

UHI | PERTH

Report and Financial Statements for the Year Ended 31 July 2025

Key Management Personnel and Professional Advisers

Key Management Personnel

Key management personnel are defined as members of the Senior Leadership Team and were represented by the following in the year ended 31 July 2025:

Name	Position
Catherine Etri	Interim Principal & Chief Executive and Accountable Officer (from 29 May 2025)
Dr Margaret Cook	Principal & Chief Executive and Accountable Officer (to 14 May 2025)
Lorenz Cairns	Depute Principal – Academic (to 31 July 2025)
Lynn Murray	Depute Principal - Operations
Jillian Elder	Depute Principal (from 11 December 2025)
Gail Dunn	Chief Financial Officer (from 8 December 2025)
External Auditor	Deloitte LLP. 8 th Floor, The Silver Fin Building 455 Union Street Aberdeen AB11 6DB
Internal Auditor	Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB
Bankers	Royal Bank of Scotland 12 Dunkeld Road Perth PH1 5RB
Solicitors	Thorntons Solicitors 17-21 George Street Perth PH1 5JY

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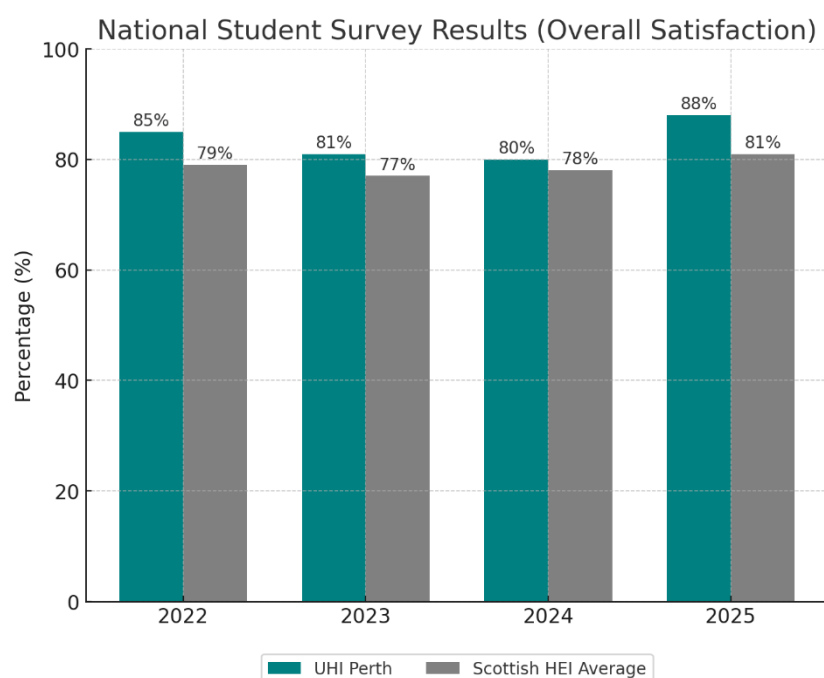
The Performance Report provides an overview of UHI Perth's (also referred to as the College) performance in the academic year to 31 July 2025 covering:

- the Principal's Performance Statement
- a statement of the purposes and activities of UHI Perth
- the key issues and risks that could affect UHI Perth in delivering its strategic plan and
- a performance analysis, financial review for the year, key risks affecting UHI Perth and social matters.

Principal's Performance Statement

Academic Year 2024/25

Although 2024/25 provided many successes it was another very challenging year from a financial perspective. Economic conditions and political decisions had a significant impact on our financial performance. However, despite the challenges, staff and students demonstrated dedication, resilience, commitment and innovation. A big thank you to everyone for continuing to make UHI Perth a success.



The National Student Survey (chart above) showed that UHI Perth scored 88% for overall student satisfaction and is 7 percentage points ahead of the Scottish higher education average.

UHI Perth was named as one of Scotland's top performing colleges in full-time further education in the latest published *College Student Outcomes 2023-24* report by the Scottish Funding Council (SFC). This marks the fourth consecutive year that UHI Perth has outperformed the national sector average in key performance areas.

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Other non-financial highlights included:

- We continue to provide free cost-of-living support to all our students, offering food, toiletries, and other essential items. These goods are available across all our buildings on campus, where students can help themselves from a mini model car, affectionately known as 'Project Caddy', designed and built by our automotive students. In addition, we still offer a complimentary breakfast for all students each day.
- We achieved Level 2 Disability Confident Employer Status.
- We were shortlisted for three prestigious categories in the Herald Education Awards for Further and Higher Education 2025:
 - Support Student Wellbeing Award
 - Outstanding Contribution from a Staff Member - Computing
 - Outstanding Contribution from a University Student – an aircraft engineering student.
- The powerful series of self-portraits by one of our lecturers (artist and therapist) was selected for feature by the British Association of Art Therapists (BAAT) as part of their online gallery initiative, Art Therapists Art.
- A talented apprentice from UHI Perth took top honours at the SECTT East of Scotland Apprenticeship of the Year competition.
- The First Minister John Swinney MSP joined students and staff to celebrate the winners of the OBI Awards (Outstanding, Best and Inspiring).
- Our ESOL (English for Speakers of Other Languages) provision received the highest possible rating of 'Excellent' following a recent inspection by Cambridge English, a global leader in English language assessment.
- Our Music Business Department, in collaboration with the Scottish Music Industry Association (SMIA), hosted a music industry event titled 'Pathways to Success'.
- One of our HNC Sound Production students was a 2025 Charles Parker Prize winner and had a feature broadcast in the New Storytellers Series on BBC Radio 4.
- Our BA Honours Art and Contemporary Practices and BA Honours Visual Communication and Design students showcased their work at the Creative Exchange and the open-air gallery at St Paul's Church in Perth City Centre.
- Our BA Honours Popular Music students took part in the Perth Festival of the Arts.

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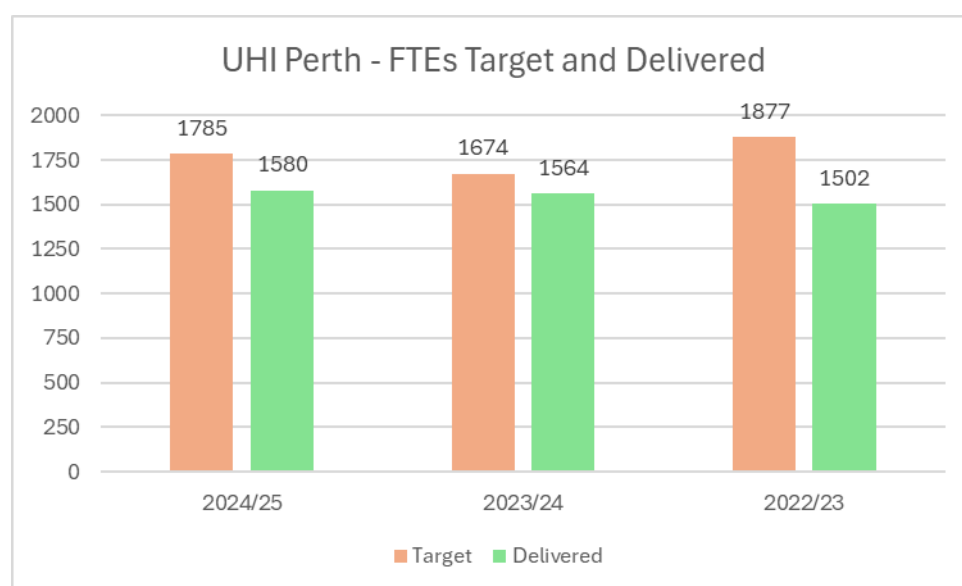
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- Our Theatre Arts students had sell-out performances of the Rocky Horror Show, and the first graduating degree cohort set up four companies performing original productions across Tayside.
- Our Art & Design Department concluded the Remembering Together Project in partnership with Perth and Kinross Council, co-creating Covid memorials with communities across five localities.
- Our Sector Manager in Hospitality and Food Studies was invited onto the Board of Management for The Federation of Chefs Scotland as a College Membership Coordinator.
- Legendary Chef, Steven Doherty, the first three-starred Michelin Chef, hosted a Celebration Gala Dinner alongside Hospitality and Food Studies Students in the UHI Perth Treetops Restaurant.
- One of our HNC Professional Chef students travelled to London for the finals of the Nestle Toque D'Or competition.

2024/25 Financial Performance

The Adjusted Operating Position (AOP) for the College only was a loss of £0.5m (2023/24: restated AOP of £1.4m loss). Our aviation business, Air Services Training (Engineering) Ltd (AST), made a loss of £0.1m for the period up to 9 April 2025 prior to entering administration on 10 April 2025 (2023/24: £0.3m loss), resulting in a reported Group AOP loss of £0.6m (2023/24 £1.4m) as set out on page 17 under the Adjusted Operating Position calculation.

The key driver of the AOP loss is lower than target HE numbers, as detailed further below. However, the AOP has reduced in 2024/25 compared to the previous year due mainly to reduced staff costs.



Overall, our HE FTE numbers have increased compared to 2022/23 and 2023/24, although they have been below target as shown in the graph above. The University sector receive funding for controlled and uncontrolled numbers. Controlled refers to specific student places (e.g. teaching,

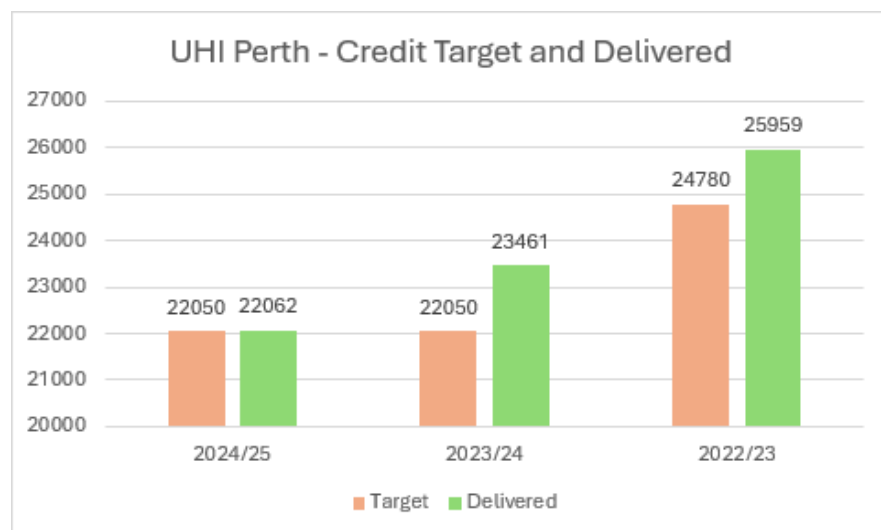
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dentistry, medicine) which is distinct from general funds. These controlled numbers have strict caps and recruitment targets to manage quality, access, and finances, ensuring universities meet specific national priorities without over-recruiting to unsustainable levels. There are three categories within HE.

- **UG (Under-graduate) non-controlled:** This category continues to show steady growth, although we fell short of our ambitious target by 205.3 FTEs (see graph above).
- **UG controlled:** UHI receives an overall UG controlled target, which is then distributed across the partnership. In 2022/23, as other partners were unable to recruit to their allocated targets, we had the opportunity to recruit above our usual level and did so. This subsequently had the effect of creating an apparent 28% decline in enrolment in later years.
- **PGT (Post-graduate):** From 2022/23 to 2024/25 there is an average of 84.6 FTEs across 10 different qualifications. Of these, five qualifications primarily attract home students, while the remaining five attract a mix of home, RUK (Rest of UK), EU (European Union) and International students. Notably, our Business Administration MBA sees enrolments through our partnership with Iceland.

We were overly ambitious in anticipating continued growth in new recruits and progression following the increase between 2022/23 and 2023/24; however, this growth did not materialise to the extent expected. In response, we have introduced more robust processes and enhanced reporting, including additional intelligent information, to strengthen the target-setting exercise, which has been implemented in time for planning for 2025/26.



The chart above shows our FE credit position over the past three years, with each year exceeding our funded target of 22,050 credits. However, due to UHI Perth's financial position, we were unable to continue delivering the curriculum without adequate funding. As a result, the FE curriculum plan for 2024/25 incorporated a managed process that involved stopping some provision.

We had assumed the Scottish Government recommendation for public sector pay increases in our plans. However, the sector offer, on national bargaining that was agreed during the 2023/24 financial year, was almost double the Scottish Government recommendation. Professional

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services staff were paid their back-dated pay awards in July 2024, and academic staff were paid in October 2024.

Financial Outlook

The financial outlook across UK Further Education (FE) and Higher Education (HE) is of continuing financial pressures, and government investment in Scotland's colleges is inadequate and inequitable with other parts of the education and skills landscape. The Scottish Funding Council (SFC) issued a report in September 2025 on the Financial sustainability of Colleges in Scotland 2022/23 to 2027/28 and Audit Scotland issued a report in early October on Scotland's colleges 2025. Both reports present a dire financial situation for the sector with colleges continuing to operate in an extremely difficult financial landscape with further substantial deficits forecast over the next three years and a high dependency on SFC grants. There has been a 20% real terms reduction in funding for colleges between 2021/22 and 2025/26 and work done recently by the Finance Directors Network for colleges in Scotland reports that only three colleges will break-even or better in 2025/26 reducing to two in the following two years. Reductions in funding from the Scottish Government since 2023/24 such as the Flexible Workforce Development Fund, Mental Health Counsellor and Digital Poverty Support, exert further pressure as services must be funded from existing budgets. Without changes to baseline funding, colleges will have to deliver even less to remain sustainable at a time when demands from students and employers are not being met.

Although full-year cost savings were achieved as a result of many academic staff and staff from professional services leaving through voluntary severance in 2022/23 and 2023/24, UHI Perth still had to budget for a financial deficit in 2024/25 as income from government funding and commercial activities was not sufficient to cover the increased staff costs from nationally negotiated pay awards and inflationary rises in non-staff costs.

The SFC provided advance funding totalling £1.5m in October and November 2024 as there was a shortage in cash resulting from various factors including a deficit in 2023/24, the three-year backdated pay awards being made to academic and professional services staff between July and October 2024 and one-off voluntary severance costs. The letter from the SFC set the condition that the advance of grant is repayable/recoverable from future grant-in-aid payments when college management accounts and cash-flow statements indicate these can be accommodated.

In March 2025 it was highlighted that cashflow forecasts identified liquidity support of £1m being required in July 2025. This prompted a request from the SFC via the UHI as Regional Strategic Body (RSB) for a Financial Recovery Plan (FRP) demonstrating when and how UHI Perth would achieve a break-even budget. The need for liquidity support was delayed by implementing the following measures:

- The RSB agreed that £700k clawback from reduced HE numbers could be delayed until later in 2025/26
- SFC agreed that we could draw down 2025/26 funding early.
- The Interim Principal instigated emergency spending controls ensuring only essential spend and deferring spend where possible.

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Deficits of £2.4m, £3.3m and £3.9m were forecast for the three years from 2025/26 and on 30 June 2025 the UHI Perth Board agreed a baseline budget for 2025/26 subject to a Financial Recovery Plan (FRP). The Interim Principal and Chief Executive instigated a 9-stage approach to developing an FRP involving staff members and external partners. The Board approved an FRP on 27 August 2025 to achieve a break-even position over a three-year period, depending on several assumptions in respect of income growth and staff and non-staff cost savings. The RSB and the SFC provided feedback on the FRP looking for assurance on delivery timescales and risk, which is being actioned. An FRP Monitoring Committee has been established that will report directly into the Board on progress and identify any mitigating actions if the assumptions are not realised within timescales. Good progress has already been made in 2025/26 in implementing proposals included within the FRP.

Financial risks

In our 2023/24 financial statements we underlined significant risks to the financial sustainability of UHI Perth in future years. These risks included:

- HE student numbers.
- A “flat cash” funding outlook.
- National Pay Bargaining outcomes.
- Job Evaluation.
- Inflation and especially the cost of energy.
- Continuation of the top slice payment to the University (UHI) (~£4.3m for 2024/25). The UHI does not receive direct funding for the services it provides. It is entitled to retain from SFC grant allocation to academic partners reasonable costs in providing RSB and other core services, which must equate to no more than 35% of HE funding each academic year, unless a higher sum is agreed by academic partners. This is referred to as the top slice. There is agreement between UHI and other academic partners that this mechanism is no longer fit for purpose and a Full Business Case for a new operating model is being developed in 2025/26.

All these risks, apart from Job Evaluation, materialised in 2023/24, and all continued to be risks during 2024/25.

The FRP identified financial risk associated with each cost saving and income growth assumption. Other key financial risks identified in the FRP are:

- SFC and UHI changes to the FE funding distribution methodology.
- Additional staff on-costs.
- Deterioration of infrastructure – estates and digital.

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Changes in the Board and Leadership Team

Between April and May 2025, the Chair, four Board members, the Principal and Chief Executive and Director of Finance resigned and left UHI Perth. The Depute Principal, Academic resigned and left in July 2025.

An Interim Chair was appointed in April 2025, the Board reached near full complement of independent Board members in September 2025, an Interim Principal and Chief Executive was appointed on 29 May 2025, and an Interim Director of Finance was appointed on 9 June. The Depute Principal, Operations gave six months' notice to leave by the end of January 2026, and a revised Senior Leadership Team structure was put in place with a new Depute Principal and a Chief Financial Officer having started in December 2025.

As part of the cost savings identified in the FRP, five managers left the organisation through voluntary severance by 30 November 2025.

Air Services Training (Engineering) Ltd Administration

Air Services Training (Engineering) Ltd (AST) was a charitable trading subsidiary of UHI Perth that delivered aeronautical courses that met the European Aviation Safety Agency (EASA) standards to UK and international clients. AST was a part 147 approved trainer and delivered part 66, which is an essential component of the BSc (Hons) degree in Aircraft Maintenance Engineering and Management programme provided by UHI Perth.

In 2023/24 and 2024/25, despite global demand for the training and significant efforts from the AST team, AST experienced financial losses impacting negatively on cashflow due to underperformance in training income from clients, and expenditure exceeding the plan. Board papers cited lack of investment in AST, Perth's location away from the main air transport hubs in Scotland, financial and regulatory constraints and poor condition of facilities at the training base in Scone as impacting on AST's ability to attract students.

On 10 April 2025 an administrator was appointed to AST following a worsening financial position. AST's financial position from 1 August 2024 to 9 April 2025 has been consolidated into these financial statements.

There is only one other provider in the UK that can deliver Part 66 training and the SFC has agreed to cover additional costs to ensure that existing students can complete their degree. Following the appointment of the new provider, UHI Perth were also able to extend the course to new students.

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Strategy

In 2022/23 we introduced our new strategy 2022-2027. Our strategy had significant staff involvement, and the output included the vision, pillars and values set out below.

Our vision is to empower our learners to achieve their full potential through a transformational student experience.

Our strategy was developed over four pillars:

1. College Growth and Ambition
2. Excellence in Learning and the Learner Experience
3. Partnerships and Collaboration
4. Sustainability

And supported by six values:

1. Student Centred
2. Innovative
3. Ambitious
4. Respectful
5. Inclusive
6. Collaborative

The FRP committed to reviewing the strategy during the 2025/26 financial year.

