

A REPORT BY THE AUDITOR GENERAL FOR SCOTLAND UNDER SECTION 22(3) OF THE
PUBLIC FINANCE AND ACCOUNTABILITY (SCOTLAND) ACT 2000

THE 2002/03 AUDIT OF INVERNESS COLLEGE

1. I have received the audited accounts of Inverness College for the year ended 31 July 2003. The auditor's report on the accounts is not qualified but contains a paragraph drawing attention to the College's position as a going concern. I also prepared a similar report on the College's position as a going concern in respect of the 2001/02 financial year.
2. I submit these accounts and the auditor's report in terms of section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report which I have prepared under section 22(3) of the Act outlining the College's position as a going concern.
3. Inverness College incurred a deficit on continuing operations, on its Income and Expenditure account, of £218,123 for the period ended 31 July 2003. At 31 July 2003, the accumulated deficit on the College's Income and Expenditure Reserve was £3,355,363, a reduction of £352,084 from the deficit of £3,707,447 recorded at 31 July 2002. The College's net current liabilities also fell from £2,365,547 at 31 July 2002 to £1,194,077 at 31 July 2003.
4. The auditor's report, which is incorporated at pages 13 to 14 of the accounts, refers to the College's financial position in the following terms:

“Going Concern

In forming my opinion, I have considered the adequacy of the disclosures made in the Statement of Accounting Policies at pages 15 and 21 of the financial statements concerning the continuation of support by the College's bankers and the Scottish Further Education Funding Council in terms of overdraft facilities and continuing recurrent funding. In view of the significance of these issues in the context of the College's accumulated deficit of £3.355 million as 31 July as at 31 July 2003, I consider that they should be drawn to your attention. My opinion is not qualified in this respect.”



ROBERT W BLACK
Auditor General for Scotland