developing Scotland's Young Workforce (DYW), building the capacity of colleges to deliver to industry standards.

**Strategic Theme 5** Quality and Digital Development – CDN will share expertise across the sector and with key partners, as appropriate, to support sector capacity building in professional learning.

### Achievements and Performance

#### Key Outcomes 2016-17

- 5,568 delegates attended a total of 310 CDN events and meetings, an average of 464 delegates each month.
  - This year's Emporium took place in early June 2017, offering thought-provoking and practical workshops, seminars and activities at our offices in Stirling and in external venues across Scotland. Building on last year's 'Emporium of Inspiring Ideas', this year the focus was learning and teaching, which was explored through practical and 'hands-on' sessions with the aim of engaging and driving purposeful learning and teaching & learning by doing through sessions on online learning, cooperative learning, inspiring learning and teaching, and technologies for learning.

- June is our busiest busy month, with the combined Emporium and associated 'end of session' events delivering a total of 28 events and meetings attended by 624 delegates.
- CDN supported 23 active Development Networks, which engaged with over 5,500 delegates, delivering on key strategic priorities:
  - The Quality Network was instrumental in the roll out of the new college quality arrangements, How Good is our College?
  - Care Strategy Steering Group:
    - Early Years Practitioner Short Life Working Group meetings to address the specific need of the expansion in the early years workforce.
    - Working with Digital Health Institute, to map out digital skills required to be embedded in college qualifications to ensure college students are appropriately skilled and meet employer requirements for the workforce both now and in the future.
- Food & Drink Network (key growth sector)
  - Promoting the study of STEM and other curriculum areas that will support entry into the food and drink supply chain as a career for young people or take them from FE into HE for further relevant study.
  - From evaluations of CPD, the "Future of Food" event and the project Showcase event the Food & Drink Network CDN has influenced, directly and indirectly over 600 senior phase pupils and students.
- Board Secretary Network,
  - Produced a series of guidance/exemplar documents for the sector including T&Cs for Board Members, Scheme of Delegation, Publishing Scheme, Standing Orders, Board Secretary Role Description and Guidance for Staff Elections.
  - Provided guidance and support for the sector Good Governance Steering Group.
  - Ran two Networking/Training Events for the network with input from key stakeholders including the Chair of the GGSG, Scottish Government, SFC, OSCR and Who Cares?
- Governance - 367 delegates attended CDN Board Development sessions.

CDN plays a key role in supporting the Scottish Government and the Scottish Funding Council (SFC) priorities through delivery of activities that align with and support those priorities. CDN is a highly effective model in translating policy into practice. For example:

- The development and delivery of activity to support good governance across the sector, including the National College Sector Induction Programme and the National College Board Members' Conference.
- Promoting gender balance within the context of good governance.
- Leading on linking employer demand with college delivery in key sectors e.g.
  - Care – linking health and social care integration, early years provision and the digital health care agenda to promote demand-led learning and teaching.
  - Food and Drink – a key economic sector.
  - Digital skills and cyber security.
- Supporting the new College Quality Arrangements.

## Financial Review

During 2016-17 an operational surplus of £44k was incurred, ahead of the budgeted deficit position at the year-end of £58k. Spend against the Innovation and Resilience Fund during the year reduced the surplus to £28k. Net pension liabilities under FRS 102 section 28 increased by £41k at the year-end, which when recognised in the SOFA with a holiday pay accrual reduction of £3k under FRS102, resulted in an overall statutory deficit for the organisation of £10k for the year to 31 July 2017.

Income for the year was £2.18M. Of this, the Scottish Funding Council (SFC) provided a flat-cash core grant of £1.54M amounting to around 71% of total income for the year. The SFC also provided additional project funding under separate letters of grant of £115k, taking the total SFC funding to 76% of total income for the year and continues to remain, by far, the main source of funding.

Spend for the year, including the Innovation and Resilience Fund, totalled £2.16M of which around 69% was in respect of total staffing costs. Spend against the Innovation and Resilience Fund totalled £17k relating largely to key systems changes during the year.

Turnover expected for 2017-18 is £2M with a planned operational deficit of £289k. There is no planned spend against the Innovation and Resilience Fund in 2017-18. The Board of Directors consider that College Development Network continues to be a going concern and supports the planned spend for 2017-18 on this basis.

## Post Balance Sheet Event

In August 2017 negotiations were entered into with the landlord to vary the head lease. These negotiations were concluded in October 2017 and £320,000 was paid to the landlord in this respect.

## Principal Funding Sources

College Development Network received flat-cash core funding from the SFC of £1.54M to contribute to the operational running of the organisation and to deliver agreed project activities in line with sector need. The SFC also provided £115k of funding to support other project activities.

Other principal sources of funding were derived through project management and delivery, the funding for which is bid for on a competitive basis through for example, the Scottish Government, colleges and SDS as well as a number of other miscellaneous funders. This is supplemented by the facilitation and co-ordination of development networks and through the delivery of events. The premises at Argyll Court and some support services are also shared with Colleges Scotland and JISC which together generated income of £298k during the year.

