

Charity number: SC024193
Company number: SC153921

West Highland College UHI
(A company limited by guarantee)

Directors' report and financial statements

for the year ended 31 July 2018

West Highland College UHI
(A company limited by guarantee)

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Legal and administrative information

Charity number SC024193

Company registration number SC153921

Registered office West Highland College UHI
Carmichael Way
Fort William
Inverness-shire
PH33 6FF

Directors	John Hutchison - Chair	Appointed 30 June 2015
	Gordon Bushnell - Vice-chair	Appointed 31 July 2010
	Lydia Rohmer	Appointed 28 February 2012
	Ann Lloyd	Appointed 31 July 2010
	Duncan Ferguson	Appointed 1 July 2014
	Hilary Stubbs	Retired 5 August 2018
	Carl Haberl	Retired 29 March 2018
	Robert Kelly	Appointed 5 October 2016
	Ian Turnbull	Retired 23 January 2018
	Christine MacKay	Appointed 4 April 2017
	Hayley Lewis	Appointed 4 April 2017
	Lewis Sturrock	Retired 18 September 2018
	Lucia Petrovicova	Appointed 28 June 2017
	William Mitchell	Appointed 28 March 2018
		Retired 19 September 2018
	Lisa McAndrew	Appointed 28 March 2018
	Nigel Patterson	Appointed 27 June 2018
	Deryck Nutley	Appointed 4 August 2018
	Marina Finlayson	Appointed 3 October 2018
Secretary	Matthew Simpkinson	Retired 18 December 2018
	Susan MacFarlane	Appointed 18 December 2018
Chief executive	Lydia Rohmer	

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Legal and administrative information

External Auditors

Henderson Loggie Chartered Accountants
Registered Auditors
The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Internal Auditors

TIAA Ltd
53-55 Gosport Business Centre
Aerodrome Road
Gosport
PO13 0FQ

Solicitors

McIntyre & Company
38 High Street
Fort William
PH33 6AT

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Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2018

OPERATING AND FINANCIAL REVIEW

The Board of Management of West Highland College UHI present their report and the audited financial statements for the year ended 31 July 2018.

Legal Status

The College is constituted as a company and is governed by a memorandum and articles of association. It is recognised by the Inland Revenue as a charity for tax purposes. The Scottish Charity number is SC024193. Following implementation of the Post-16 Scotland Education Act 2013, the College is now an 'assigned college' to the University of the Highlands and Islands (UHI) as the Regional Strategic Body (RSB) for further and higher education in the Highlands and Islands region. UHI assumed formal RSB status on 1 April 2015, and is now the fundable body for the region, distributing further and higher education funds to its assigned colleges.

Scope of the Financial Statements

The financial statements cover all activities of West Highland College UHI, including the Statement of Comprehensive Income for the year ended 31st July 2018.

Our Vision and Mission

The Board of Management's current strategic plan operates from 2016-2021. The Board annually reviews the strategic context of the College, and regularly reviews the risk register.

Vision

Our ambition is to be the education provider of choice in the West Highlands of Scotland, delivering excellence in learning, training and support for all students, businesses and rural communities.

Mission

West Highland College UHI will act as a positive force for change in the development and prospects of this region, its people and its communities.

Values

In the delivery of our mission, we will be:

Inclusive	Respect individual values and proactively promote equality and diversity.
Individualised	Recognise and take account of personal need, aspiration, skill and ability.
Innovative	Continually improve the way we design and deliver our programmes; develop best practice through creative approaches to learning and teaching and effective use of technology.
Intercultural	Embrace and celebrate diversity through integration and interaction. Recognise all forms of difference and actively engage and learn from each other.
Inspirational	Lead by example in growing ambition and realising potential for all.

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**Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2018**

STRATEGIC REPORT

Achievements & Performance

Further Education (FE) activity for 17/18 was 6,973 credits (7,374 in 16/17), compared to a target of 6,864 Scottish Funding Council (SFC) funded credits and 233 ESF funded credits. The success KPI for full-time FE courses was 70% (70% in 16/17) compared to a national average of 65%.

FE activity target for 18/19 is 7,071 credits, comprising of 6,828 SFC funded credits and 243 ESF funded.

Higher Education (HE) activity grew to 232.8 FTE for 17/18 from 229.5 in 16/17. HE activity target for 18/19 is 272.2 FTE.

Financial Results

The surplus on continuing operations, after depreciation charges, for the financial year ended 31 July 2018 was £98,413 (2017 £28,853). Income increased to £4,943k (2017 £4,816k) due to increased grant funding to meet the costs of national pay bargaining for lecturing staff. Expenditure increased to £4,845k (2017 £4,787k) mainly due to the increased staff costs associated with the implementation of national bargaining.

The College ended the 2018 financial year with an accumulated General Reserve surplus of £1,070,342 an increase of £98,413 on the surplus of £971,929 brought forward from 2017.

As a fully funded body, the College is required to prepare its financial statements under the historical cost convention and in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education (2015) and in accordance with Financial Reporting Standard FRS 102 and the Companies Act 2006.

Taxation Status

The Company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received to the extent that such income or gains are applied for charitable purposes only. The College receives no similar exemption in respect of Value Added Tax.

Treasury Policies and Objectives

The College has a Treasury Management Policy and procedures setting out the College position on cash management, investments and borrowings.

Cash Flows

The College had a net cash inflow of £140,304 in the year to 31st July 2018 compared with a net cash inflow of £34,564 in the prior year.

