
Report and Financial Statements

for year ended

31 July 2007

Registered No. SC185072

Registered Office:
Thorniedean House
Melrose Road
Galashiels

BC BUSINESS CONSULTANTS LIMITED

COMPANY INFORMATION

DIRECTORS :	S. Dawson Chair L. McIntyre, Vice Chair D McKendry, Managing Director M Jarman A D Haddon D Ogilvie P Smith	appointed 10 th Apr2007 resigned 3 rd Nov 2006 resigned 31 st Aug 2007 appointed 27 th Oct 2006 appointed 1 st Sep 2007
COMPANY SECRETARY :	C Taylor A Haddon	resigned 31 st Aug 2007 appointed 1 st Sep 2007
REGISTERED OFFICE :	Thorniedean House, Melrose Road, Galashiels TD1 2AF	
REGISTERED NUMBER :	SC 185072	
AUDITORS :	Henderson Loggie Chartered Accountants & Registered Auditors Royal Exchange, Panmure Street DUNDEE DD1 1DZ	
BANKERS :	Royal Bank of Scotland 35 High Street Galashiels TD1 1EP	

BC BUSINESS CONSULTANTS LIMITED

REPORT OF THE DIRECTORS

The Directors present their report with the Accounts of the Company for the year ended 31 July 2007.

PRINCIPAL ACTIVITY

The principal business of the company is the delivery of training in support of the development of businesses in the Borders and Southern and Central Scotland.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

BC Consultants has completed a financial year in which it has significantly exceeded its forecasted budget.

The Management Project has continued to grow in line with predictions, delivering a contribution of £69,000 against a projection of £59,000. Future developments within the delivery of Leadership and Management VQs to both the private and public sectors look set to generate sound returns for next year.

The Catering and Hospitality EU project has been completed successfully, exceeding the forecasted contribution by £13,000. This project will continue to be a key focus for growth in terms of short course provision and working with partners to assist in the development of the Tourism Strategy for the Scottish Borders.

The Childcare Project continues to perform well developing VQ delivery to meet the needs of the sector yielding excellent results and returning a £131,000 contribution. Signs of continued growth in the delivery of VQs and the development of short course provision to meet demand for CPD is expected to produce healthy returns for next financial year.

The Short Course provision has exceeded projections returning a contribution of £76,000. Growth in this area will remain a focus for the Company to satisfy demand for certificated and non-certificated routes to employee development.

Although failing to meet their target, the Employment Programmes Team did make a contribution towards meeting overhead costs. Anticipated starts within the LEC Contract were not generated; this will be monitored throughout the coming year.

The Company is also responsible for the management of one College Project – Social Care (F81). This project has again exceeded projections returning a contribution of £139,000. Growth is expected in the next financial year in both VQs and Short Courses.

The Company further supports the College in the subcontracting of training for Skillseekers and Modern Apprenticeships within the Landbased and Motor Vehicle Departments. This provided additional students for College “day-release” courses generating in excess of £26,000 SUM income.

The financial return is the result of hard work and commitment of all our staff. The achievements of our learners has resulted in repeat business and retention of our market position locally, and a well developed Marketing Strategy has provided the Company with opportunities for expansion into new markets outwith the Borders area.

BC BUSINESS CONSULTANTS LIMITED

REPORT OF THE DIRECTORS (cont'd)

DIRECTORS RESPONSIBILITIES

Company Law requires the Directors to prepare Accounts for each financial period that give a true and fair view of the state of the affairs of the Company and the profit or loss of the Company for that period. In preparing these Accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the Accounts;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SMALL COMPANY PROVISIONS

The Directors report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report was approved, so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and each of the Directors has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

AUDITORS

Henderson Loggie, Chartered Accountants, Dundee have been appointed as auditors.