Areas of commonality between the Highlands and Islands Regional Outcome Agreement and the UHI Perth strategy:

- The need to increase the quantity and quality of local jobs.
- To create a culture of employer investment.
- To meet the skills needs of employers, including a need for workplace progression routes and pathways.
- A need for flexible skills provision.

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Regional Context of Our Strategy:

UHI Perth is one of the largest partners in the University of the Highlands and Islands (UHI).

UHI is an integrated university encompassing both further and higher education and part of a new breed of tertiary institutions, the only one in Scotland and one of only a few in Europe. It is a diverse and flexible partnership serving their local communities and connected to their needs offering flexible and supported learning from access level to PhD.

UHI has over 40,000 students at the heart of the partnership and in some areas exceeds student activity targets and surpasses many sector benchmarks of performance.

It is recognised that the UHI partnership is financially unsustainable in its current configuration and that opportunities for integration, such as joint professional services across all partners, could provide a pathway to addressing this instability.

An Outline Business Case (OBC) was developed during 2024 that considered six options, and agreement was reached amongst academic partners to progress to a Full Business Case (FBC) outlining three options – 1) single institution 2) mergers to deliver a smaller number of partners and 3) change/ transformation within existing constitutional structures. The second option has been discounted and KPMG has been appointed as consultants and are engaging with academic partners to complete a FBC by 31 December 2025.

The Tay Cities Deal incorporating Dundee, Angus, Perth and Kinross and North Fife, is taking forward regional investments to focus on inclusion, innovation and connectedness ensuring delivery of a smarter and fairer region. Within the Tay Cities Deal, the college is working on key projects in engineering, aviation, life sciences, hospitality, creative industries, and digital resilience. UHI Perth has secured significant streams of funding to date through the Tay Cities deals and have used the funds to purchase science laboratory equipment, 3D printers, a laser cutter, a robotic welding cell and peripheral equipment and a profiling and routing machine.

UHI Perth has also accessed funding from the Tay Cities SME skills fund which allows employers and industries to access £5,000 of funding within a three-year period. We are now in our second year of this funding stream and to date have secured over £100,000 to work with local employers to upskill their staff.

Digital Strategy

A successful digital transformation within UHI Perth involves the integration of digital technology into all aspects of the institution's operations, learning, and governance, fundamentally changing how the institution delivers education, engages students, and operates. It is not just about adopting new technologies but also about driving cultural, organisational, and operational change to improve efficiency, innovation and the educational experience.

All staff have access to a compliant, capable and secure digital mobile device affording flexibility and performance to support their digital journey, that has been further facilitated with a unified communications (UC) platform, which plays a crucial role in progressing UHI Perth's digital strategy by centralising communication and collaboration tools, enhancing productivity, and improving engagement. It streamlines our communication, integrates with other Microsoft 365 tools, and facilitates seamless teamwork diagnostic of locations.

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We have provisioned three smart laptop lockers across the campus to allow our students to access digital devices on demand. This is well-used, and capacity is particularly high mid-week in the Brahan building.

We have also created a warm, safe study area in the Academy of Sport and Wellbeing (ASW) to allow our students a 7-days a week, extended hours, digitally equipped learning space within a safe environment equipped with wide screen monitors and a smart cabinet of laptops for student use.

Artificial Intelligence (AI) is an area that has grown quickly in the sector. One key challenge we are facing when looking to adopt Generative AI relates to age restrictions and consent issues for learners under 18. Unfortunately, two of the most popular options (Microsoft Copilot with commercial data protection and Google Gemini) are not currently available to learners under the age of 18. Microsoft has expanded access to Copilot to users aged 13 and older with parental consent and a solution to record this will be rolled out by Autumn. Gemini is yet to create a solution. Some staff are trialling an AI platform called TeacherMatic to aid the creation of teaching materials such as worksheets, quizzes, and lesson plans.

Summary

In summary, 2024/25 delivered some excellent non-financial achievements despite a financially challenging landscape. Our AOP loss in 2024/25 was due to a combination of significant factors including the flat-cash funding model, the drop in the number of HE students and significant pay awards that were nationally negotiated. These factors are out with our control, although the staff are working hard to ensure that the student experience is second to none and that we continue to attract students to our courses and campus.

The members present their report and the audited financial statements for the year ended 31 July 2025.

Ms Catherine Etri

Interim Principal & Chief Executive

Performance Report

Performance Overview

Statement of Purpose and Activities

Legal Status

The Board of Management was established under the Further and Higher Education (Scotland) Act 1992 for the purposes of managing and conducting Perth College.

The Office for National Statistics reclassified colleges as part of Central Government for National Accounts purposes since 1 April 2014.

The College is correctly registered with the Office of the Scottish Charity Regulator (“OSCR”) for charity status and is recognised by HM Revenue & Customs as a charity for tax purposes.

The College is one of the 10 Academic Partners within the University of the Highlands and Islands (“UHI”) and forms part of the UHI FE Regional Strategic Body for reporting purposes to the Scottish Funding Council (“SFC”).

UHI Perth is one of the largest partners in the University of the Highlands and Islands (UHI).

UHI Perth delivers courses at its main campus in Perth and in secondary schools across Perth and Kinross. We support work-based learning across a wide area, as well as collaborating with UHI in the ongoing development of its use of digital technology, providing access to expertise and curricula across Perth and Kinross, the Highlands and Islands and to our national and international partnerships.

The City of Perth is located within 50 miles of 90% of Scotland’s population, in the local authority of Perth and Kinross. The population of Perth and Kinross in 2025 is approximately 153,800 and the estimated unemployment rate is 2.7%. The 2025 Annual Participation Measure showed that 93.3% of 16–19-year-olds were in education, employment or training. The proportion of 16–19-year-olds in employment saw a notable increase from 15.5% in 2021 to 20.7% in 2025.

UHI Perth is proud to serve the needs of its local area, as well as the wider Highlands and Islands Region and beyond. UHI Perth provides a broad curriculum base with access to study at SCQF levels 2 to 12 in areas of local, regional, and national need in subjects grouped into the following sector areas:

- Business, Science, Technology and Wellbeing
- Arts, Humanities and Education
- Centre for Mountain Studies.

UHI Perth also delivers a range of Modern Apprenticeship programmes supported by Skills Development Scotland (SDS), industry bodies and a range of commercial Vocational Qualifications (VQ). Graduate Apprenticeships are delivered in Accounting, Business and Early Years and Education.

School-college partnership provision is linked to relevant vocational pathways, and includes Foundation Apprenticeships in Business, Creative and Digital Media, Early Years, Engineering and Health Care.

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The Senior Leadership Team during the year comprised of a Principal and Chief Executive, Depute Principal Academic and Depute Principal Operations, although the Principal resigned and was replaced by an interim Principal during May, and the Depute Principal Academic resigned at the end of July. A new structure has been put in place in 2025/26 comprised of a Principal and Chief Executive, Depute Principal and Chief Financial Officer. The number of Directors in the Perth Leadership Group will be reduced from nine to six following the resignation of the Director of Estates and voluntary severance of the Director of Information Services and Director of HR and OD.

Our vision and values are set out in the performance overview above.

Key priorities

Our strategic aims drive forward the Highlands and Islands Regional Outcome Agreement as well as ensuring full participation in Perth & Kinross's Single Outcome Agreement Measures and Community Planning priorities.

UHI Perth continues to work in partnership with relevant local and regional stakeholders to ensure the provision of high-quality curricula and sector engagement within the Regional Skills Assessment area of Tayside but also shares common overall goals with the Regional Skills Assessment of the Highlands and Islands.

Key Risks & Uncertainties

The Board of Management has responsibility for overseeing that UHI Perth identifies, mitigates and monitors strategic risk. The Audit Committee has delegated authority from the Board of Management to manage this process on their behalf.

The Depute Principal Operations is responsible for developing and managing UHI Perth's strategic risk register while the Senior Leadership Team (SLT) is responsible for ensuring that appropriate risk mitigation actions are implemented to address significant risks to UHI Perth's operations and strategic objectives.

An Enterprise Risk Management (ERM) framework was adopted by the Audit Committee and has been exclusively used from part-way through 2023/24. The ERM merges the latest risk management frameworks outlined by the Committee of Sponsoring Organisations (COSO) and ISO30001. The risk categories identified in the ERM are product delivery, legal and compliance, financial, operational, people, reputational and strategy, and external. The Audit Committee has agreed to review the ERM as it doesn't effectively fulfil the intended purpose. The intention is to use a risk register in the same format as UHI and work will be carried out across the partnership in 2025/26 to put in place a revised format.

The Audit Committee received an updated ERM on a quarterly basis and the central focus for UHI Perth and across the sector are the current, heightened, risks to financial sustainability. The key financial risks identified in the performance report above are expanded on below.

- HE student numbers – while UHI Perth meets targets for FE credits, the number of HE students has not increased to pre-pandemic levels. There are many complex factors around this e.g. Universities lowering entrance requirements, and cost of living pressures meaning people look for paid work rather than entering further education. This is a significant risk to UHI Perth's funding entitlement, now and in the future.

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- A “flat cash” funding outlook/SFC and UHI changes to the FE funding distribution methodology – SFC has not provided additional funding to the sector for several years and there are no indications that this position will change soon. This is a significant risk to the financial sustainability of UHI Perth as income is not sufficient to cover increasing staff and non-staff costs due to the reasons set out below. SFC has proposed a new FE funding model to allocate funding across all Scottish colleges with some colleges benefiting and others worse off financially. UHI is considering adjusting the partner distribution model to align with the changes in the SFC model. It is unclear what the impact will be on UHI Perth for future years.
- National Pay Bargaining outcomes and additional staff on-costs – pay awards for academic and support (professional services) staff are negotiated nationally but are not funded by Scottish Government with colleges paying for additional costs. Based on recent increases, unfunded pay increases over the next two years are likely to be between 3% and 4%. There have been increases in employer national insurance costs and lecturer pension contributions that have been funded by the SFC in 2025/26 but there are no guarantees about funding in future years.
- Job Evaluation - National Job Evaluation across the College sector is a significant unknown risk factor. The review was started in 2018 but is still outstanding and any changes would be backdated to 2018. There are indications from College Employers Scotland that this could be implemented in the next two years. UHI Perth has provided based on the salary costs of staff employed in 2018 rather than current costs and there is uncertainty whether the costs associated with Job Evaluation would be fully funded by the Scottish Government.
- Inflation and especially the cost of energy – UK inflation has remained high post-pandemic and forecasts do not indicate that this position is going to change soon. UHI Perth’s non-staff costs are high, particularly relating to energy, meaning continued cost pressure.
- Continuation of the top slice payment to the University (UHI) of ~£4.3m for HE & FE students – The UHI does not receive direct funding for the services it provides. It is entitled to retain from SFC grant allocation to academic partners reasonable costs in providing RSB and other core services, which must equate to no more than 35% of HE funding each academic year, unless a higher sum is agreed by academic partners. This is referred to as the top slice. There is agreement between UHI and other academic partners that this mechanism is no longer fit for purpose and a Full Business Case for a new operating model is being developed in 2025/26.
- Deterioration of infrastructure – estates and digital – there has been very little investment in estates and ICT over several years at UHI Perth meaning that our estate continues to deteriorate and we are not providing our students with up-to-date technology in teaching areas that they have come to expect in other learning establishments. There is a risk that students will go to competitors that have had sufficient funding to make these investments.
- Cyber-attack presents a significant risk to all organisations with some large multi-national organisations being targeted by criminals. UHI Perth is part of several groups comprised of institutions across the UHI partnership that are working together to mitigate risks. UHI Perth achieved cyber-essential and cyber-essential plus accreditation in 2024/25, which is an annual exercise to safeguard the College as far as possible.

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Other risks identified in the FRP relate to:

- Reputation as financial difficulties impact on staff, students, stakeholders, and potential partners.
- Potential intervention and increased public scrutiny from the Regional Strategic Body, SFC, external audit and Audit Scotland.
- Staff morale issues and potential for industrial relations tensions.
- Inability to invest in strategic priorities, digital transformation, or economic development partnerships.

Performance Report

Performance Analysis

The purpose of the performance analysis section is to highlight some of the key metrics and indicators that demonstrate how UHI Perth is performing from a financial and non-financial perspective. Comparatives to the previous financial year are identified and explanations given, where performance is measured for key indicators.

Non-Financial Performance

Key Performance Indicators

Key Performance Measure	2024/25	2023/24		Percentage change
HE UG Recruitment FTEs	1,579.5	1,564.0	↑	1%
FE Recruitment Credits	22,062	23,461	↓	(6%)
NSS Overall Satisfaction	88%	80%	↑	8%
Student Satisfaction and Engagement Survey (SSES) Overall Satisfaction	95%	96%	↓	(1%)
Staff turnover	20%	26%	↓	(6%)
Staff absences days per head	6.5	6.2	↑	5%
Staff CPD days per employee	6.39	5.41	↑	18%
Percentage of permanent teaching staff with Teaching Qualification in Further Education (TQFE)	73%	67%	↑	6%

HE UG recruitment for non-controlled courses are slightly higher than last year, however still remain below pre-Covid and targeted levels. Through a robust and managed approach, FE recruitment credits decreased in 2024/25, however remain above targeted level.

Our sickness data shows a 5% increase when compared to the previous year. This can be attributed to an increase in sickness within the management staffing group and is being monitored within 2025/26.

We continue to support 10 members of staff to do their TQFE each year as can be seen by our increased percentage of staff with this qualification or equivalent.

Student Numbers

In a highly challenging recruitment environment, UHI Perth has seen an increase in HE Undergraduate FTEs, albeit below target, and a targeted reduction in FE credits. As set out in our key risks and uncertainties the target missed in HE numbers in previous years is partly due to universities changing their entry requirements which has increased their student numbers and impacted on college numbers.

UHI Perth achieved over 100% of its FE Credits and 88.5% of its HE Undergraduate FTE's. The credits and FTEs are set out in more detail below.

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Performance Analysis

	Year ended 31 July 2025			Year ended 31 July 2024		
	Actual	Target	Variance	Actual	Target	Variance
Core FE Credits	22,062	22,050	12	23,461	22,050	1,411
Undergraduate HE FTE's	1,579.5	1,784.8	(205.3)	1,564	1,674	(110)
Postgraduate FTE's	41.1	41.1*	-	49.6	48.6	1.0

*There was not a target in place for postgraduate FTEs in the year to 31 July 2025, therefore target has been assumed to be the same as actual.

Financial Performance

Financial Results

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 2019 ("SORP"): 'Accounting for Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2024/25 Government Financial Reporting Manual (FReM) and in accordance with applicable Accounting Standards.

They conform to the 2024/25 Accounts Direction for Scotland's Colleges ("the 2024/25 Accounts Direction") and other guidance issued by the SFC.

UHI Perth has achieved an operating deficit of £3.7m for the year ended 31 July 2025 and an Adjusted operating deficit of £0.6m.

	Year ended 31 July 2025	Restated Year ended 31 July 2024
	£'000	£'000
Operating deficit (Restated 2024*)	(3,712)	(3,996)
Variance from prior year	284	1,382
Adjusted Operating Position (Restated 2024**)	(661)	*(1,447)
Variance from prior year	786	(351)

*The previous years operating deficit has been restated to correct an error in the depreciation charge.
 **The previous years AOP has been restated as provision for Job evaluation had not been excluded in the prior year calculation and a figure for unfunded pension payments had been included in error. The Adjusted Operating Position note on Page 16, show the detailed calculation.

The College recognises the risks posed by an increasing cost base, particularly staff costs, against changing demand and reduced central funding in real terms.

The current operating and funding model in place across the UHI partnership places a material risk on financial sustainability. The complexities of delivery across the region and accounting for this create a sizeable challenge in terms of efficient delivery and management.

The Statement of Comprehensive Income ("SOC") presents the financial performance during the accounting period in accordance with the SORP.

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The Adjusted Operating Position (“AOP”) is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of the institution.

The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and to recognise that some of the reported costs do not have an immediate cash impact on the institution.

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Adjusted Operating Position

The adjusted operating position of UHI Perth, as set out below, has reduced from £1.447m deficit in 2023/24 to £0.661m deficit in 2024/25. The figure in 2023/24 was restated due to the reasons stated in the table below.

	2024/25 £000	Restated 2023/24 £000
Adjusted Operating Position		
(Deficit) before other gains and losses	(3,712)	*(3,996)
Add Back:		
Depreciation - net of deferred capital grant release (Note 1)	1,886	*2,022
Pension adjustment – Net Service Cost (Note 2)	607	**7
Pension adjustment – Net Interest Cost (Note 3)	48	25
Costs of support staff and middle management job evaluation exercise not matched by income (Note 4)	510	***495
Deduct:		
Non-government capital grants	-	-
Adjusted Operating (Deficit)	(661)	*** (1,447)
*The previous years operating deficit has been restated to correct an error in the depreciation charge. ** The previous years Pension adjustment for Net Service Cost has been restated as included interest cost and pension admin costs in error. *** The previous years AOP has been restated as provision for Job evaluation had not been excluded in the prior year calculation and a figure for unfunded pension payments had been included in error.		

Note 1: Depreciation does not have an immediate cash impact on the institution, and, in any case, capital expenditure will largely be funded by government or Additional Learning Fund grants, so the charge is taken out.

Note 2: The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid).

Note 3: The net interest cost is the interest accumulated on the pension liability, and this is offset against the current year's interest earned on pension assets.

Note 4: A provision exists in relation to the ongoing 2018 National Job Evaluation exercise, which is an unrealised cost and not matched by income.

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Financial Ratios

Our goal is to optimise financial stability through innovative and careful management. Every effort will be made to maximise the efficient and effective use of funds to support the academic aims and objectives of the College within the constraints of central government accounting rules. Scottish Government budgeting and accounting requirements require the College to at least break even on both an operational and resource basis in each fiscal year and to minimise cash balances.

The following table gives a summary of key financial and other operating ratios:

	2024/25	2023/24
Operating (Deficit) as % of Total Income	(14.0%)	*(14.6%)
Non SFC Income as % of Total Income	32.9%	*37.8%
Current Assets: Current Liabilities	0.49	0.64
Staff Costs as a % of Total Income	79.8%	80.0%
Ratio of days cash to total expenditure	21 days	*21 days
Trade creditor days	24 days	30 days

*restated figure

Non SFC income as a % of Total Income has reduced. The main reductions relate to tuition fees for AST as it went into administration part-way through the year, skills contracts, international income, closure of the nursery and commercial income from the Academy of Sport and Wellbeing.

Cash Flows and Liquidity

Days cash has stayed the same at 21 days.

The current assets to current liabilities ratio reduced from 0.64 to 0.49. Key changes have been a reduction in trade debtor balances and a reduction in accrued charges.

Payment Performance

The College has a policy of paying its suppliers within 30 days of invoice unless other separate terms are in place, and excluding invoices held in dispute. Where possible, and in line with Scottish Government guidance, invoices are paid in the next available payment run following posting to the finance system. Creditor days (trade creditors divided by other operating expenditure) is 24 days in 2024/25 as against 30 days recorded in 2023/24.

The reduction in trade creditor days is due to continued implementation of the policy of ensuring suppliers are paid within 30 days.