Liquidity

The College had cash balances of £688,262 at the year-end, compared with net cash balances of £547,958 at the end of 2017.

Creditor Payment Policy

The College aims to pay its suppliers at the end of the month following invoice date, unless the invoice is contested.

The College's average creditor payment period has decreased from 30 days in 2017 to 15 days at the end of July 2018. Trade Creditors were £56,973 at 31st July 2018 compared with £119,886 at 31st July 2017. The College did not pay any interest during the year under the late payment of Commercial Debts (Interest) Act 1998.

Future Developments

A budget has been approved by the Board for 18/19, which shows a surplus of £37k. This includes a further increase in HE activity of 40 FTE, in part this reflects the continuing development of computing curriculum, with two new HNC courses (HNC Computing, HNC Digital Design & Web Development) running for the first time.

The Estates Strategy was refreshed and approved by the Board in 2016/17. There are 3 key projects that will move through different stages in the coming year.

Centre for Science, Technology, Health & Engineering in Fort William. Full business case was approved by the Board on 3rd October 2018 and submitted for consideration to SFC. Should funding be approved then we expect to be on site in spring 2019, with the centre open for students in September 2020.

Mallaig Learning Centre. As part of the Mallaig Harbour Masterplan we have identified a site to develop a new centre in Mallaig. This will improve student experience and provide increased space to facilitate growth in the area. We have planning

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Report of the directors (incorporating the Strategic Report)
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permission for the centre and expect to move through detailed planning in 18/19 while sourcing funding for the project.
Gairloch Learning Centre. The College will move to a new leased premises in June/July 2019. We have secured space in the new Gairloch Heritage Museum which will better meet student and staff needs when compared to our existing space in the GALE centre.

Principal Risk & uncertainties

The Board have assessed that the following constitute key risks to the College

- Government funding being insufficient to cover the impacts of national pay bargaining. Any reduction in funding level could make the College's current operations unsustainable.
- Failure to secure sufficient capital funding to provide necessary facilities for planned curriculum growth.
- Failure to meet planned student recruitment targets.
- Failure to secure reliable ICT infrastructure to enable VC meetings and consistent online course delivery.

Trade Unions

The College did not have any employees who were Trade Union officials during the year and therefore there is no further information to disclose under the Trade Union (Facility Time Publication Requirements) Regulations 2017. The College does not formally recognise or negotiate with trade unions. In order to engage with staff the College operates a Staff Information and Consultation committee with elected staff representation.

Statement as to disclosure of information to auditors

The Board members who held office at the date of approval of this report confirm that:

There is no relevant audit information of which the Charitable Company's Auditors are unaware; and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Equal Opportunities Statement

West Highland College UHI is committed to promoting equality and positive relations and valuing diversity. A comprehensive approach is intended to meet the needs of individuals, to enable engagement with an accessible curriculum in an inclusive learning environment and workplace.

The College is committed to identifying and eliminating unfair and unlawful discrimination across all protected characteristics reflected in the Equality Act. These include age, disability, sex, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief and sexual orientation. Where barriers to learning or employment are identified for an individual the College will deploy resources to provide additional support and access to appropriate opportunities wherever possible.

West Highland College UHI is committed to equality of opportunity and believes education is a right for all. We are committed to ensuring that there will be no discrimination on the grounds of ethnic origin, religion, sex, age or disability. The College believes that there is a duty for everyone associated with the College and all its activities to play their part in ensuring equality of opportunity. Positive steps will be taken to ensure that no forms of discrimination occur.

The College has a contract for services with an external occupational Health Service and Employee Assistance Organisation to further support the College to maximise staff retention.

In line with the College's commitment to equal pay, the College operates a job evaluation scheme, and has completed a gender pay gap analysis in 2016-17. Since June 2015, when the College's Board resolved to become a living wage provider, the College has aligned its minimum wage annually with the living wage as determined by the UK Living Wage Foundation. The College has renewed its Investor in People accreditation in September 2018.

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The College's policies in relation to Equalities and Diversity are published on the College's intranet and on the College Website. The College has reviewed its provisions in light of the Equality Act and has refreshed and published an Equality Action Plan in 2016-17.

Approved by order of the members of the Board on 18th December 2018 and signed on its behalf by:

**John Hutchison
Director and Chair**

**Lydia Rohmer
Principal**

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**Corporate Governance Statement
Year ended 31 July 2018**

CORPORATE GOVERNANCE STATEMENT

The College 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 set out in the Code of Good Governance for Scotland's Colleges (August 2016). Its purpose is to help the reader of the financial statements understand how the principles have been applied.

In the opinion of the Board of Management, the College complies with all the principles of the 2016 Code of Good Governance for Scottish Colleges with the exception of :

C28 The College Board must comply with collective agreements placed on it through national collective bargaining for colleges.

The Board is well informed of the national bargaining process and is broadly supportive of its aims. It has taken the view that, at the present time, complying with the national bargaining process would be in conflict with C24 (For colleges that are charitable organisations, board members are also charity trustees.) The board of a college that is a charity must ensure its members are aware of their responsibilities under charity legislation and for complying with relevant provisions, as set out by the Office of the Scottish Charity Regulator and D5 (where the college is a charity, all board members as charity trustees, including staff and student Board members, have legal duties and responsibilities under the charities Act 2005) of this Code. The Board formally reviewed its position in June 2018 and on balance found no over-riding reason to adopt a different approach. It remains engaged with the discussions around national bargaining, and supports the College in its current commitment to shadow the outcomes of the NB process.