Signed on behalf of the Board of Directors

Suzanne Dawson

Chair

Registered Office: Thorniedean House
Melrose Road
Galashiels
TD1 2AF

Approved by the Board

Date

BC BUSINESS CONSULTANTS LIMITED

AUDITORS' REPORT

Independent Auditors' Report to the Shareholders of BC Business Consultants Limited

We have audited the financial statements of BC Business Consultants Limited for the year ended 31 July 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

BC BUSINESS CONSULTANTS LIMITED

AUDITORS' REPORT (cont'd)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

**Henderson Loggie
Chartered Accountants & Registered Auditors
Royal Exchange
Panmure Street
DUNDEE
DD1 1DZ**

4 December 2007

BC BUSINESS CONSULTANTS LIMITED

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 July 2007

	<u>Note</u>	Year Ended 31 July 2007	Year Ended 31 July 2006
		£	£
Turnover	2	1,142,099	1,275,962
Staff Costs	3	740,065	893,018
Other Operating Charges	4	<u>233,242</u>	<u>327,870</u>
		<u>973,307</u>	<u>1,220,888</u>
Operating Profit/(Loss)		168,792	55,074
Provision for redundancy		0	(91,898)
Donation under Gift Aid to Parent		<u>185,430</u>	<u>0</u>
Profit/(Loss) after exceptional items		(16,638)	(36,824)
Interest Receivable	5	<u>16,638</u>	<u>12,880</u>
Profit/(Loss) before Taxation		0	(23,944)
Tax on Profit/(Loss) on Ordinary Activities	6	<u>0</u>	<u>0</u>
Profit/(Loss) on Ordinary Activities after Taxation	13	<u>0</u>	<u>(23,944)</u>

BC BUSINESS CONSULTANTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

As at 31 July 2007

	Year Ending <u>31 July 2007</u>	Year Ending <u>31 July 2006</u>
	£	£
Gain/(Loss) for the period	0	(23,944)
Actuarial gain/(losses) in respect of pension scheme	<u>153,000</u>	<u>(235,000)</u>
Total recognised gains/(losses) in the year	<u>153,000</u>	<u>(258,944)</u>
Prior year adjustment	<u>-</u>	<u>-</u>
Total recognised gains/(losses) since last annual report	<u>153,000</u>	<u>(258,944)</u>
Reconciliation		
Opening shareholders funds	(585,944)	(327,000)
Total recognised gains/(losses) since last annual report	<u>153,000</u>	<u>(258,944)</u>
Closing shareholders funds	<u>(432,944)</u>	<u>(585,944)</u>

BC BUSINESS CONSULTANTS LIMITED

BALANCE SHEET

As at 31 July 2007

	<u>Note</u>	<u>31 July 2007</u>	<u>31 July 2006</u>
		£	£
Fixed Assets			
Tangible Assets	7	0	15,840
Current Assets			
Debtors	8	154,633	156,612
Cash at Bank and in Hand		<u>200,764</u>	<u>483,207</u>
		355,397	639,819
Less: Creditors – amounts falling due within one year	9	(348,341)	(632,603)
Net Current Assets/(Liabilities)		<u>7,056</u>	<u>7,216</u>
Total Net Assets/(Liabilities) excluding Pension (Liability)			
		7,056	23,056
Deferred Capital Grants	11	0	(5,000)
Net Pension (Liability)	16	<u>(440,000)</u>	<u>(604,000)</u>
Net Assets/(Liabilities) including Pension Liability		<u>(432,944)</u>	<u>(585,944)</u>
Capital & Reserves			
Called Up Share Capital	12	10,000	10,000
Profit & Loss Account	14	<u>(442,944)</u>	<u>(595,944)</u>
Total Funds/(Liabilities)	13	<u>(432,944)</u>	<u>(585,944)</u>

These financial statements have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies and were approved by the Board of Directors on

Signed on its behalf by:

L. McIntyre - Director

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31 July 2007

1. ACCOUNTING POLICIES

a) Basis of Accounting

The Accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Companies Act 1985.

b) Recognition of Income

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

c) Work in Progress

Work in Progress is valued at the lower of cost and net realisable value. Cost includes all direct expenses with an appropriate proportion of overhead expenses.

d) Equipment

Equipment costing less than £10,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its expected useful economic life as follows:

Computer Equipment	25% per year
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Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

e) Leases

Rental obligations under operating leases are charged to the profit and loss account in the period in which incurred.

f) Pension Costs

Retirement benefits to employees of the Company are provided by the Scottish Borders Council Local Government Pension Fund. This is a defined benefit scheme which is externally funded. The assets of the Local Government Pension Fund are measured using closing market values. Local Government Pension Fund liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs.