## Investment Policy

Under the Memorandum and Articles of Association, College Development Network has the power to invest in any way the directors think fit. Having regard to the operational liquidity requirements of College Development Network, the directors operate a policy of keeping funds required in the short to medium term in interest bearing deposit accounts whilst funds not so required are invested in higher interest bank accounts with average returns in excess of the Bank of England base rate. In all cases risk is minimised to ensure that capital sums invested are not affected by market fluctuations. Treasury management is reviewed informally on at least a monthly basis and formally on a quarterly basis by the Board.

College Development Network's investment criteria is set out in a treasury management policy approved by the Board of Directors which adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Codes of Practice (the code), as described in section four of that code.

## 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 of reserves has therefore been set giving cognisance to the main risks and potential liabilities faced by College Development Network. This lends a degree of financial stability to the business in the event that income sources are lost or reduced ensuring continuity of service provision.

For 2016-17 the main risks and potential liabilities faced are as set out in the risk management section of this report together with fluctuations in pensions liabilities arising under FRS102 - section 28. The strategy is therefore to maintain reserves at a level sufficient to cover any potential liabilities arising. An Innovation & Resilience Fund (I&R Fund) was created in 2009-10 from excess surpluses created over that planned and was built up over a number of years. This fund has since been used to contribute to both the delivery of our strategic priorities and to create some financial 'headroom' to support any unexpected key sector issues arising when such funds are available.

The reserves position as at 31 July 2017 has decreased to a net liability of £17k.

The Directors are aware of the net liability position at the balance sheet date as a result of FRS102 – section 28 accounting for the Strathclyde Pension Scheme, and recognise that operational reserves are actually sitting at £1M and are therefore content that the reserves policy has been met.

## Plans for Future periods

We have agreed a refreshed strategic framework with our funders for 2017 – 2020 clustered around three pillars. These are as follows:

### 1. For the Learning Workforce

- A review of the professional standards for lecturers;
- A digital learning platform to match and track CPD against the Standards;
- A national college Expo event for training and showcasing college innovation;
- Digital Skills Roadshows.

### 2. For Strategic Leaders

- Training and development for board members;
- Executive leadership programme for principals;
- Emerging leadership programme.

### 3. For the Skills Sector

- Developing an online College 'Innovation Hub';
- Supporting key growth areas, Food & Drink, and Health & Social Care;
- Supporting our Development Networks and sector partnerships;
- Celebrating success through the CDN College Awards and the CDN Quick magazine.

## Structure, Governance and Management

### Governing Document

CDN is a charitable company limited by guarantee. Its objects and powers are set out in its Memorandum and Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1. CDN is owned by the Regional Colleges and Regional Strategic Bodies in Scotland.

In addition to its Memorandum and Articles of Association, CDN is party to a Financial Memorandum with the Scottish Funding Council (SFC). This Memorandum is therefore taken into consideration when preparing both the Directors' Report and Accounts for the financial year.

### 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 a maximum of eight Board members and a minimum of four; two senior managers (or equivalent) from a college member, up to two regional chairs, the Chief Executive and up to three members appointed through a selection process with the appropriate balance of skills and experience required to contribute to the Board.

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 induction training and an electronic induction pack briefing them on; their legal obligations, their duties as Board Members and the main documents which set out the operational framework for College Development Network; including the Memorandum and Articles, financial performance, relevant policies and procedures and future plans and objectives. Board members are also given opportunities to meet staff and are encouraged to attend training events where these will facilitate the undertaking of their role.

Professional Indemnity and Directors' and Officers' Liability insurance is now included within a 'Combined Liability Insurance' together with Entity Defence. It is no longer possible to separately identify the amounts relating to Professional Indemnity and Directors' and Officers' Liability insurance.

### **Organisation**

A Board of Directors of up to 8 members, including the Chief Executive, meet quarterly to administer the company. Audit, HR, Innovation and Development Committees have been formally constituted with terms of reference approved by the Board. All other business is handled through the main Board. A Corporate Governance Code is also in place.

The Chief Executive is appointed by the Board of Directors to manage the day-to-day operations of the company. To facilitate effective operations, the Chief Executive has delegated authority, as set out in the Corporate Governance Code approved by the Board, for day to day operations including developing and implementing strategy, reviewing operational performance and allocating and controlling resources within approved budget.

### **Pay Policy for Senior Staff**

The Directors consider that the Directors and the Senior Management Team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the organisation on a day to day basis. No Director received any remuneration in the year with the exception of the Chief Executive in accordance with the memorandum and Articles of Association. Details of Directors expenses are disclosed in note 7 to the accounts. Details of the remuneration of the Chief Executive are included in note 8.

The pay of senior staff is reviewed annually and normally increased in line with the annual award agreed for all staff within the organisation.

### **Related Parties**

All Regional Colleges and Regional Strategic Bodies in Scotland are members of College Development Network. Five of these members also have employees or appointed Regional Chairs who served on the College Development Network Board of Management during the year.