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Payment performance is shown in the below table:

	2024-25		2023-24		Variance	
	% by value	% by numbers	% by value	% by numbers	% by value	% by numbers
Less than 30	61%	64%	62%	65%	(1%)	(1%)
30-60	31%	31%	29%	28%	2%	3%
60-120	6%	3%	5%	4%	1%	1%
More than 120	2%	2%	4%	3%	(2%)	(1%)

There has been a negligible difference between 2023/24 and 2024/25 in the invoices paid within 30 days. This data includes all payments made during the year and includes invoices in dispute, those not provided in line with finance requirements and invoices not due within 30 days (such as business rates).

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Estates Strategy

In line with the UHI Strategic Plan 2022-27 UHI Perth has developed key objectives to achieve going forward, including:

- Develop the vision for the UHI Perth Estate to include a viable masterplan over the next 10–25 year period, building on the work undertaken through external consultations and the partnership with Perth & Kinross Council.
- Produce a report outlining the physical space requirements for classrooms, specialist facilities and common shared space aligned to UHI Perth current student numbers. Provide a comparison to current available space highlighting surplus or deficit in space available across each category with recommendations for improving utilisation.
- Produce a gap analysis report of where UHI Perth estate supports/ limits digital access for students and staff with recommendations on where investments require to be made with associated cost projections.
- Identify elements of estate that are not fit for purpose or surplus to requirements which may leverage capital value to support broader estate masterplan viability.
- Utilise energy usage data by building, identify approaches to reduce usage of energy, identify alternative sources of energy generation and where these could be deployed together with recommendations on investments required and funding sources available to reduce the investment cost to implement these renewable sources.
- Produce a report identifying no cost/ low-cost approaches to engaging staff and students in improving UHI Perth energy efficiencies while reducing carbon emissions overall. Develop a campaign to engage all key stakeholders, including timelines and targets.
- Produce a report outlining the demand for student accommodation including a gap analysis with recommendations on alternative approaches for consideration. Collaborative partnerships and alternative finance options should be developed for consideration.
- Undertake a review with the engagement of students to identify improvements to campus space and service provision for students and staff including catering, social interaction,

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health and wellbeing, business engagement, enterprise and innovation. Recommendations for consideration with resource requirements, prioritisation and proposed timelines will be developed.

Work already undertaken includes:

- Established room utilisation and new systems are regularly monitoring that utilisation.
- Established historic utilities usage trends with a view to establishing more detailed analysis going forward.
- Facilities surveys issued to all departments to record current use, perceived condition and any future requirements.

During 2024/25 a short-life working group of Board members and senior staff was established to review options for the estate. The strategy was paused pending the FRP and initiatives have been included within the FRP that will be taken forward.

UHI Perth also confirms compliance with the Scottish Government sustainability reporting in line with the requirements of the Climate Change (Scotland) Act 2009 which sets out the required content for the report to Scottish Government.

UHI Perth has reported every year since the 2015 Schedule became active, including the initial voluntary year in 2015/16. UHI Perth is also an active participant in the Environmental Association of Universities and Colleges (EAUC) who provided training sessions for managers and staff in the summer of 2025.

Environmental Sustainability

Strategy and Governance around climate related issues

The Board of Management is responsible for oversight of the strategic direction of UHI Perth and agreed a Strategic Plan for 2022-27. Sustainability is a key element of UHI Perth's vision and includes strategic objectives and key performance indicators in relation to financial management, reinvestment planning and environmental sustainability.

Regular reports are made to the Finance and Resources Committee on Estates, which include sustainability, which are then reported into the Board. In September 2024 a report was tabled which focussed on some of the initiatives that have been implemented in our journey towards net zero. This includes introducing new waste segregation areas, working with the catering provider to reduce food waste, programming the change of internal and external lighting to LEDs, replacing radiator valves so that they can be switched off when not in use, installing auto switch off software so that PCs and other equipment power down over night, closing part or full areas of buildings to reduce energy consumption, using an electric van, and changing to cleaning products that remove harmful chemicals and reduce packaging.

UHI Perth is one of the academic partners in the University of the Highlands and Islands (UHI). The UHI developed its first sustainability strategy 2023-30 and its first sustainability policy through external consultation with internal and external stakeholders. They were both approved by the University Court in June 2023 and UHI Perth aligns with them.

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A Sustainability Strategy Implementation Group was formed in 2024 bringing together existing groups which oversaw strategy and policy drafting and development. This group has responsibility to drive compliance across the partnership to ensure strategic actions are progressed to meet objectives and targets. UHI Perth is a member of this group that meets quarterly and has been represented by the Director of Estates.

Management's role around climate related issues

The financial context facing UHI Perth and the College sector remains extremely challenging, reducing resources available for addressing climate change and investing in the College estates and other climate change / sustainability projects. There is a continued focus on reducing costs and carbon reduction.

The Principal has overall responsibility for management of UHI Perth as Accountable Officer, including sustainability. The Depute Principal Operations has responsibility for Climate Change and Climate Change reporting. The Director of Estates (replaced by the Estates Manager) has sustainability included in their remit and during 2024/25 a member of the Estates team was given responsibilities in relation to sustainability, which include developing staff and student engagement with environmental sustainability through a range of activities, and raising the profile of sustainability internally and externally.

The Depute Principal Operations also has responsibility for Procurement and Finance, which helps ensure sustainability is embedded in key corporate processes, procedures and strategies. Sustainability is included as a standing item at Perth Leadership Group meetings that take place every two weeks.

UHI Perth works closely with the Environmental Association for Universities and Colleges (EAUC) who recently ran workshops for the Perth Leadership Group and staff to raise awareness of the Climate Change (Scotland) Act 2009 and the duties placed on UHI Perth, emphasising that sustainability is everyone's responsibility. We have a network of Green Champions across the campus and have had a consultant working with us who has identified opportunities to improve sustainability at UHI Perth.

Risk management around climate related issues

UHI Perth's Enterprise Risk Management framework (ERM) identifies that the environment is a significant concern for staff, students and society. Governments set targets that, if not achieved, will impact on our reputation and income through lower student numbers.

A risk is included in the ERM that there is a lack of commitment to the investment required to achieve net zero. Pre-management of risk, the scores have been identified as:

- Likelihood 61-80%
- Impact Significant
- Risk score 12

Developing an environmental management system would mitigate these risks. Post-management of risks the scores have been identified as:

- Likelihood 10-30%
- Impact Minor

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- Risk score 4

The environmental management system is still to be developed and will be considered in more detail during 2025/26 by the Estates Manager.

Metrics – climate related issues

In common with other public bodies, UHI Perth has a statutory duty to submit an annual return on Public Body Climate Change Duties (PBCCD) in November each year. The aim is to reduce greenhouse gas emissions for each of the areas shown below with examples for each scope of activity.

Scope 1: Direct Emissions

These are emissions from sources **owned or controlled** by the organisation.

Examples

- Fuel combustion in company-owned vehicles or machinery.
- Emissions from boilers, furnaces, or generators.
- Fugitive emissions from refrigeration or gas systems

Scope 2: Indirect Energy Emissions

These are emissions from the **generation of purchased electricity, steam, heating, or cooling** consumed by the organisation.

Examples

- Electricity used in offices or manufacturing facilities.
- District heating or cooling systems

Scope 3: Value Chain Emissions

These are **indirect emissions** that occur across the **entire value chain**, both upstream and downstream.

Examples

- Emissions from suppliers producing raw materials.
- Employee commuting and business travel.
- Customer use of sold products (e.g. fuel burned in vehicles).
- End-of-life disposal or recycling

The metrics that UHI Perth has included each year in its returns since 2015/16 are summarised in the table below. The balanced scorecard approach adopted by UHI Perth after the Strategic Plan was developed included a target to reduce emissions by 2% year on year. This target will be revisited as part of the review of the Strategic Plan during 2025/26 following the implementation of the financial recovery plan.

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Reference year	Academic Year	Scope 1	Scope 2	Scope 3	Total tCO ₂ e
Year 1 carbon footprint	2015/16	576	1,017	271	1,864
Year 2 carbon footprint	2016/17	610	886	189	1,685
Year 3 carbon footprint	2017/18	667	740	126	1,533
Year 4 carbon footprint	2018/19	660	566	208	1,434
Year 5 carbon footprint	2019/20	574	473	191	1,238
Year 6 carbon footprint	2020/21	606	379	591	1,576
Year 7 carbon footprint	2021/22	571	381	256	1,208
Year 8 carbon footprint	2022/23*	537	380	2031	2,948
Year 9 carbon footprint	2023/24	707	413	5	1,125
Year 10 carbon footprint	2024/25	621	303	1,861	2,786

- 2022/23 restated on 2024/25 return to include FTE working hours in scope 3.

Digital Strategy

The ICT Department is focusing on themes to support the implementation of the ICT Digital Transformation Strategy to take UHI Perth, its staff and our stakeholders through a journey of digital confidence and competence that inspires and stimulates future thinking and innovation.

The themes are:

- Culture
- Service
- Sustainability
- Communication and Collaboration

Culture

By adopting a continual service improvement register and training to our staff, UHI Perth is embracing an opportunity to map out where we are, where we want to be, how we will get there and prioritise our lean improvement activities and their impact. A resource was allocated in 2025 to co-ordinate continual improvement across UHI Perth. However, this post was removed as it was not core business as part of our financial recovery plan.

We ensure that we offer equality of access, allowing our staff and students to thrive in a digitally enabled environment. All staff and students have access to a digital device on campus.

Service

A programme of works has commenced to ensure that ICT services and facilities are designed to support our stakeholders by being accessible, secure, and sustainable. An infrastructure review has been conducted, and a new teaching room standard has been agreed with internal stakeholders for the duration of the ICT Strategy. This standard will enable our academics to dynamically deliver the curriculum in high-quality, flexible, and innovative learning and teaching environments.

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Over 60% of teaching spaces have been upgraded to this agreed standard. Progression has been paused due to financial challenges in achieving a balanced budget. The £2.9m Digital Poverty Support Fund from the Scottish Government to the College sector ended in 2023/24. This was provided to address digital access, equipment and skills which is seen as essential for students.

Windows 10 devices have been removed from our estate to ensure that we remain secure and compliant.

Sustainability

Through effective collaboration throughout the procurement cycle, our suppliers are all committed to delivering benefits through improved value for money and improved goods and services.

Energy management practices are implemented throughout our digital infrastructure. We employ energy-efficient hardware that consumes less power and generates less heat. Additionally, we have conducted a server consolidation exercise, resulting in the removal of all servers from the site, which contributes to our business continuity plan taking a cloud first approach to secure data storage.

Communication and Collaboration

This year we have maximized the use of Office 365 tools to enhance seamless communication and collaboration across our organisation into MS Teams. A key enabler of our digital transformation strategy has been achieved by providing a unified, cloud-based communication platform that integrates voice calling, video conferencing, chat, and collaboration tools, allowing us to replace legacy phone systems and foster seamless teamwork in a hybrid work environment. This also contributes to our business continuity planning.

These tools enable our staff to work smarter by leveraging innovative, flexible, secure and accessible platforms. We have established a SharePoint site to facilitate effective centralisation communication with our staff base.

While digital technologies have significantly enhanced our communication and collaboration capabilities, they also introduce risks to UHI Perth. These include potential disruptions to network provision and sophisticated cyber threats, particularly from threat actors leveraging AI (Artificial Intelligence) for automation. These high-risk threats are strategically significant as they impact the delivery of our core purpose of learning and teaching and the student experience. During 2024/25 UHI Perth achieved cyber essentials and cyber essential plus accreditation that helps protect the College from online threats. We are also part of a network of UHI academic partners that work together to secure the IT network and infrastructure.

Additionally, sector funding challenges have been identified as potential major disruptors to our replacement cycles creating a tiered classroom provision and learning environment, which inhibits academic confidence to embrace the efficiencies of timetabling adjustments that would allow us to maximise our learning spaces.

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Equality & Diversity

Equality and Diversity Vision

At UHI Perth we have a passion for achieving more and an ambition to become the most inclusive college in Scotland.

UHI Perth is currently working towards meeting the following general duties:

- Eliminating discrimination and other unlawful conduct
- Advancing equality of opportunity
- Fostering good relations.

UHI Perth's organisational equality outcomes 2021-2025 were:

- More learners than before are disclosing they are Care Experienced. These learners tend to have additional barriers which negatively impacts attainment scores compared to their peers. We will work with the learners and other agencies to deliver interventions and support to narrow the attainment gap.
- There is an increase in learners disclosing mental ill health. These learners tend to have additional barriers impacting their attainment score compared to their peers. We will work with the learners and other agencies to deliver interventions and support to narrow the attainment gap.
- We recognise that there are gender imbalances across some areas of our curriculum. We will take active steps to promote accessibility of these programmes and challenge gender stereotyping.
- We are committed to being an anti-racist organisation and will seek to eliminate racism in all its forms throughout UHI Perth.
- UHI Perth has a declining proportion of staff disclosing a disability in comparison with the local population. We will look to ensure that our policies, processes and practices are supportive of recruiting and retaining disabled staff. We will focus on hidden disabilities and wellbeing at work.

Equality Reporting

We continue our journey of ensuring the student and staff experience at UHI Perth is excellent. We continue to mainstream equality and diversity into all aspects of our operations and in doing so provide a learning and working environment which is founded on the key principles of fairness, opportunities and respect for everyone.

Central to mainstreaming has been the gathering and consideration of further relevant data. This has involved assessing existing available evidence and considering what other evidence may be available to help us make progress in further meeting the general equality duties.

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Reporting on this work continues to demonstrate to our staff, students and other stakeholders that we are taking steps to further mainstream equality across the organisation and the progress that has been made.

UHI Perth has complied with its numerous statutory reporting requirements for the year ended 31 July 2025.

UHI Perth published its Pay Gap Report covering Disability, Gender and Ethnicity in March 2025 and our Mainstreaming Equality, Equality Outcomes and Workforce and Student Profiles 2025 in April 2025 (available on our website). Our Mainstreaming report highlights our commitment to National Equality Outcomes and we have so far adopted 8, we are reviewing 7 and are monitoring 2. Further details are available in the main report.

We also published our Gender Equality Plan in September 2024 to meet European funded research requirements and participated in the production of the UHI British Sign Language Plan 2024-2030.

Fair Work Statement

Introduction

UHI Perth is committed to embedding the principles of Fair Work First across all aspects of our employment practices. We will achieve this by continuously reviewing and improving the way we work and ensuring our policies reflect our commitment to the principles of Fair Work First. We recognise that Fair Work is essential to creating a productive, inclusive, and sustainable working environment that benefits staff, students, and the wider community.

This statement confirms our commitment to ensuring fair working practices are in place in support of 'Fair Work First'.

Fair Work First is the Scottish Government's flagship policy for driving high quality and fair work across the labour market in Scotland by applying fair work criteria to grants, other funding and contracts being awarded by and across the public sector, where it is relevant to do so.

Through this approach the Scottish Government is asking employers to adopt fair working practices, specifically:

- Payment of at least the Real Living Wage to staff including apprentices.
- Provision of appropriate channels for effective workers' voice such as trade union recognition.
- Investment in workforce development.
- No inappropriate use of zero hours contracts.
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace.
- Offering flexible and family-friendly working practices for all workers from day one of employment.
- Opposing the use of fire and re-hire practices.

We are working towards advancing the Fair Work First Criteria above. Our aim is to deliver good quality and fair work through continuous improvement.

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Payment of the Real Living Wage

UHI Perth pays at least the Real Living Wage to all staff and ensures third parties contracted through UHI Perth procurement also meet the real living wage requirements

Appropriate channels for effective voice

- We recognise two trade unions EIS-FELA (Academic staff) and UNISON (professional services staff), meeting a minimum of 4 times per year to engage in constructive dialogue as well as holding a separate meeting each year to review the Staff Governance Standard.
- We provide multiple channels for staff engagement, including through our regular Perth Staff Group meeting, email communication channels, suggestion boxes and an open-door policy with senior leadership.
- We run an annual stress survey and completed a staff survey in 2025.
- During 2024/25 we also conducted 360° reviews for management and senior managers allowing feedback from different levels of staff to give a rounded view.
- We hold at least two all staff 'conferences' which allows for updates to all staff and opportunities for engagement with managers and Senior Leadership, which promotes a culture of openness and transparency
- Managers attend the Student Voice meeting to directly hear concerns from student voice representatives to help improve the services we deliver.

Investment in workforce development

Despite ongoing financial challenges across the sector, UHI Perth remains committed to investing in the professional growth of its staff. We continue to offer a range of development opportunities, including training and upskilling to ensure that our workforce remains skilled, resilient, and supported:

- UHI Perth encourages staff to access learning and development opportunities.
- Training requirements are identified during annual professional reviews and by individual development aspirations.
- Staff can request funding to complete courses relevant to their roles through our staff development fund. This ranges from specific health and safety training such as first aid through to professional updates.
- Staff are also able to request funding for academic programmes of study through the UHI Staff Development Fund.
- We support 10 members of academic staff each year to complete their Teaching Qualification in Further Education.
- We are currently supporting six members of staff to complete academic programmes of study.
- We support the young workforce through work and study placements and paid student internships.
- We encourage, support and provide opportunities to undertake formal and informal training as well as e-learning.
- We invest in staff wellbeing with 12 members of staff being nominated first aiders and we trained an additional 29 members of staff as Mental Health First Aiders during 2024/25.
- We have an active campus coordinator, mainly funded by Sports Scotland who organises events for staff and students, and we offer several informal initiatives to support staff engagement including staff climbing on our climbing wall, walking club, pickleball and a staff BBQ.

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No inappropriate use of zero hours contracts

The majority of our staff are employed on standard salaried employment contracts although we do have a small number of zero-hour contracts which are used for additional or specific programme delivery. These are reviewed on a regular basis and UHI Perth has a process in place of permanising average hours worked after a specific time period which ensures we maintain fair and secure employment wherever possible.

Action to tackle the gender pay gap and create a more diverse and inclusive workplace.

- Mental and financial health and wellbeing is an important focus for UHI Perth, and we have put in place a range of initiatives to support employees including free access to an employee assistance programme.
- We monitor our gender, disability and ethnicity pay gap each year along with reviewing intersectionality, looking at what areas we can influence.
- Our mean gender pay gap has reduced to 8.6% when compared to the previous year and is lower than the local pay gap data for Perth and Kinross (12.6%).
- We moved from being a disability committed employer to a disability confident employer during 2024/25 and put in place reasonable adjustment passports to support staff to be able to enter and be retained within the workforce.

Flexible and family friendly working practices for all workers from day one of employment

- We operate a flexible hybrid working model.
- We have a Flexible Working Policy in place which offers options such as part time working, compressed hours, job share etc.
- We have a suite of family friendly policies to support our employees, and these policies are designed to adapt to the diverse and evolving needs of our workforce, promoting work-life balance and inclusivity.

Oppose the use of fire and rehire practices

We do not engage in fire and rehire practices and are committed to fair and transparent change management processes.

Workforce Engagement

We have commenced discussions with our recognised trade unions and staff representatives on fair work. We value the input of our workforce in shaping fair and progressive employment policies.

Monitoring and Review

We review our Fair Work practices annually and our Fair Work Statement is publicly available on our website and updated regularly to reflect ongoing improvements.

Conclusion

Fair Work is central to our mission at UHI Perth. We will continue to work collaboratively with staff, students, and stakeholders to ensure our workplace remains fair, inclusive, and empowering for all.