The Board of Management

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

		DATE OF APPOINTMENT	TERM OF OFFICE	DATE OF RETIREMENT	STATUS OF APPOINTMENT	COMMITTEE MEMBERSHIP (AT SOME POINT IN THE YEAR)
Bushnell	Gordon	31.7.10	8 years		Independent member	Audit (demitting membership on two occasions in favour of Finance & General Purposes); Search & Nominations; Performance Review & Remuneration
Ferguson	Duncan	1.7.14	8 years		Independent member	Audit; Search & Nominations;
Finlayson	Marina	3.10.18	4 years		Teaching Staff member	Finance & General

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						Purposes; Search & Nominations
Haberl	Carl	5.10.16	4 years	29.3.18	Support staff member	Audit; Performance Review & Remuneration
Hutchison	John	30.6.15	8 years		Independent member	Chair of Board; Convenor of Search & Nominations; Convenor of Estates Project Group; Finance & General Purposes; Performance Review & Remuneration
Kelly	Robert	5.10.16	8 years		Independent member	Audit; Health & Safety Champion
Lewis	Hayley	4.4.17	8 years		Independent member	Convenor of Finance & General Purposes; Convenor of Performance Review & Remuneration; Estates Project Group
Lloyd	Ann	31.7.10	8 years		Independent member	Audit
Mackay	Christine	4.4.17	8 years		Independent member	Vice-Chair; Audit; Estates Project Group
McAndrew	Lisa	28.3.18	8 years		Independent member	Finance & General Purposes
Mitchell	William	28.3.18	8 years	19.09.18	Independent member	Finance & General Purposes; Performance Review & Remuneration
Nutley	Deryck	4.8.18	8 years		Independent member	Audit
Patterson	Nigel	27.6.18	4 years		Support staff member	Audit; Performance Review & Remuneration
Petrovicova	Lucia	28.6.17	3 years		Student member	Finance & General Purposes;

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						Search & Nominations; Performance Review & Remuneration
Rohmer	Lydia	28.2.12	Term in office		Principal and Chief Executive	Finance & General Purposes; Estates Project Group;
Stubbs	Hilary	21.10.14	8 years	5.8.18	Independent member	Convenor of Audit; Estates Project Group; Performance Review & Remuneration; Search & Nominations
Sturrock	Lewis	4.4.17	4 years	18.09.18	Teaching staff member	Finance & General Purposes; Search & Nominations
Turnbull	Iain	5.10.16		23.01.18	Independent member	Finance & General Purposes; Convenor of Estates Project Group

Attendance at meetings

Attendance at meetings of the Board of Management of West Highland College UHI in 2017-18

Board meetings

Date of Meeting	Number of independent members present	Number of executive members present*	Whether quorate
11 Sept 2017	6	2	yes
4 Oct 2017	8	4	yes
12 Dec 2017	6	3	yes
28 Mar 2018	9	4	yes
27 Jun 18	10	3	yes

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Year ended 31 July 2018

Audit Committee meetings

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
6 Sept 2017	5	1	yes
29 Nov 17	4	1	yes
8 Mar 18	Meeting cancelled		
11 Jun 18	5	0	yes

Finance & General Purposes Committee meetings

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
26 Sept 2017	3	2	yes
29 Nov 17	2	2	yes
6 Mar 18	3	1	yes
6 Jun 18	2	2	yes

Estates Project Group

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
11 Sept 2017	2	1	yes
20 Nov 17	3	1	yes
21 May 18	4	1	yes

Education

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
14 Sept 2017	3	2	yes

Search & Nominations

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
8 Feb 18	3	1	yes
21 May 18	2	2	yes

Performance Review & Remuneration

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
12 Dec 17	3	1	yes
23 May 18	Meeting cancelled		

*In this context, executive members are the Principal, the student representative member and the two staff representative members.

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Year ended 31 July 2018

Board of Management Responsibilities

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 Financial Reporting Council (September 2014) and has adopted the Code of Good Governance for Scotland's Colleges (August 2016).

The Board of Management is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding 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; in 2017-18 it held five meetings.

The Board conducts its business through a number of committees. Each committee has formally constituted terms of reference. These committees include Finance and General Purposes Committee and its sub-committee, the Estates Project Group; Audit Committee; Search and Nominations Committee and a Performance Review and Remuneration Committee.

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

The Secretary to the Board maintains a register of financial and personal interests of the Board members. The Register is available for inspection at the West Highland College UHI - Fort William, Carmichael Way, Fort William PH33 6FF, or on the College website.

All Board members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to an independent Secretary, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Secretary 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 a Board and individually as Board members annually. The self-evaluation process includes consideration of the collective effectiveness of the Board of Management and its committees, and individual reflection on their adherence to the Seven Principles of Public Life, as well as the Code of Good Governance for Scotland's Colleges. In addition, the Board has evaluated the performance of its external auditors. Timing constraints have led to the Board and individual appraisals being completed later in the year than originally planned for. Over the course of the year, the Board worked through the action points arising from the externally facilitated review of 2016-17. All items were addressed. Most of them have been entirely completed; one or two are part of an evolving improvement in Board practices and as such are on-going.

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

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Appointments to the Board of Management

Any new appointments to the Board of Management are a matter for the consideration of the Board of Management as a whole. The Board of Management has a Search and Nominations Committee, consisting of at least three non-executive members of the Board of Management, which is responsible for the selection and nomination of any new member for the Board of Management's consideration. 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. The public procedures for appointing new Board members are available from the Secretary to the Board of Management. At every second AGM, the longest serving independent Members of the Board of Management vacate office as directors and, subject to a process approved by the Board, may be reappointed up to a maximum term of office of eight years.