All transactions involving organisations in which a member of the board may have an interest are conducted at arm's length and in accordance with the organisation's financial regulations. Board members are not permitted to participate in discussions, decisions or transactions involving their related business.

### **Risk Management**

A review of the major strategic, business and operational risks to which College Development Network is exposed is conducted on at least a quarterly basis and reported to the Board. There is a standing agenda item in relation to risk and regulatory updates at all Board meetings. Risk management policy and procedures are in place to support the risk management process and mitigate risks identified and internal control procedures are in place to minimise internal risks.

The key risks faced by College Development Network during the year were in relation to:

- potential funding cuts effecting the sustainability of College Development Network;

- income targets, out with the SFC core grant, are not met as opportunities for securing additional income shrink;
- managing the relationship and associated risks arising between College Development Network and its sub-tenants.

We have sought to mitigate these risks by on-going discussions with SFC, having a business development plan in place and investment in maintaining and managing the relationships between College Development Network and its sub-tenants.

**Reference and Administrative Information**

Company Number:	SC143514
Registered Charity Number:	SC021876
Registered Office:	Argyll Court Castle Business Park Stirling FK9 4TY
External Auditor:	Scott Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL
Internal Auditor:	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
Solicitors:	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
Bankers:	Bank of Scotland plc 1 Munro Road Springkerse Stirling FK7 7SY



## **Directors and Trustees**

The Directors/Trustees of the company during the year were:

Paul Houlden (Chair)

Willie Mackie (Vice Chair)

Regional Chair, Ayrshire College

Stephanie Graham

Vice-Principal, West College Scotland

Annette Bruton

Principal, Edinburgh College

Gillian Croan  
(Appointed 17 March 2017)

Director, Versus HR Ltd

Siobhan Jordan  
(Appointed 30 March 2017)

Director, Interface

Brian Johnstone  
(Appointed 1 March 2017)

Regional Chair, Dumfries & Galloway College

Linda McTavish  
(Resigned 8 February 2017)

Regional Chair, The Lanarkshire Board

Thomas Kelly  
(Resigned 29 March 2017)

Independent Consultant and Services Professional

Douglas Millar  
(Resigned 24 February 2017)

Director, Accelerating Business Ltd

James Metcalfe  
(Appointed 4 January 2017)

Chief Executive

No directors held any shares in the company at any time during the year.

Candy Munro  
(from 1 August 2016 – 3 January 2017)

Acting Chief Executive

Gayle Watson

Company Secretary

### Committees of the Board of Management

The Board operates with four formally constituted committees which act with delegated authority from the full Board in place. Information on the Board's committees is given below, together with details of membership:

Audit Committee	Willie Mackie (Chair), Douglas Millar (Resigned 24 February 2017), Linda McTavish (Resigned 8 February 2017), Pete Smith, Gillian Croan (Appointed 17 March 2017), Brian Johnstone (Appointed 1 March 2017)
Development Committee	Stephanie Graham (Chair), Linda McTavish (Resigned 8 February 2017), Brian Johnstone (Appointed 1 March 2017) plus co-opted Regional Representatives from Regional Colleges/Strategic Bodies, NUS and SPARQS.
HR Committee	Douglas Millar (Chair, resigned 24 February 2017), Gillian Croan (Chair, appointed 17 March 2017), Willie Mackie, Stephanie Graham
Innovation Committee	Tom Kelly (Chair, resigned 29 March 2017), Siobhan Jordan (Chair, appointed 30 March 2017), James Metcalfe (Appointed 4 January 2017), Anette Bruton plus four co-opted members, two of which also sit on the Development Committee

All other Board business is handled through the main Board which meets at least quarterly.

By order of the Board:



Paul Houlden  
Chair of the Board

Date: 29 November 2017

## Directors' Responsibilities in Relation to the Financial Statements

The directors, who are also trustees for the purpose of charity law, are responsible for preparing the Trustees' and Directors' 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 directors to prepare financial statements for each financial year, which 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 directors are required to:

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

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

### Statement as to disclosure of information to Auditor

In so far as the directors are aware:

- there is no relevant information of which the charitable company's auditor is unaware; and
- the directors themselves have taken all the steps that they ought to have in order to make the directors themselves aware of any relevant audit information, and to establish that the charitable company's auditor is aware of the information.

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

### Auditor

In accordance with Company's Articles, the auditors of the company will be appointed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by charities (FRS102) and in accordance with the provisions applicable to companies subject to the small companies' regime of the Companies Act 2006.

## **Corporate Governance Statement**

College Development Network is committed to exhibiting best practice in all aspects of corporate governance.

The Board of Directors is responsible for the systems of internal control and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors is of the view that there is an ongoing process for identifying, evaluating and managing significant risks faced by College Development Network and that this process has been in place during the reporting period. This process is reviewed at least quarterly by the Board of Directors.

The Board of Directors meets at least quarterly and has delegated authority to the following committees with formal terms of reference:

- Development Committee
- Audit Committee
- HR Committee
- Innovation committee

All committees comprise mainly lay members of the Board of Directors, one of whom is the Chair.