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Non-Financial Issues

Reputation

UHI Perth has a good reputation locally, nationally and internationally. Maintaining a quality brand is essential for the College's success in attracting students and developing and maintaining external relationships.

UHI Perth has invested significantly in developing its reputation nationally with a particular focus on influencing policy and internationally by delivering quality programmes and by broadening the reach and strength of international partnerships.

Stakeholder Relationships

In line with other colleges and universities, UHI Perth has many stakeholders.

UHI Perth actively engages with Scottish Government ministers, senior civil servants and the SFC both independently and through the UHI as Regional Strategic Body and Colleges Scotland to update progress on delivery against key national priorities as well as influencing future policy. This includes within policy areas of Skills Alignment Strategy, Green Industrial Strategy, Economy, People and Skills May 2025, Scotland's Labour Market Drivers October 2024, the Learner Journey Review and Developing the Young Workforce.

To ensure our curriculum continues to meet current and future regional and national industry needs, we will have continued engagement with Skills Development Scotland and industry bodies across our curriculum teams and directly into businesses. UHI Perth's Foundation, Modern and Graduate apprenticeship delivery relies on these strong industry relationships to ensure skills demands are met and delivery compliance is achieved. UHI Perth has had strong performance in these areas historically and up to and including 31 July 2025.

UHI Perth also has strategic partnerships for our non-managed Modern Apprenticeship and stand-alone SVQ qualifications and contracts and works with SNIPEF, SECTT, CITB, Omexom and SSE to ensure their skills requirements are met so that these organisations continue to win contracts across Scotland.

UHI Perth's relationship with Perth and Kinross Council and its other Tay Cities regional partners through the Tay Cities Deal HE/ FE Forum and the Tay Cities Skills Board, Perth Development Board, Perth and Kinross Community Planning Partnership and the Strategic Education Group has been crucial to ensuring the College continues to be well regarded for its influence in economic and social transformation.

This includes the role UHI Perth plays in ensuring there are suitable progression routes for all learners from the Senior Phase pathways through to vocational, degree and postgraduate provision.

UHI Perth's role as one of the largest partners within UHI ensures that influence impacts the full Highland's region with a range of networked provision delivered by UHI Perth or hosted on the Perth campus.

In partnership with our staff, trade unions and the Highlands and Islands Student Association (HISA), a greater focus on the student experience remains a high priority for UHI Perth. We are

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committed to investing in the Student Experience which is a core part of our forward strategy, and we are delighted to see the focus continues to show results.

Additional areas of focus are:

- A greater variety of student support and social groups.
- An ICT strategy that supports the aspiration to be a student-centred, digitally enabled college.

Alongside this, continued discussions have taken place with Trade Unions to ensure the health and safety and wellbeing of all staff groups including reviewing ourselves with our Trade Union colleagues against the Staff Governance Standard.

Human Rights

The College, as part of the University of the Highlands and Islands partnership, has published a Slavery and Human Trafficking Policy Statement as required by the Modern Slavery Act 2015. This statement is reviewed annually and the actions from it implemented in all purchasing activity by requiring all new suppliers to confirm that they have “effective procedures in place to comply with the Modern Slavery Act 2015” before any transaction can take place.

Details of our requirements have been incorporated into the College’s Standard Terms and Conditions upon which all purchase orders and local contracts are based. These requirements are also included in the many frameworks we utilise, awarded by centres of expertise such as Advance Procurement for Universities and Colleges (APUC), Scottish Procurement and Crown Commercial Service (CCS).

Where modern slavery, human rights or workforce matters are identified as a potential risk in contracting for goods and services, relevant and proportionate requirements are included within our specification of requirements and appropriately probing questions are asked of bidders to demonstrate compliance with applicable laws, regulations and policies such as International Labour Organisation standards.

As a Scottish Living Wage Foundation accredited employer, we also endeavour that all on-site contractors are paid at least the Real Living Wage, as set annually by the Living Wage Foundation. This also applies to our catering contract.

There have been no complaints of any breaches of human rights within our supply chain.

Anti-Corruption and Bribery

For regulated procurement, all suppliers are required to confirm that they are “in full compliance with and support the Bribery Act 2010” before any transaction can take place. Details of our anti-corruption requirements are stated in UHI Perth’s Standard Terms and Conditions upon which all purchase orders and local contracts are based.

These requirements are also included in the many frameworks we utilise, awarded by centres of expertise such as APUC, Scottish Procurement and CCS.

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UHI Perth has a Fraud Prevention Policy and Response Plan which is included in our review plan and clearly details the requirements for staff members to adhere to as well as advising on how to report suspected breaches.

Our procurement and financial transaction processes ensure a clear separation of duties between requestors, budget approvers and payees to mitigate against potential risk or fraudulent activity. These processes are being continually reviewed to ensure they are fit for purpose and achieving their aims.

There have been no complaints of any breaches of corruption or bribery within our supply chain.

Disclosure of Information to Auditor

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which UHI Perth's auditor is unaware; and each member has taken all the steps that they ought to have taken to be aware of any relevant audit information and to establish that UHI Perth's auditor is aware of the information.

Approved by order of the members of the Board of Management on **19 January 2026** and signed on its behalf by:

Catherine Etri
Interim Principal & Chief Executive

Alistair Wylie
Interim Chair

Accountability Report

Remuneration and Staff Report

The Accountability Report has three sections and is signed by the interim Chair and the interim Principal:

1. The Remuneration and Staff report
2. The Corporate Governance report
3. The Parliamentary Accountability report.

Remuneration and Staff Report

Introduction

UHI is required to prepare and publish within its financial statements an annual Remuneration Report under the 2024/25 Government Financial Reporting Model (FReM) issued by HM Treasury.

The report sets out the remuneration and accrued pension benefits of the Senior Leadership Team members of UHI Perth.

Information on the number of UHI Perth employees (including Senior Leadership Team members) whose total actual remuneration was £60,000 or more is set out in Note 7 of the financial statements. The information is disclosed in salary bandings of £10,000 above £60,000. The following report has been prepared in accordance with the regulations.

All information disclosed in the tables in this report has been audited by UHI Perth's external auditor and all other sections of the Remuneration Report are reviewed to ensure they are consistent with the financial statements.

Accountability Report

Remuneration and Staff Report

Remuneration arrangements (This information has been subject to audit)

Senior Leadership Team

The Remuneration Committee makes recommendations to the Board of Management on the service arrangements and remuneration of the Principal and determines the service arrangements and remuneration of the other senior post holders.

Remuneration of the Senior Leadership Team is as set out in Note 8 to the financial statements. In addition, the following table provides details of the remuneration and pension interests of senior management.

		12 months ended 31 July 2025			
Name	Role	Salary £000	Pension Benefit £000	Other Benefit £000	Total £000
Margaret Cook	Principal	110-115	10-15	60-65	185-190
Lorenz Cairns	Depute Principal - Academic	105-110	45-50	-	155-160
Catherine Etri	Interim Principal	20-25	5-10	-	25-30
Lynn Murray	Depute Principal – Operations	90-95	140-145	-	230-235
		12 months ended 31 July 2024			
Margaret Cook	Principal	115-120	5-10	-	125-130
Lorenz Cairns	Depute Principal	90-95	0-5	-	90-95
Catherine Etri	Vice Principal – Academic	80-85	0-5	45-50	125-130
Veronica Lynch	Vice Principal – External Engagement	80-85	45-50	265-270	350-355
Iain Wishart	Vice Principal – Operations	55-60	55-60	-	100-115
Lynn Murray	Depute Principal - Operations	40-45	10-15	-	50-55
Resignations and Joiners in the year					
1. Margaret Cook resigned on 14 May 2025. The final salary payment was processed as outlined in the table above. Additionally, a contractual obligation for PILON of £62,500 was made and recorded under the other benefit.					
2. Lorenz Cairns resigned on 31 July 2025.					
3. Catherine Etri left the business due to business efficiency on 31 July 2024. Catherine rejoined UHI Perth on 29 May 2025, as Interim Principal, following appropriate approvals being gained.					

Senior Leadership Team members listed above are enrolled in either the Scottish Teachers Superannuation Scheme (STSS) or Local Government Pension Scheme (LGPS) pension schemes. These are both defined benefit schemes.

The pension amounts in the table above do not represent the pension contributions paid for the staff listed. The actual amount of pension contribution paid for senior post holders is shown in Note 8 of these financial statements.

Accountability Report

Remuneration and Staff Report

Compensation for loss of office (This information has been subject to audit)

Thirty-seven employees left under a voluntary severance scheme during the year. In total they received compensation payments of £651,042.53. No employee left under compulsory redundancy terms. In the year, additional payments totalling £64,068.17 were made to the 50 employees who left in the previous financial year in relation to recalculated voluntary severance payments following agreement of pay awards. The total voluntary severance payments recorded in the year are £715,110.70.

The table below summarises the exit packages by cost band for those who left in the year to 31 July 2025.

Exit package cost band	Number of voluntary redundancies	Number of other departures agreed (including any compulsory redundancies)	Total number of exit packages by cost band
<£10,000	7	-	7
£10,000 to £25,000	22	-	22
£25,000 to £50,000	7	-	7
£50,000 to £100,000	-	-	-
Total number of exit packages	36	-	36
Total cost (£'000)	651	-	651

Pay Multiples

The College is required by the FreM to disclose the relationships between the remuneration of the highest paid official and the 25th, 50th and 75th percentile of remuneration of their workforce. The below figures are for UHI Perth only and not AST.

The mid-point of banded remuneration of the highest paid official in 2024/25 has slightly decreased due to a change in personnel. Percentile pay ratios have increased in 2024/25 due to cost of living and incremental pay rises as well as salary variances as a result of leavers and new starts during the year. This has resulted in the percentile pay multiples decreasing in 2024/25.

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Remuneration and Staff Report

	% change	2024/25 £	2023/24 £
Mid-Point of Banded Remuneration of Highest Paid Official	-4%	112,500	117,500
25th percentile pay ratio	7%	30,412	28,228
25th percentile pay multiple		3.7	4.16
50th percentile pay ratio	6%	43,637	41,096
50th percentile pay multiple		2.58	2.86
75th percentile pay ratio	10%	48,357	43,357
75th percentile pay multiple		2.3	2.7

Accrued pension benefits

Pension benefits for Employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is externally funded and contracted out of State Earnings-Related Pension Scheme and the Local Government Pension Scheme (LGPS), Tayside Pension Fund.

Prior to 1 April 2015 both STSS and LGPS were final salary pension schemes. This meant that pension benefits were based on the final year's pay and the number of years that the person had been a member of the scheme. From 1 April 2015 both pension schemes became Career Average Revalued Earnings (CARE) schemes.

A CARE scheme means that pension benefits are now built up using an accrual rate of 1/57th of annual pensionable pay for STSS and 1/49th of annual pensionable pay for LGPS. Benefits built up prior to April 2015 will be protected and continue to be calculated on final pensionable pay.

The scheme's normal retirement age is now linked to the members own State Pension Age.

Contribution rates are set annually for all employees and are based on salary bandings. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated based on the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued within the relevant scheme and may not be reflective of their total Local Government service or current appointment.

In considering the accrued pension benefits figures the following contextual information should be considered:

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Remuneration and Staff Report

- i. figures for pension and lump sum are illustrative only considering the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- ii. accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Senior Leadership Team Pension (This information has been subject to audit).

Pension benefits are provided to Senior Leadership Team on the same basis as all other staff. The accrued pension benefits for Senior Leadership Team members are set out in the table below, together with the pension contributions made by UHI Perth:

Name	At 31 July 2025		1 August 2024 to 31 July 2025		At 31 July 2025	At 31 July 2024	Real increase in CETV
	Accrued pension at pension age	Accrued lump sum at pension age	Real increase in pension	Real increase in lump sum	CETV	Restated CETV*	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Margaret Cook	20-25	-	0-2.5	-	332	304	28
Lorenz Cairns	35-40	95-100	2.5-5	2.5-5	832	802	30
Catherine Etri	0-5	-	0-2.5	-	10	-	10
Lynn Murray	5-10	-	5-7.5	-	133	13	120

The 31 July 2024 CETV values for M Cook and L Cairns have been updated to reflect the inclusion of the CARE element of the pension scheme transfer value.

The pension benefits set out in the table above reflect the change in the real value of pension for each individual (less contributions paid by the individual). These pension benefits include additional pension accrued within the year, and any changes to the value of pension earned in all previous years due to salary increases.

Gender Split for UHI Perth Board of Management and Senior Leadership Team

The table below sets out the gender split of the Board of Management of UHI Perth based on all members who sat on the board during the year ended 31 July 2025.

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Remuneration and Staff Report

Margaret Cook (Principal of UHI Perth) and then her replacement Catherine Etri (Interim Principal of UHI Perth) are the only members of the Senior Leadership Team who also sit on the Board and are included in the Gender Split of both the Senior Leadership Team and Staff Board Members.

The noticeable variance around Staff Board Members is because there were two different Principals in post during the year (both of whom were female thereby changing it from 80:20 to 66:33).

Non-Executive Board Members are comprised of Independent and Student members and saw an overall increase in female members bringing the gender split to 50:50.

Board of Management				Senior Leadership Team	
Non-Executive Board Members		Staff Board Members			
Male	Female	Male	Female	Male	Female
50%	50%	66%	33%	25%	75%

Staff Numbers and Costs (This information has been subject to audit)

The table below sets out staff numbers and costs for UHI Perth. The figures below do not include staff costs for the subsidiary, Air Service Training (Engineering) Limited which had on average 24 FTE on permanent contracts and 1 FTE on temporary contracts until it went into administration on 10 April 2025. A full breakdown of staff numbers is set out in Note 6 of these accounts.

	Year ended 31 July 2025			Year ended 31 July 2024
	Permanent Staff	Other staff	Total	Total
Wages & Salaries (£'000)	13,913	954	14,867	16,120
Social Security Costs (£'000)	1,450	100	1,550	1,449
Other Pension Costs (£'000)	3,535	243	3,778	3,051
Total staff costs (£'000)	18,899	1,296	20,195	20,621
Average number of FTE	277	19	296	343

Based on headcount, UHI Perth employed 228 females (56%) and 179 males (44%) as at 31 July 2025.

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Remuneration and Staff Report

Sickness Absence Rates

The following table provides the total sick days lost, average sick days per head and percentage of working time lost for the years ended 31 July 2025 and 2024:

	Year ended 31 July 2025				Year ended 31 July 2024			
	Total days	sick	Average sick days per head	% working time lost	Total days	sick	Average sick days per head	% working time lost
Total	2,706		6.5	3.5%	2,963		6.2	3%

Our sickness data has increased slightly when compared to the previous year mostly within the management staff group. However, our average sick days per head is less than the average of 9.4 days reported in the past year by the CIPD. We also saw two deaths in service during the 2024/25 financial year that were not work-related and followed periods of illness.

Policies in relation to disabled persons

UHI Perth's Equality and Diversity Policy sets the principles and values of equality and diversity for UHI Perth. These are implemented through UHI Perth's Equality Outcomes and associated action plan which are aligned to the UHI Perth Regional Outcome Agreement as well as the policies and procedures that guide the way in which people behave. Progress against the Equality Outcomes is reported on the UHI Perth website:

<https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/equality-diversity-and-inclusion/>

The policy is also implemented through several policies and procedures that concern the experience of staff and students. This includes:

- Mainstreaming Equality, Equality Outcomes, and Workforce and Students Profile 2025

We continued our commitment to the Disability Confident Scheme and in July 2025 achieved Disability Confident Employer status. We continue to embed our reasonable adjustment passport which is utilised by staff who have short- or long-term reasonable adjustment needs and provided training to managers across UHI Perth on how to utilise the scheme and continue to support staff who wish to make an Access to Work scheme application. We implemented a centralised reasonable adjustment fund managed by HR to ensure fair access to the funds.

We published our pay gap report as required which covers gender, disability and ethnicity pay gaps as well as our equal pay statement and mainstreaming report.

Recruitment and Selection

UHI Perth strives to be an excellent employer by adopting a principle of diversity and inclusivity to attract the highest calibre of staff in pursuance of UHI Perth's overall Vision and Values.

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This principle includes a positive approach towards disability and ensuring that people with disabilities receive the necessary support through the recruitment and selection process. This includes the provision of any additional support required by candidates to ensure fair and equal participation throughout the process.

Applicants are also asked during the recruitment process if they require UHI Perth to make any reasonable adjustments to support them in the recruitment process giving due regard to their aptitudes and abilities.

UHI Perth also commits to ensuring that vacancies are advertised in a wide variety of digital and other outlets and are worded in such a way as to attract candidates from as wide a cross section of society as possible. These actions continue to support our status as a Disability Confident Employer.

Professional Development

All employees are encouraged to participate in development activity to develop their qualifications and skills, although UHI Perth has had to reduce the budget due to financial constraints.

Employees are also expected to participate in UHI Perth's Professional Review Scheme and undertake any staff development and training necessary for the full performance of their duties. UHI Perth also provides financial support for several employees to undertake qualifications relevant to their roles.

UHI Perth continues to aim to meet the requirement to ensure a minimum entitlement of six days (pro rata) continuing professional development (CPD) to all employees. This is to be provided in a manner which is meaningful to all staff and ensures CPD adds value to the individual, team and UHI Perth and we exceeded this commitment in the current year.

Redeployment and Occupational Health

UHI Perth is committed to ensuring that if employees become unable to undertake their role during their employment that we look at redeployment and training opportunities to retain their services within UHI Perth. A redeployment policy is being discussed with our recognised Trade Unions and will be in place in the next financial year.

Employees make regular use of the Occupational Health service provided by UHI Perth through management referrals to allow UHI Perth, and employees, to make informed decisions about any reasonable adjustments that UHI Perth may be able to support. Where appropriate and requested by the employee, we have engaged our Occupational Health Service to support members of staff to leave through ill-health retirement.

UHI Perth has also worked with Access to Work to ensure adaptive equipment and training are provided to support employees who have a disability as defined by the Equality Act 2010. This scheme is actively utilised to support staff to remain at work.

UHI Perth has a full employee assistance programme (EAP), which offers support 24 hours a day. This allows staff to access a confidential Counselling Service which offers the opportunity to access up to six free counselling sessions in a 12-month period. If required, additional counselling sessions are then agreed by UHI Perth along with a wider range of support resources.

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Remuneration and Staff Report

Other employee matters

Equal Pay

UHI Perth reaffirms the principle that all members of staff receive equal pay for the same or broadly similar work, for work rated as equivalent and for work of equal value.

UHI Perth will ensure that all pay practice applies equally to all staff and is best practice. UHI Perth will communicate pay practice to help members of staff develop understanding of how pay is determined; undertake equal pay audits in accordance with any legal obligations; provide guidance and support to managers where they make decisions on pay and benefits for staff; and work within the National Pay Bargaining Framework for colleges in Scotland including implementation of any agreed job evaluation scheme.

The work of the National Job Evaluation Scheme for Support Staff within Colleges is still underway, and no outcomes have yet been published. Until decisions and outcomes are known, UHI Perth continues to use its internal job evaluation scheme.