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

g) Deferred Taxation

Provision is made, at current rates, for taxation deferred in respect of all material timing differences.

h) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

i) Cashflow Statement

The financial statements do not include a Cashflow Statement because the Company, as a wholly owned subsidiary of Borders College, is exempt from the requirements to prepare such a statement under Financial Reporting Standard 1 – Cashflow Statements

2. TURNOVER

Turnover represents the amounts earned in respect of goods and services provided. The Company does not export.

3. STAFF COSTS

	<u>Year Ended 31 July 2007</u>	<u>Year Ended 31 July 2006</u>
	£	£
Wages & Salaries	615,533	705,660
Social Security Costs	44,142	50,921
Pension Costs (including FRS 17 adjustment)	<u>80,390</u>	<u>136,437</u>
	<u>740,065</u>	<u>893,018</u>

The average number of employees during the period was as follows:

31	29
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	<u>Year Ended 31 July 2007</u>	<u>Year Ended 31 July 2006</u>
	£	£
Directors Remuneration		
Executive Salaries	38,564	46,887
Benefits in Kind	0	920
Pension Contributions	<u>6,558</u>	<u>7,666</u>
	<u>45,122</u>	<u>55,473</u>

Chairman's Remuneration	<u>0</u>	<u>0</u>
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Two of the Directors are senior post holders at Borders College. They received no remuneration from the Company.

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

4. OTHER OPERATING CHARGES include:	Year Ended <u>31 July 2007</u> £	Year Ended <u>31 July 2006</u> £
Rent of Premises (operating leases)	16,950	16,950
Auditors Remuneration Audit Services		
- external audit	2,000	1,950
Auditors Remuneration Other Services		
- internal audit	0	0
- other accounting services	600	1,175
 5. INTEREST RECEIVABLE		
	Year Ended <u>31 July 2007</u> £	Year Ended <u>31 July 2006</u> £
Bank Interest Received	13,638	10,880
Net return on pension asset	<u>3,000</u>	<u>2,000</u>
Interest receivable	<u>16,638</u>	<u>12,880</u>
 6. TAXATION		
The Company has no liability to Corporation Tax (31.07.06, £Nil)		
 7. TANGIBLE FIXED ASSETS		<u>Plant & Equipment</u> £
Cost or valuation		
As at 31 July 2006		61,680
Additions		0
Disposals		<u>(31,680)</u>
As at 31 July 2007		30,000
 Depreciation		
As at 31 July 2006		45,840
Charge for the year		1,980
Eliminated on Disposals in Year		<u>(17,820)</u>
As at 31 July 2007		30,000
 Net Book Value		
As at 31 July 2006		<u>15,840</u>
As at 31 July 2007		<u>0</u>

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

8. DEBTORS

	<u>31 July 2007</u>	<u>31 July 2006</u>
Trade Debtors	92,305	78,220
Amount due by Parent Undertaking	0	0
Prepayments and Accrued Income	<u>62,328</u>	<u>78,392</u>
	<u>154,633</u>	<u>156,612</u>

9. CREDITORS Amounts falling due within one year

	<u>31 July 2007</u>	<u>31 July 2006</u>
	£	£
Trade Creditors	5,770	24,277
Amount due to Parent Undertaking	23,647	341,108
Donation under Gift aid to Parent Undertaking	185,430	0
Social Security and Other Taxes	42,482	33,013
Deferred Income	62,119	106,728
Other Creditors & Accruals	8,893	35,579
Redundancy Provision	0	91,898
Building Reinstatement Provision (Note 20)	<u>20,000</u>	<u>0</u>
	<u>348,341</u>	<u>632,603</u>

10. DEFERRED TAXATION

At 31 July 2007 there was no liability in respect of deferred taxation, (31 July 2006, £Nil).