In respect of its strategic and development responsibilities, the Board of Directors receives recommendations and advice from the Chief Executive and Leadership Team.

The Audit Committee meets, as a minimum, twice a year but may meet up to four times a year, with the external or internal 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 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 Development Committee meets at least four times a year. The remit of the Committee is to ensure the design, development and delivery of College Development Network support services meets colleges emerging and priority development needs and promote awareness and understanding of the portfolio of College Development Network services for the sector, across college staff and key stakeholders.

The HR Committee meets, as a minimum, twice a year. The committee ensures that Health & Safety policies and procedures and HR Strategies, policies and processes are in place and are managed effectively.

The Innovation Committee meets, as a minimum, twice a year but may meet more frequently as required. The Committee ensures that IT systems and policies reflect the aspirations of the organisations to lead, create and share across the FE sector and beyond, to challenge the organisation in and around its effective use of technology across its product and services, aspire to be a lead innovator in target markets and develop more innovative products and services beyond current delivery mechanisms and approaches to learning.

The Leadership Team considers information on key performance and risk management and possible control issues therein. The Board of Directors receives reports from the Leadership Team and the Audit Committee regarding risk and control issues and how it is planned to address these issues. The Audit Committee's role is confined to a high level review of arrangements for internal control. The overall emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

## **Independent Auditor's Report to the Directors/Trustees and Members of College Development Network**

We have audited the financial statements of College Development Network for the year ended 31 July 2017 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes. 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 the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Sections 495 and 496 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 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees 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 and its 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 auditor**

As explained more fully in the Directors' Responsibilities in Relation to the Financial Statements set out on page 10, 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 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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 July 2017 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on other matter 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 Trustees' and Directors' Report for the financial year 31 July 2017 for which the financial statements are prepared is consistent with the financial statements, and the Trustees' and Directors' Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the 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 Trustees' and Directors' Report.

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; or
- the trustees 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 Trustees' and Directors' Report; or
- the directors were not exempt from the requirement to prepare a Strategic Report.

*Michael Harkness*

**Senior Statutory Auditor:  
Michael Harkness**

**For and on behalf of Scott-Moncrieff, Statutory Auditor  
Chartered Accountants  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Exchange Place 3  
Sempie Street  
Edinburgh  
EH3 8BL**

29 November 2017

**Statement of Financial Activities (SOFA)  
(including Income & Expenditure Account)  
for the year ended 31 July 2017**

	Notes	2017 £'000 Unrestricted Funds	2017 £'000 Total Funds	2016 £'000 Unrestricted Funds	2016 £'000 Total Funds
<b>Income and endowments from:</b>					
Donations and legacies	3	26	26	27	27
Charitable activities	4	2,157	2,157	2,132	2,132
Investments		5	5	9	9
<b>Total</b>		<b>2,188</b>	<b>2,188</b>	<b>2,168</b>	<b>2,168</b>
<b>Expenditure on:</b>					
Charitable activities	5	2,288	2,288	2,491	2,491
<b>Total</b>		<b>2,288</b>	<b>2,288</b>	<b>2,491</b>	<b>2,491</b>
<b>Net expenditure</b>		<b>(100)</b>	<b>(100)</b>	<b>(323)</b>	<b>(323)</b>
<b>Other recognised losses:</b>					
(Loss) / Gain on defined benefit pension scheme	19	90	90	(111)	(111)
<b>Net movement in funds</b>		<b>(10)</b>	<b>(10)</b>	<b>(434)</b>	<b>(434)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		(7)	(7)	427	427
<b>Total funds carried forward</b>		<b>(17)</b>	<b>(17)</b>	<b>(7)</b>	<b>(7)</b>

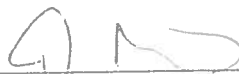
The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities in the above two periods.

## Balance Sheet as at 31 July 2017

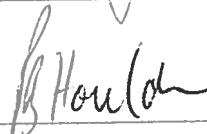
	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	10	42	46
<b>Current assets</b>			
Debtors	11	138	132
Cash at bank and in hand	12	1,212	1,227
<b>Total current assets</b>		<b>1,350</b>	<b>1,359</b>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	13	(246)	(296)
<b>Net current assets</b>		<b>1,104</b>	<b>1,063</b>
<b>Total assets less current liabilities</b>		<b>1,146</b>	<b>1,109</b>
Creditors: Amounts falling due after more than one year	15	(84)	(93)
Provisions	16	(31)	(16)
<b>Net assets excluding pension liability</b>		<b>1,031</b>	<b>1,000</b>
Pension liability	19	(1,048)	(1,007)
<b>Total Net (liabilities)/assets</b>		<b>(17)</b>	<b>(7)</b>
<b>The funds of the charity:</b>			
<b>Unrestricted funds:</b>			
General funds	20	952	905
<b>Designated funds:</b>			
Pension liability	20	(1,048)	(1,007)
Innovation & resilience reserve	20	79	95
		(17)	(7)
<b>Total charity funds</b>		<b>(17)</b>	<b>(7)</b>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006.