Work Life Balance

UHI Perth recognises that members of staff have priorities outside of their employment and that it is important for the wellbeing of all staff that there is balance between work and home life. UHI Perth also recognises that members of staff will have differing requirements at different points in their working life and the range of Family Friendly/Flexible Working policies and procedures aims to ensure that an appropriate balance between work and home life can be achieved throughout a member of staff's employment at UHI Perth.

UHI Perth continued to use a hybrid working model for the 2024/25 academic year. This remains in place and is under review with a view to adopting a longer-term policy. There are also staff who have agreed flexible working arrangements in place and UHI Perth continues to support the statutory requirement of allowing formal flexible working requests from day one of employment and allowing staff to submit two requests each year.

Where staff work from home, they are required to undertake Home Working Assessment and Display Screen Assessments to ensure that home working is undertaken in a safe environment.

Conduct

UHI Perth promotes and lives up to the principles within its Equality and Diversity Policy of: treating people with respect; encouraging, maintaining and promoting good relations; applying policies, procedures and processes fairly and with due regard to every individual; welcoming the differences between each person and valuing the contribution that they make to the cultural and social wellbeing of UHI Perth's working and learning environment.

Exit

Members of staff will be treated fairly in circumstances where there is a reduction in the need for certain types of roles which saw UHI Perth continue to utilise a voluntary severance scheme during 2024/25 and in the application of disciplinary procedures where dismissal may be an outcome.

Accountability Report

Remuneration and Staff Report

Health and Safety

The Board of Management of UHI Perth attaches the greatest importance to safeguarding the health, safety and welfare of staff, students, visitors and others who use the premises, and regards the promotion of health and safety measures as a mutual obligation for management and employees at all levels.

It is the commitment of UHI Perth to act within the requirements of the Health and Safety at Work Act 1974 and subsequent legislation, and to ensure that the health, safety and welfare of all staff, students, visitors and others who may be affected by our undertakings is safeguarded, so far as is reasonably practicable.

To meet these criteria, UHI Perth will:

- Regard legal compliance as the lowest acceptable standard of management with regard to health and safety.
- Identify hazards, assess risks and manage those risks.
- Provide appropriate information, instruction, training and supervision.
- Provide and maintain equipment and a working environment that are reasonably practicable, without risks to health and safety.
- Consult with employee representatives on health and safety matters, and
- Provide adequate funding and resources to meet policy needs.

To effectively manage Health and Safety, UHI Perth's Board of Management devolves policies and procedures through the Principal and Chief Executive to the Senior Leadership Team and wider Perth Leadership Group and their managers and staff, all of whom are responsible for managing Health and Safety.

UHI Perth requires that all staff, students and visitors co-operated in regarding safe working as a prime objective, by working within established procedures.

Overall responsibility for the practical implementation of this policy lies with UHI Perth's Principal and Chief Executive.

UHI Perth's duty to consult on Health and Safety matters with trade unions and staff is structured through a Health and Safety Committee. The Committee meetings are scheduled four times over the curriculum year. These meetings were chaired by the Director of Estates or the Director of HR and Organisational Development in their absence and comprised of College Management, the Health, Safety and Wellbeing Advisor, representatives of each recognised trade union and staff and student representatives.

Three sub-groups of this committee were in place for the period ending 31 July 2025, these being Pandemic response group (this group is paused unless required), Stress Management, and the Health and Safety Policies and Procedure Review Group. The Staff Health and Wellbeing Group

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Remuneration and Staff Report

was merged into the Perth Staff Group, and the Student Health and Wellbeing Group was disbanded so neither met during 2024/25.

The Board of Management removed the requirement for a Board champion on Health and Safety to attend the Health and Safety Committee as it was decided that Health and Safety would be monitored via the Audit Committee, who would highlight any issues to the Board if required.

Typical Health and Safety performance topics being discussed would include accident trends, training compliance, inspection reports and issues raised over the period covered.

The Health, Safety and Wellbeing Advisor ensures there are regular departmental audits with associated actions plans and summaries of these are brought for review to the Health and Safety Committee. There were 16 areas audited during 2024/25.

Our priority is, and continues to be, to provide and maintain a safe work environment. We have provided training to increase the number of competent risk assessors, given direction and support for undertaking or refreshing our mandatory related online training and provided some of our management with accredited Health and Safety qualifications.

During 2024/25 the Health, Safety and Wellbeing Advisor conducted 31 in-house face-to-face training with a variety of employee groups. At 31 July 2025 there were nine members of the Perth Leadership Group who had completed the Institute of Occupational Safety and Health (IOSH) Managing Safety or equivalent, with one member of the Senior Leadership Team having completed the IOSH Leading Safely. We have trained an additional 13 General Risk Assessors, three Hazardous Substances Assessors (COSHH), one Manual Handling Assessor as well as providing specific training to certain groups where a need has been identified. Five managers attended Managing Stress for Managers, and nine staff members were trained in Emergency Evacuation Evac+Chair. We maintain 12 nominated first aiders and have an additional 11 employees within our Academy of Sports and Wellbeing as Emergency First Aiders.

An additional 29 employees have completed the Scottish Mental Health First Aid training which teaches people how to identify, understand and help someone who may be experiencing a mental health issue.

Trade Unions

The College recognises two Trade Unions, EIS-FELA and UNISON. The relationships with each are governed by the appropriate Recognition and Procedure Agreements augmented with regular informal discussions with senior staff including the Director of HR & Organisational Development.

We are an active member of the Employer's Association to support National Bargaining dialogue, discussion and agreement. All of this highlights our commitment to partnership working and a no surprises relationship based on openness and transparency from management and the recognised Trade Unions.

Trade union officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
	6

Accountability Report

Remuneration and Staff Report

Percentage of time spent on facility time

Percentage	Number of employees
0%	0
1-50%	6
51-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time:	13,979
Total pay bill:	20,313,984
Percentage of the total pay bill spent on facility time:	0.07%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	5%
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Employment Issues

UHI Perth has published its commitment to equal pay within these financial statements which reaffirms the principle that all members of staff receive equal pay for the same or broadly similar work, for work rated as equivalent and for work of equal value. To achieve this, UHI Perth commits to:

- Ensure that all pay practice applies equally to all staff and is best practice.
- Communicate pay practice to help members of staff develop understanding of how pay is determined.
- Undertake equal pay audits in accordance with any legal obligations.
- Provide guidance and support to managers where they make decisions on pay and benefits for staff, and
- Work within the National Bargaining Framework for colleges in Scotland including implementation of any agreed job evaluation scheme.

UHI Perth also has a commitment to equality and diversity as demonstrated in the principles adopted by it which are:

- Treating people with respect.

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- Encouraging, maintaining and promoting good relations.
- Applying policies, procedures and processes fairly and with due regard to every individual.
- Welcoming the differences between each person and valuing the contribution that they make to the cultural and social wellbeing of UHI Perth's working and learning environment, and
- UHI Perth also has an Equality, Diversity and Inclusivity Committee which monitors progress on equality matters and is a forum for consultation about matters which affect staff and students.

The majority of UHI Perth's staff are female (56%) with men representing 44% of the workforce.

UHI Perth has a Professional Review process which includes a Career Long Professional Learning (CLPL) element to support the development of both academic and professional services staff, and an allocated CPD budget to support other professional development activities.

For academic staff, UHI Perth continues to require staff to join the General Teaching Council for Scotland (GTCS) and is ensuring that staff are made aware of their timeline depending on start date in the sector and qualification status. All forms of GTCS registration requires professional dialogue discussions between staff members and their line managers to be undertaken in a coaching style and managers of academic staff who had not previously undertaken this training were given this opportunity.

UHI has a robust framework of policies and procedures which support the employment lifecycle. These include recruitment, induction, being family friendly, encouraging flexible working, discipline and grievance issues, promoting health and wellbeing, absence, capability and exit.

Accountability Report

Corporate Governance Report

Overview

The purpose of the Corporate Governance report is to explain the composition and organisation of the institution's governance structures and how they support the achievement of institutional objectives.

The Corporate Governance report includes:

- a Directors' Report
- a Statement of Responsibilities of the Members of the Board of Management
- a Governance Statement.

Directors Report

The Board of Management

The members who served on the Board of Management during the year and up to the date of signing the financial statements were as follows:

Name	Date of Appointment/ (resignation)	Status	Committees Served from 01 Aug 2024 – Date of signing*
Graham Watson	07 August 2020 Appointed Interim Chair 01 October 2022 Appointed Chair 12 April 2023 Resigned 03 April 2025	Independent Member	Air Service Training (chair until resignation) Finance & Resources (chair until resignation) Chairs (chair until resignation) Remuneration (until resignation)
Alistair Wylie	12 April 2023 Appointed Interim Chair 09 April 2025	Independent Member	Audit (until 09 April 2025) Finance & Resources (from 09 April 2025) Learner Experience (until 16 April 2025) Chairs (chair from 16 April 2025) Remuneration (from 16 April 2025)
Dr Margaret Cook	01 August 2017 Resigned 14 May 2025	Principal and Chief Executive	Learner Experience (chair until 16 April 2025) Air Service Training (until 09 April 2025) Chairs (until resignation) Strategic Development (until resignation) Finance & Resources (until resignation)
Catherine Etri	29 May 2025	Interim Principal and Chief Executive	Finance & Resources (from 29 May 2025) Learner Experience (from 10 September 2025) Recovery Plan Monitoring (from 22 September 2025)
Mary Fraser	01 March 2024	Independent Member	Finance & Resources (until 19 August 2025) Strategic Development Audit (from 20 August 2025) Learner Experience (from 10 September 2025)

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Corporate Governance Report

Name	Date of Appointment/ (resignation)	Status	Committees Served from 01 Aug 2024 – Date of signing*
Jenny Hamilton	03 January 2022 Resigned 08 April 2025	Independent Member	Strategic Development (chair until resignation) Chairs (until resignation) Remuneration (until resignation)
Jenni Harrison	12 April 2023 Resigned 22 May 2025	Independent Member	Air Service Training (until 09 April 2025) Finance & Resources (until resignation)
Dierdre Joy	06 January 2025	Independent Member	Finance & Resources Learner Experience (from 16 April 2025) Recovery Plan Monitoring (chair from 22 September 2025)
Chris Lusk	01 March 2024	Independent Member	Finance & Resources (until 16 April 2025) Learner Experience (chair from 16 April 2025) Audit (from 16 April 2025) Chairs Remuneration (from 16 April 2025)
Debbie McIlwraith Cameron	03 January 2022	Independent Member	Air Services Training (until 09 April 2025) Audit (chair from 16 April 2025) Chairs (from 16 April 2025)
Elaine Piggot	10 October 2023 Resigned 30 September 2025	Independent Member	Finance & Resources (chair from 16 April 2025 until resignation) Strategic Development Chairs (until resignation) Remuneration (chair from 16 April 2025 until resignation)
Ian Robotham	01 March 2024	Independent Member	Air Service Training (until 09 April 2025) Audit (until 16 April 2025) Finance & Resources (from 16 April 2025; chair from 01 October 2025) Chairs (from 01 October 2025) Remuneration (chair from 30 October 2025)
Derek Waugh	01 September 2022 Resigned 11 April 2025	Independent Member	Audit (chair until resignation), Strategic Development (until resignation) Chairs (until resignation) Remuneration (chair until resignation)
Christopher Whatley	06 January 2025	Independent Member	Learner Experience (from 16 April 2025) Audit (from 16 April 2025) Recovery Plan Monitoring (from 22 September 2025) Chairs (from 10 November 2025)
Richard Fyfe	18 November 2024	Staff Member	Finance & Resources (to 19 August 2025) Strategic Development Audit (from 20 August 2025) Recovery Plan Monitoring (from 22 September 2025)
Patrick O'Donnell	10 November 2020	Staff Member	Learner Experience Audit (until 19 August 2025) Finance & Resources (from 20 August 2025)

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Corporate Governance Report

Name	Date of Appointment/ (resignation)	Status	Committees Served from 01 Aug 2024 – Date of signing*
Andi Garrity	01 July 2024	Student Member	Audit (until 19 August 2025) Learner Experience Strategic Development Finance & Resources (from 20 August 2025) Recovery Plan Monitoring (from 22 September 2025)
Xander McDade	01 July 2024 Resigned 30 June 2025	Student Member	Finance & Resources (until resignation) Learner Experience (until resignation) Strategic Development (until resignation)
Millie Foster	01 July 2025	Student Member	Learner Experience (from 01 July 2025) Audit (from 20 August 2025)
Ronnie Dewar	01 March 2024	Trade Union Member	Learner Experience Recovery Plan Monitoring (from 22 September 2025)
Winston Flynn	15 March 2024 Resigned 14 March 2025	Trade Union Member	Strategic Development (until resignation)
David Macluskey	25 June 2025	Independent Member	Learner Experience (from 10 September 2025) Recovery Plan Monitoring (from 22 September 2025)
Rosie Howie	10 September 2025	Independent Member	Audit (from 10 September 2025)
Laaeq Rehman	10 September 2025	Independent Member	Finance & Resources (from 10 September 2025)
John McMullen	10 September 2025	Independent Member	Audit (from 10 September 2025)
Sarah Cordwell	10 September 2025	Independent Member	Learner Experience (from 10 September 2025) Finance & Resources (from 10 September 2025)

* following the resignation of several Board Members during April 2025, a review of membership of Board Committees was conducted resulting in several changes to Committee Membership for the remainder of 2024/25. The Strategic Development Committee was also formally disbanded as a Board Committee at the Board of Management meeting on 16 April 2025, and Air Service Training (Engineering) Ltd ceased to report to the Board of Management on formally entering Administration on 10 April 2025.

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Board Member – Committee Attendance 2024/25

Name	Board	AST	Audit	Chairs	F&R	Learner Exp.	Strat Dev
Graham Watson	5/5	8/9		3/3	4/4		
Mary Fraser	6/12				3/5		3/3
Jenny Hamilton	2/5			0/3			2/3
Jenni Harrison	6/8	8/9			3/3		
Deirdre Joy	9/9				2/3	1/1	1/1
Chris Lusk	12/12		1/1	2/2	3/4	4/4	
David Macluskey	1/2						
Debbie McIlwraith-Cameron	10/12	8/9	4/5	3/4			
Elaine Piggot	12/12			4/4	5/5	3/4	2/3
Ian Robotham	11/12	8/9	4/4		1/1		
Derek Waugh	5/5		4/4	2/3			3/3
Christopher Whatley	8/9		1/1			2/4	
Alistair Wylie	11/12		4/4	4/4	2/2	2/3	
Margaret Cook	6/8	9/9		2/3	3/3	2/4	3/3
Catherine Etri	2/2				1/1		
Patrick O'Donnell	12/12		4/5			3/4	2/3
Richard Fyfe	9/10					3/3	1/1
Xander McDade	11/11				5/5	4/4	3/3
Andi Garrity	12/12		5/5			4/4	2/3
Ronnie Dewar	11/12					2/4	
Winston Flynn	1/5						1/3

It is the Board of Management's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board of Management complies with the internal control guidance published by the Turnbull Committee and the good practice in the Guide for Board Members in the College Sector 2015 issued by Scotland's Colleges.

The Board of Management is provided with regular information on the overall financial performance of the College together with other information such as performance against funding

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targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Management meets at least four times a year.

Full minutes of all Board and Board sub-Committee meetings, except those deemed to be confidential by the Board, are available on the College website or from the Clerk to the Board at:

UHI Perth
Crieff Road
Perth PH1 2NX

Register of Members Interest

The Clerk to the Board maintains a register of financial and personal interests of the Board members and Senior Leadership Team. The Register is available for inspection at the above address or on the College website:

<https://www.perth.uhi.ac.uk/about-us/college-management-structure/meet-the-board/register-of-interests/>

All Board members can take independent professional advice in furtherance of their duties at UHI Perth's expense and have access to an independent Clerk, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Board as a whole.

Formal agendas, papers and reports are supplied to Board members in a timely manner, prior to meetings. Briefings are also provided on an ad hoc basis.

The Board of Management has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Board of Management considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgment.

Board members are required to self-evaluate collectively as Board and individually as Board members. The self-evaluation process includes consideration of the performance of the Chair and individual Committee Chairs and of the collective effectiveness of the Board of Management, and individual reflection on their adherence to the Nine Principles of Public Life.

There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

Information Management

There were no significant data breaches during the year.

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Appointments to the Board of Management

From 1 August 2014, the authority for appointments to the Board of Management of UHI Perth resides with the University of the Highlands and Islands and must be made in accordance with Ministerial Guidance on Board Appointments.

The Board of Management ensures that a process is in place to provide appropriate induction training to new Board of Management members and new Board members are expected to undertake induction training.

Members of the Board of Management are appointed for an initial term of office not exceeding four years and may be reappointed.

Statement of Responsibilities of the Members of the Board of Management

The Board of Management are required to present audited financial statements for each financial year.

In accordance with the Further and Higher Education (Scotland) Act 1992 the Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Management is responsible for ensuring that proper accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the relevant Government Financial Reporting Model (FReM) and other relevant accounting standards.

In addition, within the terms and conditions of a Financial Memorandum agreed between the SFC and the College's Board of Management, the Board, through its Chief Executive, the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Management is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare financial statements on a going concern basis, unless it is inappropriate to presume that the College will continue in operation. The interim Principal has received a letter of comfort from the Scottish Funding Council confirming that they will work with the sector and individual colleges and regions to consider ways to help manage cash flow requirements for the period of 12 months from the date of approval of our balance sheet. On this basis the Board is satisfied that the College can continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

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- To enable this, we will work with the sector and individual colleges and regions to consider ways to help manage cash flow requirements, for the period of 12 months from the date of approval of your balance sheet.

The Board of Management has taken reasonable steps to:

- ensure that funds from the SFC, including those derived through the Regional Strategic Board, are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the College and prevent and detect fraud, and
- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative areas
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management
- Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance & Resources Committee. In line with future improvements these need to be reviewed, and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management, and whose Head provides the Board of Management with a report on internal audit activity within UHI Perth and an opinion on the adequacy and effectiveness of UHI Perth's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Approved by order of the member of the Board of Management on 19 January 2026 and signed on its behalf by:

Catherine Etri
Interim Principal & Chief Executive

Alistair Wylie
Interim Chair

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Governance Statement

Statement of Corporate Governance and Internal Control

UHI Perth complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2025.

From 1 August 2014, Perth College was assigned to the University of the Highlands and Islands (UHI) as its Regional Strategic Body (RSB) and the provisions of the Post-16 Education (Scotland) Act 2013 commenced for the College. As an assigned college, the Board is accountable to the RSB.

UHI Perth is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the main principles of the 2016 Code of Good Governance for Scotland's Colleges. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

UHI Perth has a whistleblowing policy and procedure, which is published on its website. It has been reviewed by the Perth Leadership Group and will be tabled at the Board for approval during 2025/26.

The Board conducts its business through a number of committees. Each committee has formally constituted terms of reference, which are reviewed on a regular basis.

The committees are:

Audit Committee
Chairs Committee
Remuneration Committee
Finance & Resources Committee
Learner Experience Committee
Strategic Development Committee (disbanded April 2025)
Recovery Plan Monitoring Committee (established July 2025)

In addition, the Board of Management holds development planning days and training evenings during the course of the year for the purposes of training, self-evaluation and development. The Board is supported by an Independent Clerk.

Audit Committee

The Audit Committee comprises at least four non-executive members of the Board of Management (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Board of Management.