Performance Review and Remuneration Committee

The Performance Review & Remuneration Committee comprises at least four non-executive members of the Board of Management, plus one of the staff members and the student member of the Board of Management. The committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and other senior staff as appropriate. Arrangements were made for a meeting of the Committee to be held in May 2018, the purpose of which was to be to discuss the senior salary payments in the light of the draft College budget for 2018-19 and the national support staff pay settlement. However, the progress of the support staff pay negotiations did not go according to timetable and all parties agreed to a postponement and then a cancellation of the PR&R meeting. In lieu of a meeting, the matter was discussed in full by the Finance & General Purposes Committee and by the Board.

Search and Nominations Committee

Membership of this Committee comprises the Chair of the Board, the staff representative member, the student representative member and at least three further members of the Board, not including the Principal.

Audit Committee

The Audit Committee comprises three non-executive members and the support staff member of the Board of Management. It excludes the Principal and Chair from membership, but they will attend for agenda items at invitation of the Committee. The Committee operates in accordance with written terms of reference approved by the Board of Management.

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

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

The College's Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews 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 Scottish Funding Council and Audit Scotland as they affect the College's business and monitors adherence to the regulatory requirements.

Finance and General Purposes Committee

The Finance and General Purposes Committee comprises not less than five members of the Board of Management, including the Principal, the teaching staff member and student member of the Board. The Committee operates in accordance with written terms of reference approved by the Board of Management. The Finance and General Purposes Committee meets a

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Corporate Governance Statement

Year ended 31 July 2018

minimum of 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. It monitors the College's financial and business perspectives. It approves all key financial decisions, recommends the annual budget, considers the annual accounts 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. The Committee considers all staff and employment matters as well as estates development. The latter is considered in detail by a sub-committee, the Estates Project Board.

Education Committee

The Committee comprised not less than five members of the Board of Management, including the Principal, the Teaching staff member and the student member, and it operated in accordance with written terms of reference approved by the Board of Management. In the previous year, steps were taken to make the Committee more strategic in outlook, and to broaden attendance to include teaching staff. However, after full discussion with the convenor, and the Board, the Committee was disbanded after the first meeting of the session. There was agreement that the core business of the Committee was in fact the core business of the College and thus all relevant matters should be sent to the Board and discussed by the Board as a whole. Now the Board itself directly guides the strategy for learning, takes oversight of the entire student experience at the College, and is kept informed on the College's preparation for Education Scotland reviews and follow-up actions.

Corporate Strategy

The Board of Management is responsible for the overall strategic development of the College and is the guardian of its vision and values. Strategic development takes place in variety of ways, with a session at least once a year reviewing the College's strategic context. In order to develop the strategic plan, the Board meets with the Executive Leadership Team and College stakeholders (Staff and student representatives) in a one-day event. The current Strategic Plan covers the period 2016-2021 and is underpinned by annual operational plans. Progress against the agreed strategic priorities in the plan is monitored by the appropriate Board committees on a regular basis. The Board reviews the key performance indicators for the College on an annual basis.

Risk Management and Internal Control

Scope of Responsibility

The Board of Management is ultimately responsible for the College'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 mis-statement or loss.

The Board of Management has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between West Highland College UHI and the Regional Strategic Body, UHI. She is also responsible for reporting to the Board of Management any material weaknesses or breakdowns in internal control.

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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 College 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 West Highland College UHI for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Board of Management has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2018 and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board of Management.

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 reports which indicate financial performance against targets.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines and the adoption of formal project management disciplines, where appropriate.

West Highland College UHI appoints an internal audit service, which operates in accordance with the requirements of the Scottish Funding Council'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 Auditors provide the Board of Management 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.

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

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Year ended 31 July 2018

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 Auditors.

The internal audit service concentrates on areas of key activities determined by a risk analysis and in accordance with the annual internal audit plan amended and approved by the Audit Committee. The Internal Auditors have direct access to the Chair of the Audit Committee and issue an annual report with an opinion of the adequacy, reliability and effectiveness of the College's internal control system.

The Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The Executive 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 updates from management in relation to all significant risks.

In June 2017, the Board held a training day on its risk management responsibilities, the day was led by the Head of Henderson Loggie's Public Sector and Internal Audit team. It focused on Board members' role with regard to risk management, how to prioritise risk and an examination of what assurances it receives regarding the management of risk within the College. As part of the event, members drew up a new draft risk appetite statement, a close version of which was subsequently approved at the following Board meeting.

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. At its December 2018 meeting, the Board of Management carried out a review for the year ended 31 July 2018 by considering documentation from the Executive Leadership Team and internal audit, and taking account of events since 1 August 2017.

Going Concern

The Board of Management confirms that the College is a going concern as described in the Code of Good Governance for Scotland's Colleges and that the financial statements have been prepared on this basis.

Approved by order of the members of the Board of Management on 18th December 2018 and signed on its behalf by:

John Hutchison
Director and Chair

Lydia Rohmer
Principal

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Statement of the Board of Management's Responsibilities

Year ended 31 July 2018

The Board, through its Principal, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the College and the result for that year.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements comply with the Companies Acts, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between UHI and the College's Board of Management, the College 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.

The financial statements are prepared in accordance with the Accounts Direction issued by the Scottish Funding Council, which brings together the provisions of the Financial Memorandum with other formal disclosures that the Scottish Funding Council require the Board of Management to make in the financial statements and related notes.