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

  
\_\_\_\_\_

Chief Executive

  
\_\_\_\_\_

Director

29/11/17  
\_\_\_\_\_

Date

Charity Number: SC021876  
Company Number: SC143514



**Statement of Cash Flows  
for the year ended 31 July 2017**

	Notes	2017 £'000	2016 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash (used)/provided by operating activities</b>	21	<b>13</b>	<b>(202)</b>
<b>Cash flows from investing activities</b>			
Interest received		5	9
Purchase of property, plant and equipment		(33)	(31)
<b>Cash provided by investing activities</b>		<b>(28)</b>	<b>(22)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(15)</b>	<b>(224)</b>
Cash and cash equivalents at the beginning of the year		1,227	1,451
<b>Cash and cash equivalents at the end of the year</b>	12	<b>1,212</b>	<b>1,227</b>

## Notes to the Financial Statements for the Year Ended 31 July 2017

### 1. Accounting Policies

#### (a) General Information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the company's transactions are denominated. They comprise the financial statements of the charitable company drawn up for the year ended 31 July 2017.

The continuing activities of College Development Network is to promote the advancement of education in Scotland and more generally in the UK and international context by supporting organisations and institutions that provide education and training and lifelong learning opportunities.

College Development Network is a charitable company limited by guarantee and is incorporated in Scotland. The charitable company's registered charity number is SC021876 and its registered company number is SC143514.

The address of the charitable company's registered office is Argyll Court, Castle Business Park, Stirling, FK9 4TY.

#### (b) Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended).

College Development Network meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgements in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

#### (c) Going concern

The Board is of the view that it would be reasonable to assume that College Development Network will continue to operate for the foreseeable future based on the agreed budget for 2017-18 and the letter of grant for 2017-18 from the SFC and, accordingly, the financial statements have been prepared on the going concern basis.

#### (d) Fund accounting

All funds are classified as unrestricted.

- Unrestricted funds are available for use at the discretion of the Board of Directors in furtherance of the general objectives of the company.
- Designated funds are unrestricted funds earmarked by the Board of Directors for particular purposes.

#### (e) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charitable company is entitled to the income, receipt is probable and the amount can be reliably measured.

- Service Level Agreement (SLA) income is credited to income in the year in which the charity is entitled to the income, receipt is probable and the amount can be reliably measured.
- Grants and donations are recognised when the charity is entitled to the income, receipt is probable and the amount can be measured reliably. Where there are terms or performance related conditions attached, income is recognised to the extent that the conditions have been met. Income received in advance of conditions being met are deferred and released once those conditions are met. Where the grant or donation allows for the recovery by the donor of any unexpended grant, a liability is recognised when repayment becomes probable.
- Investment income. Interest is recognised using the effective interest rate applicable to the asset.

**(f) Resources expended**

Resources expended are included in the Statement of Financial Activities (SOFA) on an accruals basis and are recognised when there is a legal or constructive obligation to pay for expenditure. Where possible, expenditure is allocated directly to the function to which it relates including VAT where it is non-recoverable. Where this is not possible, it is allocated on the basis of time spent by staff on that activity.

- Charitable expenditure comprises those costs incurred by College Development Network 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 College Development Network 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.

**(g) Operating leases**

Rentals payable under operating leases are charged to expenditure on a straight line basis over the term of the lease.

**(h) Fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Tangible fixed assets are capitalised for non-project items at £1,000 dependent on the nature of the acquisition along with any incidental expenses of the acquisition.

**(i) Depreciation**

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Computer equipment	33.3%
Office furniture	20.0%
Tenant's improvements	6.7%

A full year's depreciation charge is made in the year of asset acquisition.

**(j) Taxation**

The company is exempt from taxation in respect of income or capital gains received within categories covered under 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 Value Added Tax arising from expenditure on non-trading activities is charged to the income and expenditure account in the year in which it is incurred.

**(k) Debtors**

Trade debtors are amounts due in relation to contract and support services rendered. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoiced amount, less any allowance for doubtful debts.

**(l) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances with banks which are readily convertible, being those with maturities of three months or fewer from inception.

Cash and cash equivalents are measured at amortised cost.

**(m) Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year.

Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

**(n) Financial assets and liabilities**

Financial instruments are recognised in the statement of financial position when the charitable company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the charitable company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**(o) Pensions**

Retirement benefits to the employees of College Development Network are provided by the Scottish Teachers' Pension Scheme (STSS) and the Strathclyde Pension Fund (SPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. For defined benefit retirement benefit 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 contributions are determined by qualified actuaries on the basis of valuations every five years for STSS using the Prospective Benefit method and every three years for SPF using the Projected Unit method. Liability for benefits is a charge on the STSS or SPF.

College Development Network also participates in a defined contribution scheme with Scottish Equitable. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs charged to the income and expenditure account represent the contributions payable by the company in the year.