The Audit Committee meets four times a year and provides a forum for reporting by UHI Perth's external and internal auditors, who have access to the Committee for independent discussion, without the presence of College Management.

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The Audit Committee advises the College on the appointment of the internal auditor and the auditor's remuneration. The Audit Committee establishes the College's risk tolerance and monitors risk.

UHI Perth's internal auditor monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations, and the internal auditor undertakes periodic follow-up reviews which are reported to the Audit Committee to ensure such recommendations have been implemented.

The Audit Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the SFC and Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements.

Finance and Resources Committee (“the Finance Committee”)

The Finance Committee comprises four non-executive members of the Board of Management and the Principal. The Committee operates in accordance with written terms of reference approved by the Board of Management.

The Finance Committee meets at least four times a year and, among other matters, recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to approved budgets.

The Finance Committee monitors the College's financial and business perspectives. It approves all key financial decisions, approves the annual budget, considers the financial statements and recommends for approval, oversees the system of financial control and delegated authority. It also considers any other matters relevant to the financial duties of the Board including estates strategy.

Remuneration Committee

The Remuneration Committee comprises of the Chair, the Vice Chair and the Senior Independent Board Member. The Committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and Senior Leadership Team.

The details of the remuneration of senior post-holders for the year ended 31 July 2025 are set out in Note 8 of these Financial Statements.

Corporate Strategy

The Board of Management is responsible for the overall strategic development of UHI Perth and is the guardian of its vision and values. Strategic development normally takes place annually with the Board of Management and the Senior Leadership Team at a full day to consider strategic direction and challenges. This is supported by horizon scanning and futures work and has led to the development of strategic plans underpinned by operational plans. Progress against the agreed strategic priorities in the plan is monitored through a balanced scorecard approach by the appropriate Board committees on a regular basis.

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Scope of Responsibility

The Board of Management is responsible for UHI Perth's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Chief Executive Officer, for maintaining a sound system of internal control that supports the achievement of UHI Perth's policies, aims and objectives, whilst safeguarding the public funds and assets of UHI Perth including those derived from the Regional Strategic Body. The Principal is also responsible for reporting to the Board of Management any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of UHI Perth's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in UHI Perth for the year ended 31 July 2025 and up to the date of approval of the annual report and financial statements.

Principal Risks and Uncertainties

UHI Perth's Board of Management is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is 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 Senior Leadership Team monitors key performance and risk indicators and considers possible control issues brought to their attention by members of the Perth Leadership Group who represent every department across the College.

The Senior Leadership Team and the Audit Committee also receive regular reports from Internal Audit and Health, Safety and Environmental monitoring functions that include recommendations for improvement. Internal Audit concentrates on areas of key activities determined by a risk analysis and in accordance with the annual internal audit plan approved and amended by the Audit Committee.

The internal auditor has direct access to the Chair of the Audit Committee and issues an annual report with an opinion of the adequacy, reliability and effectiveness of UHI Perth's internal control system.

The Audit Committee considers risk at each Committee Meeting and receives a copy of the College Strategic Risk Register which is updated quarterly by the UHI Perth Senior Leadership Team.

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The Board of Management receive reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board of Management is of a view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place throughout the year ended 31 July 2025 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit Committee and accords with the Turnbull guidance on internal control, as applicable to the further education sector.

The Risk and Control Framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management
- Regular reviews by the Board of Management of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines, and
- The adoption of formal project management disciplines, where appropriate.

UHI Perth appoints an Internal Audit Service, which operates in accordance with the requirements of the SFC's mandatory requirements.

The work of the Internal Audit Service is informed by an analysis of the risks to which the College is exposed, and internal audit plans are based on this analysis.

The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit Committee.

The Internal Auditor provides the Audit Committee with a report on internal audit activity within the College. These reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The internal auditor has direct access to the Chair of the Audit Committee and issues an annual report with an opinion of the adequacy, reliability and effectiveness of UHI Perth's internal control system.

UHI Perth's Internal Auditors gave the following opinion in their Annual Report to the Board of Management and Principal on the Provision of Internal Audit services for 2024/25 (the Internal Audit Report):

"In our opinion, with the exception of the issues highlighted in paragraph 1.9 to 1.12 (included in the section on significant control issues and weaknesses below), UHI Perth has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into

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Corporate Governance Report

consideration the work we have undertaken during 2024/25 and in previous years since our initial appointment.

The GIAS, introduced in 2025 requires us to highlight residual risks which exceed the risk appetite set by the Board. The current reporting format does not isolate such risks. However, the Enterprise Risk Management report presented to the September 2025 meeting of the Audit Committee highlighted the following in relation to strategic risk categories:

- **Product Delivery** - At the start of the 25/26 academic year FE credits are on target but HE FTEs are below target. Work is continuing to attract as many students as possible up until the October holidays while also focussing on January starts. UHI ranked 4th nationally in the 2025 NSS.
- **Financial** - The Board approved a baseline budget in June and a FRP in August and a FRP Monitoring Committee was established. Cashflow has remained positive due to mitigating actions agreed with the RSB, SFC and introduction of essential spending measures. Financial information will be reviewed monthly. Resources in the Finance team is again an issue with 2 resignations and other issues affecting available resource. We are awaiting the internal audit report on the Finance function and financial controls. Work on national job evaluation has restarted with considerable HR resource required over the next 2 years to provide information to the project.
- **Operational** - Removal of posts relating to HR, ICT and continuous improvement and lack of budget available to invest will negatively impact on our ability to improve systems and processes to streamline our operations and make them more efficient. This could impact on the student experience and the offer we can make compared to our competitors.
- **People** - The recent reduction of posts in professional services and reduction in budget available for academic contracted work has had a negative impact on staff morale leading to uncertainty about job security and more pressure at work due to reduced capacity and resource constraints.
- **Reputational** - The 2025 NSS ranked UHI 4th nationally showing high satisfaction amongst students. A contract was agreed recently with the Resource Group that will replace services provided by AST and will ensure that students can complete their BSC (Hons) in Aircraft Maintenance Engineering and Management and we have accepted new students into the programme. There was a lot of negative media attention about UHI Perth at the time of the last report, but this has not been the case over the summer and local press did a recent feature on the interim Principal that had a positive focus. We have increased work on environmental sustainability with a member of the Estates team dedicating significant time to this area and advice from consultants helping us improve our contribution to carbon reduction.
- **Strategy & External** Work continues on the UHI transformation project. Although there is a lot of activity, progress, outcomes and milestones need to be communicated and made more visible to academic partners. Inflation and the cost of living continue to impact on our students and staff and puts pressure on UHI Perth budgets. A pay award for support staff is still to be agreed for 25/26. Cyber risk is always present and there will be more reliance on UHI colleagues for technical support with the departure of the Director of Information Services. The annual work on the cyber essentials certification will start in October and will be completed in December.”

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The Audit Committee agreed at the meeting on 8 December 2025 to recommend to the Board of Management, approval of a revised strategic risk register template which will highlight residual risks which exceed the risk appetite set by the Board.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditor
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- The comments made by UHI Perth's external auditor in their management letters and other reports.

The Board of Management has been advised on the implications of the review of the effectiveness of internal control by the Audit Committee, which oversees the work of the internal auditor.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by members of the Perth Leadership Group who represent every department across the College.

The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Audit Committee considers risk at each Committee meeting and receives a copy of the College Strategic Risk Register which is updated quarterly by UHI Perth's Senior Leadership Team. The Board of Management receives reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception.

The Audit Committee reviewed the Internal Audit annual report at the meeting on **x January 2026**, which was further reviewed by the Board on 19 January 2026.

Significant Control Issues/Weaknesses

The Auditor General published a section 22 report on 25 September 2025 due to UHI Perth's failure to produce a budget for 2023/24. The Auditor General concluded that, although UHI Perth has begun addressing its financial management and governance weaknesses, it needs to continue to work with the University of the Highlands and Islands and the Scottish Funding Council to strengthen how the college operates. That needs to be done alongside finalising and implementing a robust financial recovery plan.

In March 2025, it was identified that there were errors in the budget and cashflow forecast resulting in a projected cashflow deficit of £1m in 31 July 2025. The errors were due to several challenges in the Finance Team including resource constraints, new team members that did not have corporate memory of UHI Perth finances and legacy issues with accounting arrangements. Board Directors requested that there was an internal audit carried out on the budgeting process

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so that lessons could be learned and improvements made. This review was extended to include a general review of key financial controls and an independent review of the Finance function.

In the year ending 31 July 2025, the internal auditor highlighted the following significant issues identified in their audit reports.

- “International Activity, issued in March 2025, was graded ‘Satisfactory’ overall, but included one priority 2 recommendation relating to the need to address potential single points of failure within the International team, which have not been fully mitigated by UHI Perth due to limited resource. This includes staff responsible for the processing of visas for students for both UHI Perth (and previously for AST).
- Publicity and Communications, issued in May 2025, was graded ‘Requires Improvement’ with three priority 2 recommendations raised. The report highlighted that UHI Perth does not have a Marketing and Communications Strategy in place which explicitly aligns with the UHI Perth Strategy 2022 – 2027, which means that marketing and communications activity may not be focused on the areas which will deliver the greatest impact in helping to achieve UHI Perth’s strategic aims and objectives. The report also highlighted opportunities to improve UHI Perth’s crisis communications arrangements, routine internal communications and UHI Perth’s strategic oversight and direction over its communications activity.
- General review of Key Financial Controls and Independent Review of the Finance function, issued in December 2025, was graded as ‘Requires Improvement’, with 10 priority 2 recommendations raised to address significant weaknesses in financial procedures, control environment, budget setting process, and improving communication between the finance function and other parts of the organisation. We have been advised that UHI Perth’s management were aware of these issues but there has not been capacity in the Finance team to fully address them. It is planned to change this position by increasing resources dedicated to financial issues.
- Follow-up Reviews, issued in December 2025, noted that UHI Perth has made some progress in implementing the recommendations followed-up as part of this review, with nine (24%) of the 37 recommendations followed-up being assessed as ‘fully implemented’. Nine recommendations (24%) were assessed as ‘partially implemented’ and 13 recommendations (35%) were assessed as ‘little or no progress made’, which includes three priority 2 recommendations raised in a 2021 internal audit report on Asset Management. These have not yet been addressed due to staff resourcing issues but will be progressed once the new Chief Financial Officer (CFO) is in post. Due to the number of outstanding internal audit recommendations, the Audit Committee agreed, at its meeting on 30 September 2025, that resources should focus on priority 2 actions as the priority 3 actions were deemed lower risk. All 22 recommendations categorised as Partially Implemented or Little or No Progress will be subject to further follow-up as part of the 2025/26 internal audit programme. Six recommendations (16%) included in internal audit report 2023/24 - Follow-Up Reviews were ‘considered but not implemented’ by management.

There were no issues identifying major internal control weaknesses noted from the other internal audit work carried out during the year. In general, procedures were operating well in the areas selected, but a few areas for further strengthening or improvement were identified, and action plans have been agreed to address these issues.”

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Going Concern

The financial sustainability challenges are set out in the Principal's report above. During the financial year 2024/25 the SFC provided an advance of grant totalling £1.5m to assist with the College's liquidity challenges repayable when the management accounts and cash flow statements indicate that it can be accommodated. The SFC sent the interim Principal of UHI Perth a letter of comfort in November 2025 confirming that they will work with the sector and individual colleges and regions to consider ways to help manage cash flow requirements for the period of 12 months from the date of approval of our balance sheet. The Board of Management therefore confirms that they consider UHI Perth to be a going concern over the period of 12 months from the date of signing the accounts as described in the Colleges Scotland Corporate Governance Code June 2022 (section 5.1.3) and that the financial statements have been prepared on this basis as set out in Note 1 of these financial statements. There is a presumption that there are no changes to the continued provision of services.

Accountability Report

Parliamentary Accountability Report

There are no significant losses or special payments that need to be reported in accordance with Managing Public Money.

Approved by order of the members of the Board of Management on **19 January 2026** and signed on its behalf by:

Catherine Etri
Interim Principal & Chief Executive

Alistair Wylie
Interim Chair

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of UHI Perth and its group for the year ended 31 July 2025 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheet, and the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the college and its group as at 31 July 2025 and of its deficit 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 requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the college and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the college and its group to continue to adopt the going concern basis of accounting for a period

Independent auditor's report to the Board of Management of UHI Perth, the Auditor General for Scotland, and the Scottish Parliament (continued)

of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the college and its group. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the ability of the college and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the college and its group.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;
- inquiring of the College Principal as to other laws or regulations that may be expected to have a fundamental effect on the operations of the college;
- inquiring of the College Principal concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Independent auditor's report to the Board of Management of UHI Perth, the Auditor General for Scotland, and the Scottish Parliament (continued)

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the following:

- Expenditure may be deliberately recorded in an incorrect period in an attempt to operate within the resource limit allocated by the Scottish Funding Council. In response to this risk, we obtained confirmation of the resource limit allocated by the Scottish Funding Council and tested a sample of accruals, and invoices received and paid around the year-end to assess whether they have been recorded in the correct period.
- Non-recurrent grant income could be intentionally recorded in an incorrect accounting period to manipulate the college's reported financial performance and position, thereby influencing stakeholder perceptions. In response to this risk, amongst other procedures, we evaluated the terms and conditions of non-recurrent grant income and assessed if these had been applied correctly.

In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management and internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

Independent auditor's report to the Board of Management of UHI Perth, the Auditor General for Scotland, and the Scottish Parliament (continued)

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Other information

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the

Independent auditor's report to the Board of Management of UHI Perth, the Auditor General for Scotland, and the Scottish Parliament (continued)

Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Noel Simbarashe Jana, FCCA (Senior Statutory Auditor)
8th Floor, The Silver Fin Building
455 Union Street
Aberdeen
AB11 6DB
United Kingdom

19 January 2026

Consolidated and College Statement of Comprehensive Income for the year ended 31 July 2025

	Notes	Year ended 31 July 2025			Year ended 31 July 2024		
		Continuing Operations £000	Discontinued Operations £000	Total £000	Continuing Operations £000	Discontinued Operations £000	Total £000
Income							
Funding council grants	2	17,746	-	17,746	17,010	-	17,010
Tuition fees and education contrac	3	3,461	936	4,397	4,269	1,348	5,617
Other grants and contracts	4	444	-	444	509		509
Other income	5	3,831	43	3,874	4,152	47	4,199
Total Income		25,482	979	26,461	25,940	1,395	27,335
Expenditure							
Staff costs	6	20,195	909	21,104	20,621	1,230	21,851
Other operating expenses	9	6,467	438	6,905	6,521	593	7,114
Depreciation	13	2,147	16	2,163	2,321	41	2,362
Interest and other finance costs	10	-	1	1	-	4	4
Total Expenditure		28,809	1,364	30,173	29,463	1,868	31,331
(Deficit) before other gains & losses		(3,327)	(385)	(3,712)	(3,523)	(473)	(3,996)
Profit on disposal of discontinued operations	33	-	38	38	-	-	-
Taxation	11	-	-	-	-	38	38
Fixed asset impairment		-	-	-	-	-	-
(Deficit) for the year	12	(3,327)	(347)	(3,674)	(3,523)	(435)	(3,958)
Unrealised surplus/(loss) on revaluation of land and buildings and Assets held for resale		28	-	28	(77)	-	(77)
Actuarial gain/(loss) in respect of pension schemes	19A	772	-	772	129	-	129
Total Comprehensive loss for the year		(2,527)	(347)	(2,874)	(3,471)	(435)	(3,906)

Consolidated and College Statement of Comprehensive Income for the year ended 31 July 2025

	Notes	Year ended 31 July 2025 College £000	Restated Year ended 31 July 2024 College £000
Income			
Funding council grants	2	17,746	17,010
Tuition fees and education contracts	3	3,461	4,269
Other grants and contracts	4	444	514
Other income	5	3,907	4,269
Total Income		25,558	26,063
Expenditure			
Staff costs	6	20,195	20,621
Other operating expenses	9	6,768	6,752
Depreciation	13	2,147	2,321
Total Expenditure		29,110	29,694
(Deficit) before other gains & losses		(3,552)	(3,631)
Taxation	11	-	-
Impairment of subsidiary		(20)	-
Gain/(Loss) on discontinued operations	33	-	-
Fixed asset impairment			
(Deficit) for the year	12	(3,572)	(3,631)
Unrealised gain/(surplus) on revaluation of land and buildings and Assets held for resale		28	(77)
Actuarial gain in respect of pension schemes	19A	772	129
Total Comprehensive Expenditure for the year		(2,772)	(3,579)

The Statement of Comprehensive Income is in respect of continuing and discontinued activities.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules, but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 29 provides details of the adjusted operating position on a central government accounting basis and presents the underlying deficit for the year.

Consolidated and College Statement of Changes in Reserves for the year ended 31 July 2025

	Year ended 31 July 2025		Restated Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
	Group	College	Group	College
Income & Expenditure Reserve				
Balance at 1 August	4,438	4,336	6,979	6,550
Deficit from the income and expenditure account	(3,674)	(3,572)	(3,958)	(3,631)
Actuarial gain/(loss) in respect of pension schemes	772	772	129	129
Transfers from revaluation reserve	1,405	1,405	1,288	1,288
Balance at 31 July	2,941	2,941	4,438	4,336
Revaluation Reserve				
Balance at 1 August	34,368	34,368	33,371	33,371
Revaluation	(28)	(28)	156	156
Write back of depreciation on revaluation	2,033	2,033	2,129	2,129
Transfer from Income & Expenditure reserve	(1,405)	(1,405)	(1,288)	(1,288)
Balance at 31 July	34,968	34,968	34,368	34,368

UHI Perth
Consolidated and College Balance Sheets as at 31 July 2025

	Notes	Year ended 31 July 2025 Group & College £000	Restated Year ended 31 July 2024 Group £000	College £000
Non-current assets				
Tangible fixed assets	13	48,691	48,889	48,749
Investments	14	-	-	20
Total non-current assets		48,691	48,889	48,769
Current assets				
Stock		-	9	-
Trade and other receivables	15	778	2,072	1,807
Cash and cash equivalents	16	1,717	1,833	1,460
Total Current assets		2,495	3,914	3,267
Creditors – amounts falling due within one year	17	(5,105)	(6,106)	(5,441)
Net Current Liabilities		(2,610)	(2,192)	(2,174)
Total assets plus current assets		46,081	46,697	46,595
Creditors – amounts falling after more than one year	18	(4,258)	(4,389)	(4,389)
Provisions				
Pension provision	19	(700)	(798)	(798)
Other Provisions	19B	(3,214)	(2,704)	(2,704)
Total net assets		37,909	38,806	38,704
Unrestricted reserves				
Income & Expenditure reserve	31	3,641	5,236	5,134
Pension reserve	32	(700)	(798)	(798)
Revaluation reserve	30	34,968	34,368	34,368
Total reserves		37,909	38,806	38,704

The financial statements on pages 66 to 101 were approved by the Board of Management on **19 January 2026** and were signed on its behalf by:

Catherine Etri
Interim Principal and Chief Executive

Alistair Wylie
Interim Chair

UHI Perth
Consolidated Cashflow as at 31 July 2025

	Notes	Year ended 31 July 2025 £000	Restated Year ended 31 July 2024 £000
Group cash flow from operating activities			
(Deficit) for the year		(3,674)	(3,958)
Adjustment for non-cash items			
Depreciation	13	2,163	2,362
Impairment of fixed asset		-	-
Deferred capital grants released to income	2	(277)	(339)
Gain on subsidiary in administration	33	(38)	-
(Increase) in stocks		-	(2)
Decrease / (Increase) in debtors	15	912	(640)
(Decrease) / Increase in creditors	17-18	(232)	1,365
Increase in provisions		510	495
Pension costs less contribution payable	19A	674	51
Adjustment for investing or financing activities			
Interest payable	10	1	4
Net cash inflow/(outflow) from operating activities		39	(662)
Cash flows from investing activities			
Deferred capital grant	20	84	76
Payments made to acquire fixed assets	13	(99)	(76)
Subsidiary in administration	33	(139)	-
Net cash outflows from investing activities		(154)	(0)
Cash flows from financing activities			
Interest paid	10	(1)	(4)
Net cash outflows from financing activities		(1)	(4)
Decrease in cash and cash equivalents in the year	16	(116)	(666)
Cash and cash equivalents at beginning of the year		1,833	2,499
Cash and cash equivalents at end of the year		1,717	1,833

1. Statement of Accounting Policies and estimation techniques

Legal status

The Board of Management of Perth College was established under the Further and Higher Education (Scotland) Act 1992 for the purposes of managing and conducting Perth College.