11. DEFERRED CAPITAL GRANTS

	<u>31 July 2007</u>
	<u>Other Grants</u>
	£
As at 31 July 2006	
Equipment	5,000
Grants received in period	0
Released to profit and loss account	(5,000)
As at 31 July 2007	
Equipment	<u>0</u>

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

12. SHARE CAPITAL

	<u>31 July 2007</u>	<u>31 July 2006</u>
Authorised	£	£
500,000 Ordinary Shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, Issued & Fully Paid		
10,000 Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>2007</u>	<u>2006</u>
	£	£
Shareholders Funds at 1 August	(585,944)	(327,000)
Gain/(Loss) for period	0	(23,944)
Actuarial gain/(losses) for the period	<u>153,000</u>	<u>(235,000)</u>
Shareholders Liabilities at 31 July	<u>(432,944)</u>	<u>(585,944)</u>

14. PROFIT AND LOSS RESERVE

	<u>31 July 2007</u>	<u>31 July 2006</u>
	£	£
Profit & Loss reserve excluding pension reserve	(2,944)	8,056
Pension Reserve	<u>(440,000)</u>	<u>(604,000)</u>
Profit & Loss reserve including pension reserve	<u>(442,944)</u>	<u>(595,944)</u>

15. OPERATING LEASE COMMITMENTS

	<u>31 July 2007</u>	<u>31 July 2006</u>
Annual commitments under operating lease are as follows:	£	£
Property Leases which expire		
Within one year	16,950	0
Between two and five years	<u>0</u>	<u>16,950</u>
	<u>16,950</u>	<u>16,950</u>

The Company is in the process of moving its main office in Edinburgh. A provision has been made in note 20 to cover the costs of reinstating the York Place office to the condition on entering the building. The new annual lease cost is £29,150 per annum.

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

16. PENSION COMMITMENTS

Employees of the Company are members of the Scottish Borders Council Local Government Pension Fund (LGPS) which is of the defined benefit type. The scheme is administered by Scottish Borders Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. The latest formal actuarial valuation of the Council Scheme was at 31 March 2005 with the next formal valuation due as at 31 March 2008. In order to assess the actuarial value of the Fund's liabilities as at 31 July 2007 the actuaries have rolled forward the actuarial value of the liabilities as recorded as at 31 March 2005, allowing for changes in financial assumptions reported.

Method of Valuation

The valuation method used by the actuaries for the scheme is as follows:
Council Scheme – Projected Unit Method.

Total Pension Cost for the Year

The total pension charge in the financial statements reflects the costs incurred by the Company during the year of £80,390 (2006 £136,437)

The Pension charge is analysed as follows:	31 July 2007	31 July 2006
	£000	£000
Scottish Borders Council Local Government Pension Scheme (LGPS)	<u>£80,390</u>	<u>£136,437</u>

The pension costs are assessed in accordance with advice of independent qualified actuaries using the projected unit method. The latest actuaries valuation of the Scottish Borders Council Local Government Pension Scheme was as at 31st March 2005.

In accordance with FRS17 'Retirement Benefits' the total pension charge disclosed for Scottish Borders Council Local Government Pension Scheme is the current service cost which represent the increase in the present value of the scheme's liabilities expected to arise from employee service in the current year. In addition the SBC Pension Scheme cost includes past service cost and NET return.

Financial Assumptions

	Council Scheme Projected Unit Method Year to 31 st July 2007	Council Scheme Projected Unit Method Year to 31 st July 2006	Council Scheme Projected Unit Method Year to 31 st July 2005	Council Scheme Projected Unit Method Year to 31 st July 2004	Council Scheme Projected Unit Method Year to 31 st July 2003
Price Inflation p.a	3.5%	3.2%	2.7%	2.9%	2.6%
Salary increases p.a	5.0%	4.7%	4.2%	4.4%	4.1%
Real salary increase	1.5%	1.5%	1.5%	1.5%	1.5%
Investment returns p.a	See below	See below	See below	See below	See below
Pension increases p.a	3.5%	3.28%	2.7%	2.9%	2.6%

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

Discount rate applied to Scheme's liabilities	5.8%	5.1%	4.9%	5.8%	5.5%
Real discount rate	2.2%	1.8%	2.1%	2.9%	2.8%

The assumptions adopted for the LGPS (above) are based on a set of demographic assumptions that have been updated from those used for the normal funding valuation of the scheme as at 31 March 2005.