## **2. Critical judgements and estimates**

In preparing the financial statements trustees 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).

### 3. Donations and legacies

	2017 £'000	2017 £'000	2016 £'000
	Unrestricted	Total	Total
Sponsorship	26	26	27
<b>Total</b>	<b>26</b>	<b>26</b>	<b>27</b>

### 4. Charitable activities

	2017 £'000	2017 £'000	2016 £'000
	Unrestricted	Total	Total
Projects, Consultancy, Training, Facilitation, Sub-tenant income	315	315	355
	298	298	233
<b>Total Contracts and Support Services</b>	<b>613</b>	<b>613</b>	<b>588</b>
Service Level Agreement with SFC	1,544	1,544	1,544
<b>Total Grants Received</b>	<b>1,544</b>	<b>1,544</b>	<b>1,544</b>
<b>Total</b>	<b>2,157</b>	<b>2,157</b>	<b>2,132</b>

### 5. Expenditure on charitable activities

	Projects, consultancy training and facilitation £'000	Project partner funds £'000	Sub- tenant support £'000	Other support costs £'000	2017 Total £'000	2016 Total £'000
Staffing costs	962	-	123	304	1,389	1,352
Project specific costs	337	-	-	-	337	450
Support costs (see note 6)	-	-	175	362	537	651
Governance costs (see note 6)	-	-	-	25	25	38
<b>Total Resources Expended</b>	<b>1,299</b>	<b>-</b>	<b>298</b>	<b>691</b>	<b>2,288</b>	<b>2,491</b>

### 6. Analysis of support and governance costs

	Basis of allocation	Support costs £'000	Governance £'000	2017 Total £'000	2016 Total £'000
Board meeting costs	Direct	-	1	1	1
Staffing costs	Time	-	19	19	20
Audit fees	Direct	-	5	5	17
Overheads	Headcount	537	-	537	651
<b>Total</b>		<b>537</b>	<b>25</b>	<b>562</b>	<b>689</b>

## 7. Board remuneration

The emoluments of the Chief Executive are disclosed in note 8. No other member of the Board either received or waived any emoluments during the year (2016: £nil).

Out of pocket expenses consisted of reimbursed travel and subsistence costs to Board members and were as follows:

	2017 No. of board members	2016 No. of board members	2017 £'000	2016 £'000
Travel	4	6	6	7

## 8. Staff Costs

	2017 £'000	2016 £'000
<b>Core Staff</b>		
Wages and salaries	1,036	1,053
Social security costs	106	91
Other pension costs	161	168
FRS 102 defined benefit adjustments	106	59
<b>Short-term and temporary staff</b>		
Consultants	156	223
Agency staffing	38	35
<b>Total</b>	<b>1,603</b>	<b>1,629</b>

The average monthly headcount was 35 staff (2016: 35 staff).

The average number of full-time equivalent employees including consultants, during the year was 34.42 (2016: 35.41).

The number of staff including the Chief Executive and senior post-holders who received emoluments within the following ranges was:

	2017	2016
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
	1	1

The emoluments of key management, including the Chief Executive, are made up as follows:

	2017 £'000	2016 £'000
Salaries	177	166
Benefits in Kind	3	2
Pension Contributions	34	28
<b>Total Emoluments</b>	<b>214</b>	<b>196</b>

The above emoluments include amounts payable to the Chief Executive, James Metcalfe, who is also a trustee for the purposes of charity law of £46,060 (2016: £48,029). Contributions to pension schemes on behalf of the Chief Executive were £8,890 (2016: £4,968). The Chief Executive also received benefits in kind of £649 (2016: £567)

As authorised by the charitable company's Articles of Association, the above noted remuneration to James Metcalfe is for his role in the day to day running of the charitable company.

**9. Net income for the year**

	2017 £'000	2016 £'000
This is stated after charging:		
Depreciation	37	43
External Auditor's remuneration		
- Audit	5	9
- Non-audit	2	3
Internal Auditor's remuneration	-	8
Operating Leases – Rent	151	151
	<b>195</b>	<b>214</b>

**10. Fixed assets**

	Computer Equipment £'000	Office Furniture £'000	Tenant's Improvements £'000	Total £'000
<b>Cost</b>				
At 1 August 2016	383	287	157	827
Additions	20	13	0	33
Disposals	0	(4)	0	(4)
<b>At 31 July 2017</b>	<b>403</b>	<b>296</b>	<b>157</b>	<b>856</b>
<b>Accumulated depreciation</b>				
At 1 August 2016	361	277	143	781
Charge for year	22	11	4	37
Eliminated on disposal	0	(4)	0	(4)
<b>At 31 July 2017</b>	<b>383</b>	<b>284</b>	<b>147</b>	<b>814</b>
<b>Net book value 31 July 2017</b>	<b>20</b>	<b>12</b>	<b>10</b>	<b>42</b>
<b>Net book value 31 July 2016</b>	<b>22</b>	<b>10</b>	<b>14</b>	<b>46</b>