The Office for National Statistics reclassified colleges as part of Central Government for National Accounts purposes since 1 April 2014 and as such it is a public benefit entity.

The College is correctly registered in Scotland with the Office of the Scottish Charity Regulator ("OSCR") for charity status and is recognised by HM Revenue & Customs as a charity for tax purposes.

The registered office is UHI Perth, Crieff Road, Perth PH1 2NX.

Basis of preparation

UHI Perth has prepared its financial statements on a going concern basis as the Scottish Funding Council sent a letter of comfort confirming that they will work with the sector and individual colleges and regions to consider ways to help manage cash flow requirements for the period of 12 months from the date of approval of our balance sheet. On this basis the Board is satisfied that the College can continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements. There is a presumption that there are no changes to the continued provision of services.

The activities of UHI Perth are over 65% funded by the Scottish Government through the Scottish Funding Council (SFC) to provide Higher and Further Education. The Board of Management and the Senior Leadership Team are responsible for ensuring that these funds are used to meet this purpose ensuring financial sustainability for UHI Perth.

UHI Perth recorded a deficit of £3.5 million before other gains and losses during the financial year and total comprehensive expenditure of £2.8 million. UHI Perth reported an adjusted operating deficit of £0.6 million as detailed on page 17. UHI Perth cash decreased by £0.1 million during the year.

At 31 July 2025 UHI Perth held no borrowings, although has had advance grant funding from the SFC of £1.5m, which will need to be repaid when the College is in a position to do so. UHI Perth is reporting a net asset position in these financial statements of £38 million. This includes a pension liability of £0.7 million for UHI Perth's share of the Tayside Local Government Pension Scheme (LGPS) and £3.2 million relating to job evaluation provision.

UHI Perth has reported operating deficits in recent years and preparation of the budget for 2025/26 and plans for the following two years identified increasing deficits, based on several assumptions. The RSB and SFC asked UHI Perth to put in place a Financial Recovery Plan (FRP) showing how the College would achieve financial sustainability. The UHI Board approved a FRP on 27 August 2025 that set out proposals to grow income and reduce costs, based on a range of assumptions, so that there is a balanced budget over a three-year period from 2025/26 to 2027/28. The RSB and the SFC has provided feedback on the FRP and the SFC has commissioned consultants PWC to carry out due diligence on the assumptions included.

UHI Perth

Notes to the Financial Statements as at 31 July 2025

There has been no confirmation from SFC on the status of the 2023/24 and 2024/25 funds retained by UHI for potential clawback. UHI Perth has not accounted for these funds being received either now or in the future.

The financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the Accounts Directions issued thereunder by the Scottish Funding Council, which requires compliance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), and the relevant Government Financial Reporting Model (FReM).

The statements have also been prepared in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102).

UHI Perth has taken advantage of the exemptions provided in Paragraph 1.12 of FRS 102 and Paragraph 3.3 of the 2019 FE HE SORP and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the UHI Perth balance sheet discloses cash at both the current and preceding reporting dates.

Basis of accounting

The financial statements have been prepared under the historic cost convention modified by the revaluation of fixed assets.

Basis of consolidation

The consolidated accounts include the financial statements of UHI Perth, and its subsidiary undertaking made up to 31 July 2025. Intra group sales and profits are eliminated fully on consolidation.

Non-current assets - Tangible fixed assets

Land and buildings

Land and buildings are measured using the revaluation model and assets are revalued to fair value. Where appropriate, Depreciated Replacement Cost has been used as a measure of fair value for land and buildings, otherwise Market Value will be used.

UHI Perth has a policy of ensuring a full revaluation takes place at least every five years with an interim valuation in year three of each five-year cycle such that the fair value is not materially different to the current value. An independent full revaluation of the Land and Buildings was undertaken as at 31 July 2023 and a desktop revaluation exercise was undertaken at 31 July 2025. The increase in valuation and write back of depreciation charged since the last valuation has been transferred to the revaluation reserve. Depreciation and impairment losses are subsequently charged on the revalued amount over the remaining life of the assets.

In accordance with the performance model (SORP17.8), where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. Government grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Non-government grants are released to income when performance related conditions have been met. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

Assets held for sale

Assets held for sale are accounted for at fair value less costs of disposal and disclosed separately within current assets. They are not depreciated.

Equipment

Equipment purchased as part of a capital building project is capitalised and depreciated over its useful economic life. Individual items of equipment purchased with values greater than £5,000 are capitalised at cost if deemed to have a minimum economic useful life of 3 years and not regarded as a repair to existing assets. Capitalised equipment is depreciated on a straight-line basis over its useful economic life as follows:

Motor vehicles and general equipment	Between 3 and 10 years
Computer equipment	Between 4 and 5 years

Where equipment is acquired with the aid of specific government 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 Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Rental costs in respect of operating leases are charged to expenditure at the cost incurred during the year. Leasing arrangements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets, and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations, and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the

shorter of the lease term or the useful economic lives of equivalent owned assets. Assets held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful economic lives.

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

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. This is equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Income from tuition fees is recognised in the period to which it relates. Income from donations is included to the extent of the relevant expenditure incurred during the year. Recurrent grants from the SFC are recognised in the period to which they relate.

Capital grants from SFC or other government bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets, under the accrual method as permitted by FRS102.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Accounting for post-employment benefits

The College participates in two multi-employer defined benefit pension schemes.

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency (SPPA). UHI Perth is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as permitted by FRS102, applies multi-employer exemption and accounts for its participation in the STSS as if it were a defined contribution scheme. The contributions are determined by qualified actuaries based on periodic valuations and are recognised in the accounting periods in which they arise.

Professional Services staff may join the Local Government Pension Scheme (LGPS) which is administered by Dundee City Council. The fund is a defined benefit scheme, providing benefits based on a career average revalued earnings (CARE) basis, which is contracted out of the State Earnings-Related Pension Fund.

The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. Qualified actuarial valuations are obtained annually and are updated at each balance sheet date.

UHI Perth

Notes to the Financial Statements as at 31 July 2025

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other comprehensive income.

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth can recover the surplus either through reduced contributions in the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2025 is recognised in line with the requirements of FRS 102. The unfunded pension liability of £0.7 million at 31 July 2025 has been netted off against the asset. At 31 July 2025 there is a net defined benefit liability of £0.7 million.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to UHI Perth. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Stocks

Stocks are items held for resale and are stated at the lower of their cost or net realisable value. Where necessary provision is made for obsolete, slow moving and defective stocks.

Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of three months or less from the date of acquisition.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments be subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the year.

Taxation

UHI Perth is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, UHI Perth is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

UHI Perth is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

UHI Perth's subsidiary company, Air Service Training (Engineering) Limited that went into administration on 10 April 2025, was subject to corporation tax and VAT in the same way as any other commercial organisation. Air Service Training (Engineering) was part of the Perth College VAT group.

Tax relief was available on Air Service Training (Engineering) Limited's profits that were gift aided to the College.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

Revaluation reserve

Surpluses arising on the revaluation of UHI Perth's properties are transferred to the revaluation reserve. Additional depreciation charged on the revalued amount of these assets is transferred from revaluation reserve to the Income and Expenditure reserve together with any surplus or deficit on disposal of assets.

Agency arrangements

UHI Perth acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the Statement of Comprehensive Income, and movements have been disclosed in the notes to the accounts. Where UHI Perth has more discretion in the way specific funds are disbursed, and these funds do not meet the definition of agency funds, the income and expenditure relating to those funds are shown in the College's Statement of Comprehensive Income.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements no judgements are made other than making estimates. Management has made the following estimates.

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Land & Buildings are subject to a quinquennial valuation supplemented by an interim professional valuation in year three in line with the requirements of the FReM. Furthermore, a professional surveyor reviews land and buildings annually and submits an indexation report with reference to the condition and ongoing use of land & buildings.

Values at 31 July 2025 are included in Note 13.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2023 has been used by the actuary in valuing the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth can recover the surplus either through reduced contributions in

UHI Perth
Notes to the Financial Statements as at 31 July 2025

the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2025 is recognised in line with the requirements of FRS 102. The unfunded pension liability stands at £0.7m. There is an impact from an asset ceiling of £20.721m. The final surplus to be recognised is nil.

2. Funding Council grants

	Year ended 31 July 2025 Group and College	Year ended 31 July 2024 Group and College
	£000	£000
Continuing Operations		
SFC FE recurrent grant (including fee waiver)	8,487	8,430
University of the Highlands and Islands recurrent grant	7,594	6,890
FE Childcare funds (note 28)	178	258
Release of government capital grants	277	339
Other SFC grants	1,120	821
Other University of the Highlands and Islands grants	90	272
	17,746	17,010

- Recurrent grants are provided to enable colleges/Regional Strategic Bodies (RSBs) to deliver activity in support of the SFC Outcomes Framework under the Further and Higher Education (Scotland) Act 2005.
- As a standard condition of funding, if a college/RSB does not deliver activity in support of the Outcomes Framework, or provide the assurances required under the Assurance Model, or does not meet any other conditions of grant, SFC will consider the recovery of grant and/or reductions in future funding. The figures in this table have already been reduced by any clawback.
- Other SFC Grants are mainly made up of estates grant funding (£731k) and support for increased employer's pension contributions (£245k), both of which are subject to the same funding conditions as recurrent grants.

3. Tuition Fees and education contracts

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Continuing Operations				
UK Higher Education Students	2,852	2,852	2,942	2,942
UK Further Education Students	17	17	17	17
Management of Skills Development Scotland Contract	592	592	1,310	1,310
Total Continuing Operations	3,461	3,461	4,269	4,269
Discontinued Operations				
Tuition fees of subsidiary	936	-	1,348	-
	4,397	3,461	5,617	4,269

4. Other grants and contracts

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group and College		Group	College
Continuing Operations	£000		£000	£000
Research Grants	183		59	64
Other grants and contracts	261		450	450
	444		509	514

5. Other income

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
Continuing Operations	£000	£000	£000	£000
Residences and catering	1,006	1,006	1,007	1,007
Other income generating activities	1,542	1,542	1,599	1,599
Other income	1,283	1,359	1,546	1,663
	3,831	3,907	4,152	4,269
Discontinued Operations				
Other income	43	-	47	-
	3,874	3,907	4,199	4,269

Other income generating activities relates to other tuition income from students e.g. international income.
Other income relates to commercial income generated from e.g. the Academy of Sport and Wellbeing, hair and beauty treatments and the training restaurant.

6. Staff costs

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Continuing Operations				
Wages and Salaries	14,867	14,867	16,120	16,120
Social security costs	1,550	1,550	1,450	1,450
Other pension costs	3,778	3,778	3,051	3,051
	20,195	20,195	20,621	20,621
Discontinued Operations				
Wages and Salaries	794	-	1,063	-
Social Security costs	85	-	114	-
Other Pension costs	30	-	53	-
	909	-	1,230	-
Total Staff Costs	21,104	20,195	21,851	20,621
Total staff costs split as follows:				
Continuing Operations				
Teaching departments - teaching staff	10,540	10,540	11,169	11,169
Teaching departments - other staff	1,693	1,693	2,161	2,161
Teaching support services	975	975	1,188	1,188
Administration and central services	4,307	4,307	3,902	3,902
Premises	897	897	854	854
Other income generating activities	517	517	771	771
Other income	592	592	525	525
Charge in relation to defined benefit pension	674	674	51	51
	20,195	20,195	20,621	20,621
Discontinued Operations				
Teaching departments - AST staff	510	-	709	-
Teaching support services – AST staff	399	-	521	-
	909	-	1,230	-
	21,104	20,195	21,851	20,621
Analysed as:				
Continuing Operations				
Staff on indefinite contracts	18,268	18,268	19,091	19,091
Staff on temporary contracts	1,253	1,253	1,479	1,479
Charge in relation to defined benefit pension	674	674	51	51
	20,195	20,195	20,621	20,621
Discontinued Operations				
Staff on indefinite contracts	886	-	1,206	-
Staff on temporary contracts	23	-	24	-
	909	-	1,230	-
	21,104	20,195	21,851	20,621

6. Staff Costs – continued

Staff Numbers

The average monthly number of persons (including senior post-holders) employed by UHI Perth during the year, expressed as full-time equivalents, was:

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
Continuing Operations				
Teaching departments - teaching staff	148	148	167	167
Teaching departments - other staff	18	18	24	24
Teaching support services	18	18	13	13
Administration and central services	75	75	101	101
Premises	24	24	25	25
Other	13	13	13	13
	296	296	343	343
Discontinued Operations				
Subsidiary (AST) staff	24	-	24	-
	320	296	367	343
Analysed as				
Continuing Operations				
Staff on indefinite contracts	277	277	321	321
Staff on temporary contracts	19	19	22	22
	296	296	343	343
Discontinued Operations				
Staff on indefinite contracts	23	-	23	-
Staff on temporary contracts	1	-	1	-
	24	-	24	-
	320	296	367	343

7. Higher paid staff – Continuing Operations

	Year ended 31 July 2025		Year ended 31 July 2024	
	Number of senior post holders	Number of other staff	Number of senior post holders	Number of other staff
Salary range				
£'000				
60-70	-	6	-	10
70-80	-	4	-	2
80-90	2	-	2	-
90-100	1	-	1	-
100-110	-	-	-	-
110-120	1	-	1	-
	4	10	4	12

8. Senior post holder emoluments – Continuing Operations

Senior post holders are defined as the principal (or chief executive) and holders of the other senior posts whom the board have selected for the purposes of the articles of government of the institution, relating to the appointment and promotion of staff who are appointed by the board of management.

	YE 2025	YE 2024
	Group	Group
	£000	£000
The number of senior post-holders including the principal was	4	6
Senior post-holder emoluments are made up as follows:		
Salaries	396	474
Pension Contributions	73	99
	469	573
The above emoluments include amounts payable to the Principal (who is also the highest paid senior post holder). During the year there was a change in Principal. Below details the emoluments of both post holders during the financial year.		
Principal M Cook resigned on 14 May 2025		
Salary*	173	120
Pension Contributions	27	29
	200	149
Interim Principal C Etri appointed 29 May 2025		
Salary	21	-
Pension Contributions	5	-
	26	-

*The above amount to M Cook includes £62.5K for pay in lieu of notice.

9. Other operating expenses

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Continuing Operations				
Teaching Departments	1,225	1,526	1,175	1,406
Teaching support services	792	792	845	845
Administration and central services	1,360	1,360	1,144	1,144
Premises costs	1,647	1,647	1,742	1,742
Other income generating activities	117	117	117	117
Residences and catering	1,032	1,032	1,105	1,105
Other income	116	116	135	135
Other expenses – childcare grant (Note 28)	178	178	258	258
	6,467	6,768	6,521	6,752
Discontinued Operations				
Teaching Departments	138		216	-
Premises costs	208		238	-
Other income generating activities	92		139	
	438		593	
	6,905	6,768	7,114	6,752
Other operating expenses include:				
Auditors' remuneration				
Continuing Operations	£000	£000	£000	£000
External audit	55	55	40	40
Internal audit	25	25	37	37
	80	80	77	77
Discontinued Operations				
External audit	(1)	-	24	-
Operating leases	£000	£000	£000	£000
Hire of plant and machinery – continuing operations	108	108	93	93
Hire of other assets – discontinued operations	111	-	114	-

10. Interest payable

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Repayable within 5 years, not by instalments	1	-	4	-
	1	-	4	-

11. Taxation – Discontinued operations

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Taxation of subsidiary	-	-	(38)	-
	-	-	(38)	-

12. (Deficit) on continuing operations for the year

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
(Deficit) for the year	(3,674)	(3,572)	(3,958)	(3,631)
Less Discontinued operations	347	245	435	108
(Deficit on continuing operations)	(3,327)	(3,327)	(3,523)	(3,523)

13. Tangible Fixed Assets (Group)

	Freehold Land & Buildings	Equipment	Total
	£000	£000	£000
Cost or Valuation			
At 1 August 2024	48,289	6,112	54,401
Additions	-	99	99
Disposals	-	(831)	(831)
Revaluation	(28)	-	(28)
At 31 July 2025	48,261	5,380	53,641
Depreciation			
At 1 August 2024	-	5,512	5,512
Charge for the year	2,033	130	2,163
Disposals	-	(692)	(692)
Revaluation	(2,033)	-	(2,033)
At 31 July 2025	-	4,950	4,950
Net Book Value			
At 31 July 2025	48,261	430	48,691
At 31 July 2024	48,289	600	48,889

An indexation exercise was carried out with respect to UHI Perth's Land & Buildings as at 31 July 2025 in line with the requirements of the FreM, to ensure that any material change in valuation of land & buildings is accounted for. This exercise resulted in a reduction in the fair value of the assets of £0.028 as at 31 July 2025.

Inherited Land and buildings with a net book value of £5.1M at 31 July 2025 (£5.3m at 31 July 2024) have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Scottish Funding Council to surrender the proceeds.

13. Tangible Fixed Assets (College) - continued

	Freehold Land & Buildings	Equipment	Total
	£000	£000	£000
Cost or Valuation			
At 1 August 2024	48,289	5,296	53,585
Additions	-	84	84
Disposals	-	-	-
Revaluation	(28)	-	(28)
At 31 July 2025	48,261	5,380	53,641
Depreciation			
At 1 August 2024	-	4,836	4,836
Charge for the year	2,033	114	2,147
Disposals	-	-	-
Revaluation	(2,033)	-	(2,033)
At 31 July 2025	-	4,950	4,950
Net Book Value			
At 31 July 2025	48,261	430	48,691
At 31 July 2024	48,289	460	48,749

14. Investments

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Investment in subsidiary company	-	-	-	20
	-	-	-	20

UHI Perth owned 100% of the issued ordinary £1 shares of Air Service Training (Engineering) Limited, a company incorporated in Great Britain and registered in Scotland. The principal business activity of Air Service Training (Engineering) Limited was the provision of training and education in the field of aeronautical engineering.