The assets in the Scheme (of which the Company's share is estimated at 0.6%) and the expected rate of returns were:

Asset Value and Expected Return on Assets

<u>Assets (Employer)</u>	Long-term Return at 31 July 2007 % p.a.	Assets at 31 July 2007 £000	Long-term Return at 31 July 2006 % p.a.	Assets at 31 July 2006 £000	Long-term Return at 31 July 2005 % p.a.	Assets at 31 July 2005 £000
Equities	7.4%	1,468	7.5%	1,282	7.5%	937
Gilts	4.8%	128	4.4%	106	4.5%	111
Other Bonds	5.8%	147	5.1%	154	5.3%	122
Property	6.9%	155	7.0%	121	7.0%	93
Cash	5.8%	42	4.5%	35	4.3%	36
Total	<u>7.0%</u>	<u>1941</u>	<u>7.0%</u>	<u>1,699</u>	<u>6.9%</u>	<u>1,300</u>

Net Pension Assets as at	31 July 2007 £000	31 July 2006 £000	31 July 2005 £000
Estimated Employer Assets (A)	1,941	1,699	1,300
Present Value of Scheme liabilities	(2,384)	(2,303)	(1,637)
Present Value of Unfunded liabilities	0	0	0
Total Value of Liabilities (B)	(2,384)	(2,303)	(1,637)
Net Pension Asset (A)-(B)	<u>(443)</u>	<u>(604)</u>	<u>(337)</u>

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

16. PENSION COMMITMENTS (Cont'd)

Analysis of amount charged to operating profit

The following amounts are charged to operating profit:

	<u>Year to 31 July 2007</u>	<u>Year to 31 July 2006</u>
	<u>£000</u>	<u>£000</u>
Service cost	156	154
Past Service Costs	(40)	0
Curtailment and settlements	49	5
Total operating charge (A)	166	159
Expected return on employer assets	124	96
Interest on pension scheme liabilities	121	(94)
Net return (B)	3	2
Net revenue account cost (A) – (B)	<u>163</u>	<u>157</u>

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL)

The following amounts would be recognised in the STRGL:

	<u>Year to 31 July 2007</u>	<u>Year to 31 July 2006</u>
	<u>£000</u>	<u>£000</u>
Actual return less expected return on assets	(28)	125
Experience gains / (losses) on liabilities	0	(174)
Change in assumptions underlying present value of scheme liabilities	180	(186)
Actuarial gain / (loss) recognised in the STRGL	<u>153</u>	<u>(235)</u>

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

16. PENSION COMMITMENTS (Cont'd)

Movement in deficit in the year – Retirement Benefits

The movement in deficit in the year was as follows:

	<u>Year to 31 July 2007</u>	<u>Year to 31 July 2006</u>
	£000	£000
Surplus / (deficit) at beginning of year	(604)	(337)
Current service cost	(156)	(154)
Employer contributions	173	125
Impact of settlements and curtailments	(49)	(5)
Net return on assets	3	2
Actuarial gains / (losses)	153	(235)
Past Service Costs	40	0
Surplus / (deficit) at end of year	<u>(440)</u>	<u>(604)</u>

History of actuarial gains / (losses)

Actuarial gains and losses over the year were as follows:

	Year to 31 July 2007 £000	Year to 31 July 2006 £000	Year to 31 July 2005 £000	Year to 31 July 2004 £000	Year to 31 July 2003 £000
Actual return less expected return on assets	(28)	126	97	10	(12)
Value of assets	1,941	1,699	1,300	971	748
Return as a percentage of Year end Fund assets	(1.4%)	7.4%	7.0%	1.0%	(1.6%)
Experience gains/(losses) on liabilities	0	(175)	0	0	(92)
Present value of liabilities	2,384	2,304	1,638	999	999
Losses as a percentage of year end Fund liabilities	0%	(7.6%)	0%	0%	(9.2%)
Actuarial gain/(losses) recognised in the STRGL	<u>153</u>	<u>235</u>	<u>(70)</u>	<u>8</u>	<u>(265)</u>
Present value of liabilities	2,384	2,304	1,638	1,231	999
Losses as a percentage of year end present value of Fund liabilities	6.4%	(10.2%)	(4.3%)	0.6%	(26.5%)

BC BUSINESS CONSULTANTS LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the Year Ended 31 July 2007

17. CONTINGENT LIABILITIES

At 31 July 2007 there were no material contingent liabilities (31.07.06, £Nil).