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

- Select suitable accounting policies and then 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.
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation. The Board of Management is satisfied that it has adequate resources to 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.

The Board of Management has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council and UHI are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with UHI and any other conditions which Scottish Funding Council or UHI 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;
- 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 designated to, heads of academic and administrative departments;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cashflow budgets;
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outcomes;
- Clearly defined and formalised requirements for the 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;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance and General Purposes Committee;
- Professional internal audit team whose annual programme is approved by the Audit Committee

West Highland College UHI
(A company limited by guarantee)

Statement of the Board of Management's Responsibilities
Year ended 31 July 2018

and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control system.

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 members of the Board of Management on 18th December 2018 and signed on its behalf by:

John Hutchison
Director and Chair

Christine MacKay
Director

West Highland College UHI

(A company limited by guarantee)

Independent auditor's report to the trustees and members of West Highland College UHI

Opinion

We have audited the financial statements of West Highland College UHI (the 'charitable company') for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors (incorporating the Strategic Report).

West Highland College UHI
(A company limited by guarantee)

Independent auditor's report to the trustees and members of West Highland College UHI

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) or the Scottish Funding Council Accounts Direction require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Corporate Governance Statement does not comply with Scottish Funding Council requirements.

Responsibilities of directors

As explained more fully in the Statement of the Board of Management's Responsibilities, the directors (who are also the trustees of the charitable company for the purposes of charitable law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder

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 economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any one other than the charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Cartwright (Senior Statutory Auditor)

For and on behalf of Henderson Loggie

Chartered Accountants & Statutory Auditors

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

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Date

West Highland College UHI
(A company limited by guarantee)

Statement of Comprehensive Income
For the year ended 31st July 2018

		2018	2017
		£	£
	Notes		
Income			
SFC grants	2	2,965,747	2,768,151
UHI Grant		402,980	516,640
Tuition fees and education contracts	4	857,402	783,001
Other operating income	3	249,386	279,671
Research contract and grants		188,839	184,403
Release of deferred capital grant	19	277,760	283,846
Investment income		1,217	355
Total income		<u>4,943,331</u>	<u>4,816,067</u>
Expenditure			
Staff costs	7	3,177,467	3,028,298
Other operating expenses	5	1,373,328	1,453,786
Interest payable and other charges		19,654	21,245
Depreciation		274,469	283,885
Total expenditure		<u>4,844,918</u>	<u>4,787,214</u>
Surplus on continuing operations before and after tax		<u>98,413</u>	<u>28,853</u>
Surplus on disposal of fixed assets		-	-
Surplus for the year retained within general reserves		<u>98,413</u>	<u>28,853</u>

The statement of financial activities includes all gains and losses in the year and therefore a separate statement of changes in reserves has not been prepared.

All of the above amounts relate to continuing activities. There were no acquisitions or discontinued operations during the current or preceding year. All of the income and expenditure arising in the year is unrestricted.

The notes on pages 23 to 37 form an integral part of these financial statements

West Highland College UHI
(A company limited by guarantee)

Balance Sheet

As at 31st July 2018

	Notes	2018		2017	
		£	£	£	£
Non-current Assets					
Tangible fixed assets	11		5,944,510		6,044,611
Current assets					
Stocks	12		2,672		2,011
Debtors	13		316,898		233,604
Cash at bank and in hand			688,262		547,958
			<u>1,007,832</u>		<u>783,573</u>
Creditors: amounts falling due within one year	14		<u>(1,189,877)</u>		<u>(912,139)</u>
Net current liabilities			<u>(182,045)</u>		<u>(128,566)</u>
Total assets less current liabilities			5,762,465		5,916,045
Creditors: amounts falling due after more than one year	15		(537,081)		(605,061)
Accruals and deferred income	16		<u>(4,155,042)</u>		<u>(4,339,055)</u>
Net assets			<u><u>1,070,342</u></u>		<u><u>971,929</u></u>
Reserves					
General Reserve - unrestricted			<u>1,070,342</u>		<u>971,929</u>
Total reserves			<u><u>1,070,342</u></u>		<u><u>971,929</u></u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the board on 18th December 2018 and signed on its behalf by

John Hutchison
Director and Chair

Christine MacKay
Director

The notes on pages 23 to 37 form an integral part of these financial statements

West Highland College UHI
(A company limited by guarantee)

Cash flow statement

For the year ended 31st July 2018

		2018		2017	
	Notes	£	£	£	£
Cash from operating activities	20		403,089		293,256
Cash flows from investing activities					
Investment income		1,217		355	
Interest payable		(19,654)		(21,245)	
Purchase of tangible assets		(174,368)		(166,185)	
Cash used in investing activities			(192,805)		(187,075)
Cash flows from financing activities					
Loan repayments			(69,980)		(71,617)
Increase in cash and cash equivalents in the year			140,304		34,564
Cash and cash equivalents at the beginning of the year			547,958		513,394
Total cash and cash equivalents at the end of the year			<u>688,262</u>		<u>547,958</u>

The notes on pages 23 to 37 form an integral part of these financial statements

**West Highland College UHI
(A company limited by guarantee)**

**Notes to the financial statements for
the year ended 31 July 2018**

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting for Further and Higher Education (2015)' and in accordance with Financial Reporting Standards FRS 102 and the Companies Act 2006.