In the year to 31st July 2024, the Company reported a deficit after taxation of £326,855, prior to removal of intercompany trading transactions, which resulted in a net asset position of £123,924 at 31 July 2024. Administrators were appointed to Air Service Training (Engineering) Ltd on 10 April 2025 and this investment was impaired in full at 31 July 2025.

15. Trade and other receivables

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Trade Debtors	317	317	1,446	1,208
Amounts owed by Subsidiary	-	-	-	98
Prepayments & accrued income	461	461	626	501
	778	778	2,072	1,807

16. Cash and cash equivalents

	At 31 July 2024	Cash Flows	At 31 July 2025
	£000	£000	£000
Cash and cash equivalents	1,833	(116)	1,717
	1,833	(116)	1,717

17. Creditors – amounts falling due within one year

		Year ended 31 July 2025		Year ended 31 July 2024	
		Group	College	Group	College
		£000	£000	£000	£000
Trade creditors		443	443	618	559
Amounts owed to Group undertakings		-	-	1	-
Other creditors		342	342	438	426
Advance of Grant Funding		1,500	1,500	-	-
Other taxation and social security		364	364	761	729
Accrued charges		273	273	2,128	1,947
Deferred Income		1,761	1,761	1,709	1,328
Deferred income – capital grants	Note 20	277	277	339	339
Unspent student support funds	Note 27	145	145	112	112
		5,105	5,105	6,106	5,441

Advance of Grant Funding of £1.5m was received from SFC in the year to 31 July 2025. This was required due to various factors including a deficit in 2023/24, the three-year backdated pay awards being made to academic and professional services staff between July and October 2024 and one-off voluntary severance costs. The letter from SFC set the condition that the advance of grant is repayable/ recoverable from future grant-in-aid payments when college management accounts and cash-flow statements indicate these can be accommodated.

18. Creditors – amounts falling due after more than one year

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Deferred income - capital grants	4,258	4,258	4,389	4,389
				-
	4,258	4,258	4,389	4,389

Deferred Income is made up of deferred capital grants as detailed in Note 20.

19.A. Pension Provision

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group and College		Group and College	
	£000		£000	
At 1 August	798		876	
Actuarial (Gain)/Loss in Year	(772)		(129)	
Transfer of pension scheme asset	-		-	
Net pension Service Cost in Year	674		51	
At 31 July	700		798	

The provision is solely in relation to defined benefit obligations relating to the liabilities under UHI Perth's membership of the Local Government Pension Scheme. Further details are given in note 21.

19. B. Other Provisions

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group and College		Group and College	
	£000		£000	
Other Provisions – Job Evaluation				
At 1 August	2,704		2,209	
Increase in provision	510		495	
At 31 July	3,214		2,704	

A national Job Evaluation review across the College sector started in 2018 but is still outstanding and any changes would be backdated to 2018. There are indications from College Employers Scotland that this could be implemented in the next two years. UHI Perth has provided based on the salary costs of staff employed in 2018 rather than current costs and there is uncertainty whether the costs associated with Job Evaluation would be fully funded by Scottish Government. In the year ended 31 July 2024 there was an Accounts Direction requiring it to be reclassified as a provision. This treatment remains unchanged at 31 July 2025.

20. Deferred capital grants included within creditors

	Government £000	Non- Government £000	Total £000
Balance at 1 August 2024			
Land & Buildings	3,993	273	4,266
Equipment	463	-	463
	4,456	273	4,729
Cash received			
Land & Buildings	-	-	-
Equipment	84	-	84
	84	-	84
Reclassified from deferred income			
Land & Buildings	-	-	-
Equipment	-	-	-
	-	-	-
Released to income & expenditure account			
Land & Buildings	(123)	-	(123)
Equipment	(154)	-	(154)
	(277)	-	(277)
At 31 July 2025	4,263	273	4,536
Land & Buildings	3,870	273	4,143
Equipment	393	-	393
	4,263	273	4,536

Government grants are all SFC funding, received and used to acquire assets which have subsequently been capitalised to the balance sheet. Non-Government grants are those from other funding sources and are deferred until they have been used to acquire the assets for which they were given.

21. Defined benefit obligations

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	Restated £000
Total pension cost for the year		
Scottish Teachers' Superannuation Scheme: contributions paid	2,240	1,881
Local Government Pension Scheme:		
Contributions paid	1,045	953*
Pension Adjustment – Net Service Cost	674	51*
Total pension cost for year within staff costs	3,959	2,885

*Prior year values restated as net service cost was included within contributions paid in prior year in error.

UHI Perth's employees belong to two principal post-employment benefit schemes: the Scottish Teachers' Superannuation Scheme (STSS) and the Tayside Superannuation Scheme, the Local Government Pension Scheme (LGPS), which is managed by Dundee City Council. Both are multi-employer defined-benefit schemes.

Scottish Teachers Superannuation Scheme

(a) UHI Perth participates in the Scottish Teachers' Superannuation 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 valuation was undertaken as at 2020 which necessitated the increase of employer contribution rate for the Scottish Teachers Pension Scheme (STPS). This valuation informed an increase in the employer contribution rate from 23.0% to 26.0% of pensionable pay from 1 April 2024 and an anticipated yield of 9.6% employees' contributions.

(b) UHI Perth 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 UHI Perth is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2024 is 26% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

(iv) UHI Perth's level of participation in the scheme is 93.6% based on analysis of the payroll at the end of July 2025 (85.6% at 31 July 2024).

21. Defined benefit obligations - continued

Local Government Pension Scheme (Tayside Superannuation Fund)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made (including unfunded) for the year ended 31 July 2025 were £1,409k, of which employer's contributions totalled £1,045k and employees' contributions totalled £364k. The agreed contribution rates for future years are 15.7% for employers and range from 5.5% to 12% for employees, depending on salary. Additionally, UHI Perth has agreed with the Tayside Pension Fund that they will pay £681,045.07 plus interest of £53,895.68 totalling £734,940.75 over the next three years to fund the pension strain costs of 12 members of staff arising from voluntary redundancies over the period October 2023 to September 2024 (inclusive).

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 by a qualified independent actuary.

	As at 31 July 2025	As at 31 July 2024
Discount rate	5.75%	5.05%
Pension increases (CPI)	2.80%	2.85%
Salary increases	3.80%	3.85%
Inflation assumption (RPI)	3.10%	3.20%
Commutation of pensions to lump sums	50.00%	50.00%
Assumed life expectations from age 65 are	Years	Years
Retiring today		
Males	19.1	18.8
Females	21.7	21.6
Retiring in 20 years		
Males	20.5	20.2
Females	23.2	23.1
	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
The amount included in the balance sheet in respect of the defined benefit pension scheme is as follows:		
Fair value of scheme assets	51,168	44,440
Present value of scheme liabilities	(30,897)	(32,745)
Present value of unfunded liabilities	(700)	(798)
Impact of asset ceiling	(20,271)	(11,695)
Net pensions (liability)	(700)	(798)
The Fair value of the College's estimated share of assets in the scheme at the balance sheet date		
	£000	£000
Equities	34,888	34,225
Gilts	3,113	2,972
Other bonds	3,196	2,225
Property	8,946	4,108
Cash	1,026	877
Alternatives	(1)	33
Total fair value of scheme assets	51,168	44,440

21. Defined benefit obligations - continued

Actual return on scheme assets	7,460	2,214
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The return on the Fund for the year to 31 July 2025 is estimated to be 16.91% per actuarial report (5.24% return at 31 July 2024).

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Amounts recognised in the Statement of Comprehensive Income in respect of the scheme are as follows:		
Amounts included in staff costs		
Service cost	1,652	960
Finance charges	48	25
Admin expenses	19	19
Total	1,719	1,004
Amount recognised in Other Comprehensive Income		
Return on Fund assets in excess of interest	5,234	39
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	4,001	(546)
Change in demographic assumptions	(171)	83
Experience gain/(loss) on defined benefit obligation	(307)	153
Changes in effect of asset ceiling	(7,985)	400
Amount recognised in Other Comprehensive Income	772	129
Movement in net defined benefit liability during the year		
Net defined benefit liability in scheme at 1 August	(798)	(876)
Movement in year: -		
Current service cost	(923)	(820)
Past service cost	(729)	(140)
Employer contributions	1,045	953
Net interest on the defined liability	(48)	(25)
Administration expenses	(19)	(19)
Actuarial gain	772	129
Net defined (liability)/asset	(700)	(798)

In line with FRS102 where the calculation results in a net asset, recognition of the asset is limited to the extent to which UHI Perth can recover the surplus either through reduced contributions in the future or through refunds from the scheme. UHI Perth has assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus at 31 July 2025 is recognised in line with the requirements of FRS 102. The unfunded pension liability stands at £0.7m. There is an impact from an asset ceiling of £20.271m. The final surplus to be recognised is nil.

20. Defined benefit obligations - continued

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	33,543	31,594
Current service cost	923	820
Interest cost	1,683	1,608
Change in financial assumptions	(4,001)	546
Change in demographic assumptions	171	(83)
Experience loss on defined benefit obligations	307	(153)
Estimated benefits paid net of transfers in	(1,999)	(1,114)
Past service Costs, including curtailments	729	140
Contributions by Scheme participants and other employers	364	303
Unfunded pension payments	(123)	(118)
Defined benefit obligations at end of period	31,597	33,543
Changes in fair value of Fund assets		
Fair value of Fund assets at start of period	44,440	42,221
Interest on assets	2,226	2,175
Return on assets less interest	5,234	39
Administration expenses	(19)	(19)
Contributions by employer including unfunded	1,045	953
Contributions by Scheme participants and other employers	364	303
Estimated benefits paid plus unfunded net of transfers in	(2,122)	(1,232)
Fair value of Fund assets at end of period	51,168	44,440

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and other relating to the validity of certain historical pension changes. This case may have implications for other defined schemes in the UK.

On 5 June 2025, the Department for Work and Pensions (DWP) published an announcement noting the plan to introduce new legislation in response to the Virgin Media vs NTL Trustees ruling. The legislation will allow affected pension schemes to retrospectively obtain written actuarial confirmation that historic changes to scheme rules met the required standards. The new legislation is hoped to provide clarity to affected schemes. No further information has been provided at this time. The LGPS actuary has allowed for the McCloud judgement in the calculation of the latest funding valuation results. The employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance is included in the accounting disclosure.

22. Summary pensions note

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
The analysis of amounts charged to the Statement of Comprehensive Income (SOCl) is as follows:		
Charged to staff costs		
Current service cost	(923)	(820)
Past service cost	(729)	(140)
Total charged to staff costs	(1,652)	(960)
Credit/charge for net return on pension scheme		
Interest income	2,226	2,175
Interest cost	(1,683)	(1,608)
Net interest charges	543	567
Credit/charge to other comprehensive income		
Return on assets	5,234	39
Other experience	(478)	236
Gains and losses arising on charges in financial assumptions	4,001	(546)
Changes in effect of asset ceiling	(7,985)	400
Actuarial Gain (Loss)	772	129
Total charge to the SOCl	(337)	(264)
Analysis of the movement in deficit during the year		
(Deficit) in scheme at the start of the year	(798)	(876)
Service costs	(1,652)	(960)
Employer contributions	1,045	953
Net interest costs	(48)	(25)
Administration expenses	(19)	(19)
Actuarial Gain	772	129
Deficit in scheme at the end of the year	(700)	(798)

The actuaries considered the impact of new legal rulings impacting the liabilities in the fund. In relation to the Goodwin judgement, the actuaries have confirmed they did not allow for the impact within the FRS102 report, as consultation is currently ongoing.

23. Post balance sheet events

In November 2025 there was a flood in the lecture theatre and IT suite in the Brahan building, caused by water ingress through the floor, resulting in these areas being unavailable for use until the issue is resolved. The financial impact is still to be determined.

24. Capital commitment

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Commitments contracted for at 31 July	21	21	14	14
	21	21	14	14

25. Lease obligations

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
At 31 July the Group had minimum lease payments under non-cancellable operating leases as follows:				
Land and buildings				
Expiring within one year	-	-	157	-
Expiring within two and five years inclusive	-	-	597	-
Other				
Expiring within one year	18	18	15	15
Expiring within two and five years inclusive	25	25	-	-
	43	43	769	15

26. Related party transactions

Company	Member(s)	Position in organisation	Sales (£000)	Purchases (£000)
Colleges Scotland	Dr Margaret Cook	Director	1	-
APUC Limited	Dr Margaret Cook	Director	3	105
Perth & Kinross Council	David Macluskey	Strategic Lead Education & Learning	104	283
			108	388

Due to the nature of UHI Perth's operations and the composition of the Board of Management (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management or the Senior Leadership Team may have an interest are conducted at arm's length and in accordance with UHI Perth's financial regulations and normal procurement procedures. Transactions during the year with organisations in which a member of the Board of Management may have a material interest are noted above:

The Perth College Development Trust 2004 (The Development Trust) was established to provide financial and other assistance for UHI Perth and its students. There are no transactions between the two entities in this period. UHI Perth nominates Trustees to the board of the Trust and administers the Trust on a day-to-day basis.

Dr Margaret Cook (resigned 14 May 2025), Graham Watson (resigned 3 April 2025), Catherine Etri (appointed 29 May 2025) and Alistair Wylie (appointed 9 April 2025) were Trustees of The Development Trust during the year to 31 July 2025. For the year ended 31 July 2025, the Development Trust had a net surplus of £1,977 and net assets of £64,374. UHI Perth therefore decided not to consolidate the accounts on the basis of materiality.

27. Bursaries and other student support funds

					Year ended 31 July 2025	Restated Year ended 31 July 2024
	Bursary	FE Hardship	EMA	HE Hardship	Total	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward	93	11	-	19	123	131
Allocation received in year	1,927	221	79	-	2,227	2,530
Expenditure	(1,911)	(115)	(75)	-	(2,101)	(2,410)
Repaid to SFC/UHI (Clawback)	(93)	(11)	-	-	(104)	(128)
Balance carried forward	16	106	4	19	145	123

Represented by:

Repayable to SFC/UHI as clawback	16	106	4	19	145	123
Other amounts	-	-	-	-	-	-

Bursary funds, Higher Education Hardship (HE), Further Education Hardship (FE) and Education Maintenance Allowances (EMAs) are available solely for students, and UHI Perth acts only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account.

28. Childcare funds

	Year ended 31 July 2025	Restated Year ended 31 July 2024
	£000	£000
Balance brought forward	92	48
Allocation received in year	342	350
Expenditure	(178)	(258)
Repaid to SFC/UHI (Clawback)	(92)	(48)
Balance carried forward	164	92
Represented by:		
Repayable to SFC/UHI as clawback	164	92
Retained by College for students	-	-

The income and related disbursements are included in the Income and Expenditure Account.

29. Government non-cash allocation for depreciation

	Year ended 31 July 2025		Restated Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
Deficit) before other gains and losses (FE/HE SORP basis)	(3,712)	(3,552)	(3,958)	(3,631)
Add back: Non-cash allocation for depreciation	2,163	2,147	2,361	2,321
Deferred capital grant	(277)	(277)	(339)	(339)
Operating(deficit) on Central Government accounting basis	(1,826)	(1,682)	(1,935)	(1,649)

Following reclassification, colleges received additional non-cash budget to cover depreciation, but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges show a deficit equivalent to net depreciation (where funds are spent on revenue items) to meet Government accounting rules and the requirement to spend the entire cash allocation.

Under the FE/HE SORP, the College recorded an operating deficit of (£3,552,000) for the year ended 31 July 2025. After taking account of the Government non-cash budget, the College shows an “adjusted” deficit of (£1,682,000) on a Central Government accounting basis.

The deficit is attributable to other factors reflected in the adjusted operating table and also the impact of factors such as inflationary pressure and other issues as explained in the Performance Report.

30. Revaluation reserve

	Year ended 31 July 2025		Restated Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
At 1 August	34,368	34,368	33,371	33,371
Revaluation	(28)	(28)	156	156
Write back of depreciation on revaluation	2,033	2,033	2,129	2,129
Transfer to income and expenditure reserve	(1,405)	(1,405)	(1,288)	(1,288)
At 31 July	34,968	34,968	34,368	34,368

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

31. Income and Expenditure reserve

The income and expenditure reserve represents cumulative surplus or deficits for the current and preceding years.

	Year ended 31 July 2025		Restated Year ended 31 July 2024	
	Group	College	Group	College
	£000	£000	£000	£000
At 1 August	5,236	5,134	7,855	7,426
Deficit for the year	(3,674)	(3,572)	(3,958)	(3,631)
Transfer from revaluation reserve	1,405	1,405	1,288	1,288
Transfer to income and expenditure account	674	674	51	51
At 31 July	3,641	3,641	5,236	5,134

32. Pension reserve

The Pension reserves presents the value of all future payments that will be made to retirees or beneficiaries under a pension plan. This value is calculated using mortality tables and other actuarial assumptions to estimate how much money needs to be set aside today to meet future obligations. Where there is a pension liability this may require some or all of the available other reserves to be used to meet all or part of that liability. The ability to meet a pension liability will depend upon UHI Perth's ability to finance such liability out of its current and future income.

	Year ended 31 July 2025	Year ended 31 July 2024
	Group and	Group and
	College	College
	£000	£000
At 1 August	(798)	(876)
Actuarial gain in respect of pension scheme	772	129
Pension service costs transfer to income and expenditure account	(674)	(51)
At 31 July	(700)	(798)

33. Administration of subsidiary undertaking

On 10 April 2025, an administrator was appointed to Air Service Training (Engineering) Ltd (AST) by the Board of AST. On this date Perth College handed 100% of its investment in the ordinary share capital of Air Service Training (Engineering) Ltd (AST) over to the administrators. The loss of Air Service Training (Engineering) Ltd up to the date of administration was £123K and for its last financial year was £327K.

	£000
Fixed Assets	139
Current Assets	
Stock	9
Trade and other receivables	384
Cash and cash equivalents	136
Creditors	(706)
Provision for liabilities	-
Net Liability	(38)
Gain on loss of control in subsidiary	38
Proceeds received on liquidation of subsidiary	-
Satisfied By:	
Cash and cash equivalents	-
Deferred Consideration	-
	-
Net cash inflows in respect of the sale comprised:	
Cash and cash equivalents	136
Less: cash and cash equivalents disposed of:	(136)
	-

34. Prior Year Adjustment

The prior period financial information has been restated to correct errors in respect of the depreciation charge and the annual transfer between revaluation reserves and Income and expenditure reserve. The error does not impact net assets. The impacted on previously reported financial information for year ended 31 July 2024 is as follows:

	Previous reported £000	Group Depreciation restatement		Restated £000	Previously reported £000	College Depreciation Restatement		Restated £000
		Charge £000	Transfer £000			Charge £000	Transfer £000	
Income and Expenditure								
Depreciation charge	1,719	643		2,362	1,678	643		2,321
Deficit for the year	3,315	643		3,958	2,988	643		3,631
Balance Sheet								
Revaluation reserve	35,013	643	(1,288)	34,368	35,013	643	(1,288)	34,368
Income and expenditure reserve	3,793	(643)	1,288	4,438	3,691	(643)	1,288	4,336

ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES 2024/25

It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.

Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).

Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2024-25 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2025.

The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.

Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council

14 August 2025