18. RELATED PARTY TRANSACTIONS

During the year BC Consultants entered into transactions with Borders College, the Company's parent undertaking. Transactions relating to staff time and goods/services were sold to the value of £815,675 and staff time and goods/services were received to the value of £168,637. The net value of trading for 2006/07 was £647,038. The balance at the year-end was £23,647.

19. PARENT UNDERTAKING

The company is a wholly owned subsidiary undertaking of Borders College, which the Directors consider to be the Company's ultimate parent undertaking. The Company provides educational services to Borders College at commercial rates. Borders College provides facilities to the company on the basis of their direct costs.

	<u>31 July</u> <u>2007</u>	<u>31 July</u> <u>2006</u>
	£	£
20. PROVISION FOR LIABILITIES AND CHARGES		
<u>Provision for restructuring</u>		
As at 1 August 2006	91,898	0
Transferred from Profit & Loss Account in the year	(91,898)	
Provision made in year	<u>0</u>	<u>91,898</u>
As at 31 July 2007	<u><u>0</u></u>	<u><u>91,898</u></u>
 <u>Provision for Office Refurbishment</u>		
As at 1 August 2006	0	0
Transferred from Profit & Loss Account in the year	0	0
Provision made in year	<u>20,000</u>	<u>0</u>
As at 31 July 2007	<u><u>20,000</u></u>	<u><u>0</u></u>

The pension provision for un-funded liabilities was re-calculated in accordance with SFC Guidance. The provision for the year relates to providing for the costs of reinstating the Company's York Place offices.

BC BUSINESS CONSULTANTS LIMITED
MANAGEMENT PROFIT AND LOSS ACCOUNT

For the Year Ended 31 July 2007

	<u>Year Ended</u> <u>31 July 2007</u>	<u>Year Ended</u> <u>31 July 2006</u>
	£	£
Income	<u>1,142,099</u>	<u>1,275,962</u>
Staff Costs	<u>740,065</u>	<u>893,018</u>
Other Costs		
Other Staff Costs	50,800	94,686
Repairs, Alterations & Maintenance	15,391	17,431
Energy Costs	1,745	1,504
Rent & Rates	32,221	33,792
Fixture & Fittings	0	0
Cleaning & Domestic Supplies	407	494
Health & Safety, Insurance & Sundry	2,707	2,094
Teaching Equipment	1,912	11,597
Books, Printing, Stationery & Copying	11,187	11,285
Subcontracted Knitting, Design and Technical Centre	2,562	184
Teaching Materials	3,868	4,649
Communications & Computing	20,026	11,874
Other College Services	2,971	3,325
Registration & Exam Fees	22,783	26,197
Bad Debts	2,944	4,352
Advertising, Marketing, Assessors Fees & Transport	14,828	23,946
Skillseekers Allowance	31,856	51,379
Irrecoverable VAT	6,617	9,049
Bank Charges	241	285
Auditing & Accounting	3,150	3,125
Legal Fees	(400)	1,516
Service Level Agreement	3,446	3,436
Depreciation	<u>1,980</u>	<u>11,670</u>
	<u>233,242</u>	<u>327,870</u>
Total Costs	<u>973,307</u>	<u>1,220,888</u>
Operating Profit/(Loss)	168,792	55,074
Provision for restructuring		(91,898)
Donation under Gift Aid to Parent	<u>185,430</u>	<u>0</u>
Profit/(Loss) after exceptional items	(16,638)	(36,824)
Interest Receivable	<u>16,638</u>	<u>12,880</u>
Profit/(Loss) before Tax	<u>0</u>	<u>(23,944)</u>