1.2. Recognition of income

Income from tuition fees is recognised in the period for which it is received. Income from grants, contracts and other services rendered is recognised in the Statement of Comprehensive Income in proportion to the extent of completion of the contract or service concerned. All income from short term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

The main annual recurrent allocation from the Scottish Funding Council, which is intended to meet recurrent costs, is credited direct to the Statement of Comprehensive Income during the period in which it is receivable. Non-recurrent grants from the Funding Council 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 the depreciation over the life of the assets.

Grants (including research 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.

Government grants received in respect of capital additions are credited to deferred capital grants in the balance sheet and amortised to the Statement of Comprehensive Income over the lives of the assets concerned.

1.3. Recognition of expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

West Highland College UHI
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Notes to the financial statements for
the year ended 31 July 2018

1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land	Nil
Tenant's improvements	Over life of lease
Buildings	2% straight line
Plant and machinery	20% straight line
Fixtures, fittings and equipment	10% straight line
IT Equipment	33.3% straight line
Assets under construction	Nil

The Directors consider the above valuation method to not be materially different from depreciated replacement cost.

Land and buildings

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related Government grants are credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the estimated life of the building on a basis consistent with the depreciation policy.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31st July 2018. They are not depreciated until they are brought into use.

Equipment

The College has a policy of not capitalising assets with a value of less than £1,000. The College will capitalise expenditure of less than £1,000, if, in the Board of Management's opinion it contributes towards the creation of an asset with a value greater than £1,000.

All other equipment is capitalised and depreciated in line with the depreciation policy.

Where items of equipment are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related Government grants are credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the estimated life of the asset on a basis consistent with the depreciation policy.

Impairment of assets

Any reduction in the recoverable amount of the fixed assets arising from impairment reviews are recognised in the Statement of Comprehensive Income.

Maintenance of premises

The costs of maintenance are charged to the Statement of Comprehensive Income in the period in which they are incurred.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

West Highland College UHI
(A company limited by guarantee)

Notes to the financial statements for
the year ended 31 July 2018

1.6. Defined benefit and defined contribution pension schemes

The College operates both defined benefit and defined contribution pension schemes, the policies for each are as follows:-

The defined benefit scheme is operated by the Scottish Teachers Superannuation Scheme. The College became a member of this scheme in September 2008. The contributions made by the College to this scheme are charged to the Statement of Comprehensive Income in the period in which they are incurred. The scheme is an unfunded multi employer defined benefit scheme. It is accepted that the treatment can be as a defined contribution scheme as the College is unable to identify its share of the underlying assets and liabilities of the scheme. This is in line with the requirements of FRS102.

An actuarial valuation was carried out at 31st March 2015. The results of this valuation were rolled forward to give a liability of £29.4 billion at 31st March 2015. As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the schemes actuary at a level to meet the cost of pensions as they accrue.

In the case of the defined contribution pension scheme, the pension costs charges in the financial statements represent the contribution payable by the College during the period. The scheme is operated by the National Employment Savings Trust (NEST). It is a defined contribution workplace pension scheme. It was set up to facilitate automatic enrolment.

1.7. Agency arrangements

The College acts as an agent in the collection and payment of certain student support funds. These funds are excluded from the College Statement of Comprehensive Income, and movements have been disclosed in the notes to the accounts. Where the College has more discretion in the manner in which 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 Statement of Comprehensive Income.

2. Scottish Funding Council Grants

		2018	2017
	Note	£	£
Scottish Funding Council Recurrent Grant		2,899,379	2,718,524
Release of deferred capital grant	19	66,368	49,627
		<u>2,965,747</u>	<u>2,768,151</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2018

3. Other operating income

	2018	2017
	Total	Total
	£	£
Other Income	51,953	81,915
Rental Income	74,378	75,322
Facilities Hire	14,995	8,981
Service Charges	35,795	36,212
Kitchen & Catering	72,265	77,241
	<u>249,386</u>	<u>279,671</u>

Bursary Income

In accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2015) and Scottish Funding Council guidance the bursary income and expenditure has been removed from the Statement of Comprehensive Income. A summary of the transactions is shown below.

	2017-18	2017-18	2017-18	2017-18	2016-17
	FE Bursary	EMAs	Other	Total	Total
	£	£	£	£	£
Balance b/fwd	-	-	-	-	-
Allocation received in year	29,767	-	-	29,767	30,266
Expenditure	(29,767)	-	-	(29,767)	(30,266)
Repaid to funding council as clawback	-	-	-	-	-
College contribution to funds	-	-	-	-	-
Balance c/fwd	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Repayable to the funding council as clawback	-	-	-	-	-
Retained by college for students	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2018

4. Tuition Fees, Education & Employability Contracts

	2018	2017
	£	£
Further Education - student fees (UK)	41,375	87,469
Skills Development Scotland	131,327	73,528
Higher Education - student fees	452,564	344,925
Education and employability contracts	51,433	74,700
Other contracts & commercial fees	180,703	202,379
Total	<u><u>857,402</u></u>	<u><u>783,001</u></u>

5. Other Operating Costs

	2018	2017
	£	£
Academic Departments	537,760	582,715
Commercial & Employability Division	39,340	43,261
Central Administration & Academic Services	415,580	395,552
Premises costs	137,224	163,223
Planned maintenance	122,213	136,626
Other employee related costs	-	11,768
Research costs	66,943	71,979
Commercial activities - Kitchen	43,976	45,794
Bad Debts	10,292	2,868
Total	<u><u>1,373,328</u></u>	<u><u>1,453,786</u></u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2018