**11. Debtors**

	2017 £'000	2016 £'000
Trade debtors	86	85
Prepayments and accrued income	52	42
Other debtors	-	5
<b>Total</b>	<b>138</b>	<b>132</b>

**12. Cash and cash equivalents**

	2017 £'000	2016 £'000
Cash at bank and in hand	1,212	1,227
<b>Total</b>	<b>1,212</b>	<b>1,227</b>

**13. Creditors**

	2017 £'000	2016 £'000
Trade creditors	43	111
Taxes and social security costs	27	27
Accruals and other creditors	114	131
Deferred income	62	27
<b>Total</b>	<b>246</b>	<b>296</b>

**14. Deferred income**

	2017 £'000	2016 £'000
<b>Deferred income at 1 August 2016</b>	<b>27</b>	<b>49</b>
Performance related grant income earned	(1,705)	(1,636)
Performance related grant income deferred	1,740	1,614
<b>Deferred income at 31 July 2017</b>	<b>62</b>	<b>27</b>

Deferred income relates to grant income for which the recognition criteria will be met in the next year.

**15. Creditors due after more than one year**

	2017 £'000	2016 £'000
<b>Pension liabilities</b>		
As at 1 August 2016	93	86
Transferred from/(to) Current Liabilities	(9)	7
<b>As at 31 July 2017</b>	<b>84</b>	<b>93</b>

**16. Dilapidations**

	2017 £'000	2016 £'000
Balance at 1 August 2016	16	-
Additions	17	16
<b>Balance at 31 July 2017</b>	<b>31</b>	<b>16</b>

The above dilapidations provision has been recognised in relation to the lease of the office premises expiring in 2021. The amount recognised in 2017 relates to the annual charge of Colleges Development Network's share of the anticipated cost due at the end of the lease period.

**17. Financial assets and liabilities**

	2017 £'000	2016 £'000
Financial assets at amortised cost	1,313	1,326
Financial liabilities at amortised cost	(240)	(334)
<b>Total</b>	<b>1,073</b>	<b>992</b>

Financial assets held at amortised cost comprise trade debtors, accrued income, other debtors and cash and cash equivalents.

Financial liabilities held at amortised cost due within one year comprise trade creditors, accruals and other creditors.



Financial liabilities held at amortised cost due after more than one year comprise pension liabilities.

### 18. Lease Commitments

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

	2017 £'000	2016 £'000
<b>Operating leases which expire:</b>		
Due within 1 year	370	151
Between 2 and 5 years	-	527
Due over 5 years	-	-
<b>Total</b>	<b>528</b>	<b>678</b>

In August 2017 negotiations were entered into with the landlord to vary the head lease. These negotiations were concluded in October 2017 and £320,000 was paid to the landlord in this respect. The above amount reflects this payment together with the rent due to the landlord for 2017-18.

### 19. Pension costs

College Development Network operates three pension schemes, the Scottish Teachers' Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Scottish Equitable scheme (SE). College Development Network also contributes into a personal pension plan (PPP) for employees on request. The total employer's pension cost for the period was as follows:

	2017 £'000	2016 £'000
Contribution to SPF	110	91
Contribution to STSS	21	33
Contribution to SE	29	28
Pension recharges	-	-
Additional contribution to cover unfunded pension	1	1
<b>Total pension cost</b>	<b>161</b>	<b>153</b>

Pension contributions outstanding at the year-end were £17,522 (2016: £17,966).

#### Scottish Teachers' Superannuation Scheme (STSS)

- (a) If staff joining College Development Network are currently members of the STSS they may opt to remain members of the scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be based on scheme data as at 31 March 2016 and this will set contribution rates from 1 April 2019.
- (b) College Development Network has no liability for other employers obligations to the multi-employer scheme.
- (c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.
- (d) (i) The scheme is an unfunded multi-employer defined benefit scheme.
  - (ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where College Development Network is unable to identify its share of the

underlying assets and liabilities of the scheme.

(iii) The employer contribution rate from 1 August 2015 to 31 August 2015 was 14.9% of pensionable pay. This increased to 17.2% from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay.

(iv) At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers contribution rate.

(v) College Development Network's level of participation in the scheme is 0.01% based on the proportion of employer contributions paid in 2013-14.

### Strathclyde Pension Fund (SPF)

The SPF is a funded defined benefit scheme where the assets are held in a separate, trustee-administered fund. Previously open to all staff in College Development Network, the scheme closed to existing administrative and technical staff on 1 November 2003 and to new administrative and technical staff from 1 August 2003.

Actuarial valuations determine the level of employer contribution to the scheme and are as follows:

From 1 April 2015	19.3%
From 1 April 2016	19.3%
From 1 April 2017	19.3%

Anticipated employer contributions to the scheme for the year ended 31 July 2018 will be approximately £108,000.

Employees' contribution is calculated on a tiered contribution basis dependent on pensionable salary.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2014 updated to 31 July 2017 by a qualified independent actuary, Hymans Robertson LLP.