6. Net surplus for the year

	2018	2017
	£	£
Net surplus is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	274,469	283,885
Auditors' remuneration	<u>32,020</u>	<u>22,260</u>
and after crediting:		
Profit on disposal of land	<u>-</u>	<u>-</u>
Analysis of auditors' remuneration		
External audit - audit fees	9,932	9,932
External Auditor - non-audit fees	-	-
Internal audit	<u>22,088</u>	<u>12,328</u>
Total audit fees	<u><u>32,020</u></u>	<u><u>22,260</u></u>

7. Employees

	2018	2017
	£	£
Staff Costs	2,851,299	2,755,257
Social Security Costs	241,117	199,338
Pension Costs	65,179	54,096
Other Costs & Training	19,872	19,607
	<u>3,177,467</u>	<u>3,028,298</u>

Analysed as

Administration and central services	549,816	438,828
Premises	97,567	80,896
Research grants, contracts & commercial activity	239,438	296,690
Academic Teaching Depts	1,393,813	1,272,794
Academic Teaching Services	832,418	861,287
Catering Staff	64,415	77,803
	<u>3,177,467</u>	<u>3,028,298</u>

One employee received remuneration over £60,000 (2017:one)

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2018

7. Employees (Cont.)

Number of Employees

The average monthly numbers of employees (excluding the directors) during the year, was as follows:

	2018	2017
	Number	Number
Administration and central services	20.5	20.75
Premises	7.25	6.25
Research grants, contracts & commercial activity	15.25	11.50
Academic Teaching depts	73.25	76.25
Academic teaching services	47.25	49.00
Catering staff	4.25	5.25
	<u>167.75</u>	<u>169.00</u>
	<u>100.2</u>	<u>117.0</u>
Full time equivalent		

Directors' Emoluments

	2018	2017
	£	£
Remuneration	135,545	119,907
Pension	15,441	13,092
Recovery of expenses	5,962	4,872
	<u>156,948</u>	<u>137,871</u>

The Chair of the Board received a £200 honorarium. It should be noted that all other directors are remunerated for their roles within the College and not for their work as directors.

Principal remuneration disclosure

	2018	2017
	£	£
Gross Wages	81,109	73,516
Employers National Insurance	10,054	9,023
Employers pension contributions	14,762	12,645
	<u>105,925</u>	<u>95,184</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2018

7. Employees (Cont.)

In April 2017 the Principal was seconded on a part-time basis to the role of Vice Principal – Tertiary for the University of the Highlands & Islands. This 0.5FTE role is funded by UHI and attracts a higher salary than the role with West Highland College UHI. In 2018 the salary paid to the Principal increased by 1.5% in line with the pay increase given to all support staff, the remainder of the increase is due to being in post with UHI for the full year.

Key Management Team remuneration disclosure

	2018	2017
	£	£
Gross Wages	189,311	176,271
Employers National Insurance	22,667	20,807
Employers pension contributions	25,309	25,041
	<u>237,287</u>	<u>222,119</u>

The key management team costs represent 3FTE in 2018 (2017: 3FTE).

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2018

8. Interest payable and similar charges

	2018	2017
	£	£
Interest Payable	<u>19,654</u>	<u>21,245</u>

9. Pension costs

The College operates both defined benefit and defined contribution pension schemes. The schemes and their assets are held by independent managers. The pension charge in the financial statements represents contributions due from the College.

The defined contribution workplace pension scheme is managed by the National Employment Savings Trust (NEST). The College joined the scheme in May 2014 and was set up to facilitate automatic enrolment as part of the Government's workplace pension's reform. The contributions made by the College amounted to £33,446 (2017: £21,642). Currently the College contributes 2% of the salaries of all eligible employees who have elected to join the scheme.

The College is a member of the Scottish Teachers Superannuation Scheme (STSS). Three employees have been included in this defined benefits scheme and the contributions made by the College amounted to £31,743 (2017;£32,634).

The STSS scheme is an unfunded multi-employer defined benefit scheme. Accounting treatment under FRS 102 allows West Highland College UHI to account for the pension plan as a defined contribution scheme.

The last audited full actuarial and funding valuation of the scheme was carried out at 31st March 2015. The result of this valuation was rolled forward to give an overall scheme liability of £29.4 billion at 31st March 2015 (2014,£27.1 billion) .

West Highland College UHI is unable to identify separately its share of the scheme's underlying assets and liabilities. However as the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the scheme's actuary at a level to meet the costs of the pension s as they accrue. West Highland College UHI has no liability for other employer's obligations to the multi-employer scheme.

10. Taxation

The Charity's activities fall within the exemptions afforded by the provisions of the Corporation Taxes Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains to the extent that such income or gains are applied for charitable purposes only. With regard to VAT the College is exempt from levying VAT on most of the services it supplies to students. It is therefore only able to recover a limited proportion of the input VAT it suffers on goods and services purchased.

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2018

11. Tangible Fixed Assets

	Land	Buildings	Tenants Improvements	Plant and Machinery	Fixtures, Fittings and Equipment	Assets Under Construction	IT Equipment	TOTAL
	£	£	£	£	£	£	£	£
COST								
At 1st August 2017	264,348	6,806,934	40,596	1,026,212	582,032	72,275	360,731	9,153,128
Additions	-	8,160	-	19,125	-	80,857	66,226	174,368
At 31st July 2018	<u>264,348</u>	<u>6,815,094</u>	<u>40,596</u>	<u>1,045,337</u>	<u>582,032</u>	<u>153,132</u>	<u>426,957</u>	<u>9,327,496</u>
DEPRECIATION								
At 1st August 2017	-	1,465,232	21,557	901,169	408,378	-	312,181	3,108,517
Charge	-	136,508	3,605	65,631	28,723	-	40,002	274,469
At 31st July 2018	<u>-</u>	<u>1,601,740</u>	<u>25,162</u>	<u>966,800</u>	<u>437,101</u>	<u>-</u>	<u>352,183</u>	<u>3,382,986</u>
NBV								
At 31st July 2018	<u>264,348</u>	<u>5,213,354</u>	<u>15,434</u>	<u>78,537</u>	<u>144,931</u>	<u>153,132</u>	<u>74,774</u>	<u>5,944,510</u>
At 31st July 2017	<u>264,348</u>	<u>5,341,702</u>	<u>19,039</u>	<u>125,043</u>	<u>173,654</u>	<u>72,275</u>	<u>48,550</u>	<u>6,044,611</u>

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Notes to financial statements
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12. Stocks

	2018	2017
	£	£
Raw materials	<u>2,672</u>	<u>2,011</u>

13. Debtors

	2018	2017
	£	£
Trade Debtors	160,771	86,267
Other Debtors	133,812	131,784
Prepayments	22,315	15,553
	<u>316,898</u>	<u>233,604</u>

14. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank Loan	70,000	72,000
Trade Creditors	56,973	119,886
Other Taxes and Social Security	67,805	52,432
Other Creditors	15,086	-
Accruals and deferred income	980,013	667,821
	<u>1,189,877</u>	<u>912,139</u>

The Bank of Scotland holds a Bond and Floating charge over the whole assets of the company and Standard Security over the property .

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**Notes to financial statements
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**15. Creditors: amounts falling
due after one year**

	2018	2017
	£	£
Bank Loan	<u>537,081</u>	<u>605,061</u>

The loans towards the construction cost of the extension and the loan drawn to finance the kitchen refurbishment are secured by a standard security over the property and a bond and floating charge over the whole of the Company's assets.

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**Notes to financial statements for the
year ended 31 July 2018**

16. Accruals and deferred income

	2018	2017
	£	£
Grants received		
At 1st August 2017	4,339,055	4,507,471
Received in year	<u>170,563</u>	<u>179,135</u>
	4,509,618	4,686,606
Released in year (Including within 1 Year movement)	<u>(354,576)</u>	<u>(347,551)</u>
At 31 July 2018	<u><u>4,155,042</u></u>	<u><u>4,339,055</u></u>
Grants under 1 year	<u>299,498</u>	<u>289,050</u>
Total Deferred grants	<u><u>4,454,540</u></u>	<u><u>4,628,105</u></u>

17. Operating Leases

At 31 July 2018 the company had annual commitments under non-cancellable operating leases as follows:

	Land & buildings		Other		Total	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Expiry date						
Less than one year	27,610	27,260	49,452	28,950	77,062	56,210
Between 1 and 5 years	37,600	53,860	99,555	63,812	137,155	117,672
Greater than 5 years	-	-	-	2,988	-	2,988
	<u>65,210</u>	<u>81,120</u>	<u>149,007</u>	<u>95,750</u>	<u>214,217</u>	<u>176,870</u>

18. Capital Commitments

As at 31 July 2018 the company did not have any contracted capital commitments (31/7/17: Nil).

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Notes to financial statements for the
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19. Deferred Capital Grants

	SFC £	Other £	Total £
At 1 August 2017	1,627,655	3,000,450	4,628,105
Grants received in year			
Buildings	27,624	32,232	59,856
Equipment	88,846	0	88,846
Repairing	21,861	0	21,861
	<u>138,331</u>	<u>32,232</u>	<u>170,563</u>
Release to Statement of Comprehensive Income			
Buildings	27,667	191,486	219,153
Equipment	11,402	86,274	97,676
Repairing	27,299	0	27,299
	<u>66,368</u>	<u>277,760</u>	<u>344,128</u>
Balance at 31 July 2018	<u>1,699,618</u>	<u>2,754,922</u>	<u>4,454,540</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Surplus for the year	98,413	28,853
Add back depreciation	274,469	283,885
Deduct interest income shown in investing activities	(1,217)	(355)
Add interest payable	19,654	21,245
(Increase)/decrease in stock	(661)	355
(Increase) in debtors	(83,294)	(1,504)
Increase in creditors - excluding grants	269,290	115,115
Decrease in deferred income	<u>(173,565)</u>	<u>(154,338)</u>
Net cash from Operating Activities	<u>403,089</u>	<u>293,256</u>

West Highland College UHI
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Notes to financial statements for the
year ended 31 July 2018

21. Related party transactions

Due to the nature of the College's operations and the composition of its Board of Directors it is possible that transactions will take place within the College in which a director of the College may have an interest. Systems are in place to record directors' interests in transactions with the College and any such transactions are carried out at arm's length in accordance with normal project and procurement procedures.

The following directors are employees of West Highland College UHI and are remunerated for their roles within the College and not for their work as directors. The total paid to directors is disclosed in note 7

Lydia Rohmer
Carl Haberl (retired 29/3/18)
Lewis Sturrock (retired 18/9/18)
Nigel Patterson

Directors may recover expenses in connection with their role and these are disclosed in note 7.

22. Company limited by guarantee

West Highland College UHI is a company limited by guarantee and accordingly does not have a share capital.

Every member of the Company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the Charitable Company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member.