### Financial assumptions

	At 31 July 2017	At 31 July 2016
Rate of increase on salaries	4.5%	3.9%
Rate of increase on pensions	2.5%	1.9%
Discount rate for liabilities	2.7%	2.4%

### Major categories of plan assets as a percentage of total plan assets

	At 31 July 2017	At 31 July 2016
Equity	71%	73%
Bonds	14%	16%
Property	11%	11%
Cash	4%	0%

### Mortality

	At 31 July 2017 Male	At 31 July 2017 Female	At 31 July 2016 Male	At 31 July 2016 Female
Current Pensioners	22.1 years	23.6 years	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years	24.8 years	26.2 years

The fair value of scheme assets attributed to College Development Network, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of scheme liabilities attributed to College Development Network which are derived from cash flow projections over a long period and thus inherently uncertain, were:

At 31 July 2017	At 31 July 2016
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College Development Network Financial Statements for the Year Ended 31 July 2017

Total fair value of assets	5,383	4,680
Present value of scheme liabilities	(6,431)	(5,687)
<b>Net Liabilities</b>	<b>(1,048)</b>	<b>(1,007)</b>

**Analysis of amount charged to other financial income**

	2017	2016
	£'000	£'000
Service cost	215	147
<b>Total Operating Charge</b>	<b>215</b>	<b>147</b>

**Analysis of net return on pension scheme**

	2017	2016
	£'000	£'000
Expected return on pension scheme assets	113	146
Interest on pension liabilities	(138)	(176)
<b>Net Return</b>	<b>(25)</b>	<b>(30)</b>

**Analysis of amount recognised in statement of financial activities**

	2017	2016
	£'000	£'000
Current service cost	215	147
Contributions	(109)	(88)
Interest Cost	138	176
Interest Income on plan assets	(113)	(146)
<b>Total included in statement of financial activities</b>	<b>131</b>	<b>89</b>

**Movement in deficit during the year**

	2017	2016
	£'000	£'000
Deficit in Scheme at Beginning of Year	(1,007)	(807)
Current service cost	(215)	(147)
Contributions paid	108	87
Contributions in respect of unfunded benefits	1	1
Actuarial (loss)/gain	90	(111)
Net return on assets	(25)	(30)
<b>Deficit in the Scheme at End of Year</b>	<b>(1,048)</b>	<b>(1,007)</b>

**Reconciliation of defined benefit obligation**

	2017	2016
	£'000	£'000
<b>Opening Defined Benefit Obligation</b>	<b>5,687</b>	<b>4,852</b>
Current service cost	215	147
Interest cost	138	176
Contributions by members	45	36
Actuarial losses/(gains)	436	559
Estimated unfunded benefits paid	(1)	(1)
Estimated benefits paid	(89)	(82)
<b>Closing Defined Benefit Obligation</b>	<b>6,431</b>	<b>5,687</b>

**Reconciliation of fair value of employer assets**

	2017	2016
	£'000	£'000
<b>Opening Fair Value of Employer Assets</b>	<b>4,680</b>	<b>4,045</b>
Expected return on assets	113	146
Contributions by members	45	36
Contributions by employers	108	87
Contributions in respect of unfunded benefits	1	1
Actuarial gain/(loss)	526	448
Unfunded benefits paid	(1)	(1)
Benefits paid	(89)	(82)
<b>Closing Fair Value of Employer Assets</b>	<b>5,383</b>	<b>4,680</b>

### The Scottish Equitable Scheme

The Scottish Equitable scheme is a defined contribution scheme, open to all staff in College Development Network. Pension costs charged to the income and expenditure account represent the contributions payable by the company in the year and are based upon a fixed percentage of employee salary aligned to salary band.

### 20. Analysis of unrestricted funds

	Balance at 1 August 2016 £'000	Income (inc. gains) £'000	Expenditure £'000	Recognised Gain £'000	Balance at 31 July 2017 £'000
<b>General funds</b>	905	2,188	(2,141)	-	952
<b>Designated funds:</b>					
Pension liability	(1,007)	-	(131)	90	(1,048)
Innovation & resilience reserve	95	-	(16)	-	79
<b>Total</b>	<b>(7)</b>	<b>2,188</b>	<b>(2,288)</b>	<b>90</b>	<b>(17)</b>

The Pension Liability Fund is designated to meet potential pension liabilities.

The Innovation & Resilience Reserve will continue to be used to both contribute to the delivery of our strategic priorities going forward.

### 21. Reconciliation of net expenditure to net cash flow from operating activities

	2017 £'000	2016 £'000
<b>Net expenditure for the reporting period</b>	<b>(100)</b>	<b>(323)</b>
<b>Adjustment for:</b>		
Depreciation	37	43
Interest received	(5)	(9)
(Increase)/decrease in debtors	(6)	(31)
Increase/(decrease) in creditors	(44)	29
Defined benefit pension scheme	131	89
<b>Net cash flows from operating activities</b>	<b>13</b>	<b>(202)</b>

### 22. Related parties

There have been no related party transactions during the year that require disclosure.