

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 2019

West Highland College UHI
(A company limited by guarantee)

Contents

	Page
Legal and administrative information	1 – 2
Strategic report	3 – 7
Corporate Governance Statement	8 – 16
Statement of the Board of Management's Responsibilities	17 – 18
Auditors' report to the directors	19 – 20
Statement of Comprehensive Income	21
Balance Sheet	22
Cash flow statement	23
Notes to the financial statements	24 - 37

West Highland College UHI
(A company limited by guarantee)

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	Retired 18 December 2018
Lydia Rohmer	Appointed 28 February 2012
Ann Lloyd	Retired 18 December 2018
Duncan Ferguson	Appointed 1 July 2014
Hilary Stubbs	Retired 5 August 2018
Robert Kelly	Appointed 5 October 2016
Christine MacKay	Appointed 4 April 2017
Hayley Lewis	Appointed 4 April 2017
Lewis Sturrock	Retired 18 September 2018
Lucia Petrovicova	Retired 7 January 2019
William Mitchell	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
	Retired 11 February 2019
Dorothy Lynn	Appointed 18 December 2018
Alan Sears	Appointed 18 December 2018
Emma Lawson	Appointed 18 December 2018
Katie Wrigglesworth	Appointed 7 January 2019
Charles Mccrimmon	Appointed 27 March 2019

Secretary

Susan MacFarlane	Appointed 18 December 2018
	Retired 30 September 2019
Paula Lister	Appointed 31 October 2019

Chief executive Lydia Rohmer

West Highland College UHI
(A company limited by guarantee)

Legal and administrative information

External Auditors

MHA Henderson Loggie Chartered Accountants
Registered Auditors
Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

Internal Auditors

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

Solicitors

McIntyre & Company
38 High Street
Fort William

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2019

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 2019.

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 2019.

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.

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2019

Strategic Report for the year ended 31st July 2019

Achievements & Performance

During 2018/19 our Further Education (FE) activity was 7163 credits (6973 in 17/18), compared to a target of 6,828 Scottish Funding Council (SFC) funded credits and 243 ESF funded credits. The success KPI for full-time FE courses was 72% (70% in 17/18) compared to a national average of 66%. FE activity target for 19/20 is 7,071 credits, comprising of 6,828 SFC funded credits and 243 ESF funded.

Higher Education (HE) activity for 18/19 was 242.8 FTE (232.8 in 17/18), compared to a target of 272.2. HE activity target for 19/20 is 243.7 FTE.

During the year the College has been well represented on the UHI and Highland STEM strategy groups and has been working with partners to develop a co-ordinated approach to STEM engagement and activity. We have continued to introduce new STEM-related provision and this year have introduced 2 HNCs in the Computing and Digital area, a networked National 5 course in Maths and a repurposed Access to Nursing course. We successfully introduced a 'Men into Care' programme in semester 2 and establishing an Assessor/Verifier team to deliver SVQs in Construction.

In May, our School of Adventure Studies were finalists in the category of Outstanding Business Engagement in Colleges for The Herald Higher Education Awards 2019. This was in recognition of their business engagement/partnership working and contribution to the economic growth of the Outdoor Capital of the UK, the wider Scottish Highlands and the international adventure community.

Our students continue to represent the College well with the following highlights: -

- Higher Photography student's assessment work selected by SQA for their 'Higher Vision' exhibition at the Scottish Parliament
- Hospitality and Professional Cookery students helped to prepare and serve a dinner and cocktails as part of the Skye Connect event
- NC and HNC Music students released a Christmas single
- A Lochaber High School student on our hospitality programme won the Spring Board Future Chef North of Scotland regional final and went on to complete in the national final in London.
- A recently graduated student with a 1st class honours in Adventure Performance and Coaching degree won the prestigious Scottish Youth Award for Excellence in Mountain Culture in 2019 as part of the Fort William Mountain Festival.

Student satisfaction throughout the year remained high with 88% of eligible students responding to the National Student Survey (NSS). Of these, 96% were satisfied overall. The SFC Student Satisfaction and Engagement (SSES)2019 encompasses both FE and HE students. WHC had a 61% response rate of which 96% were either satisfied or highly satisfied with their overall college experience.

Over the summer 2019, we relocated our Gairloch Learning Centre into purpose-built space within the new Gairloch Museum. Housed in a former cold war bunker, the new museum provides an insight into the unique natural history and cultural heritage of the Gairloch area. It was officially opened by HRH The Princess Royal in July 2019.

Work continued throughout the year on plans to build a Centre for Science, Technology, Health and Engineering in Fort William. The project is a key enabler for 'Fort William 2040', a master plan and delivery programme for Fort William and Lochaber with 20 strategic projects. During the year the planning application was granted by Highland Council and designs completed to RIBA stage 4.

Financial Results

The surplus on continuing operations, after depreciation charges, for the financial year ended 31 July 2019 was £372,643 (2018 £98,413). Income increased to £5,683k (2018 £4,943k) due to increased grant funding to meet the costs of national pay bargaining for lecturing staff. Expenditure increased to £5,311k (2018 £4,845k) mainly due to the increased staff costs associated with the implementation of national bargaining. The surplus position reflects the prudent control over spending and investment in place during an uncertain period.

The College ended the 2019 financial year with an accumulated General Reserve surplus of £1,442,985, an increase of £372,643 on the surplus of £1,070,342 brought forward from 2018. Moving into 2019/20 with a strong reserves position and

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2019

a clearer view of National Bargaining impacts, the College is in a better place to assess investment priorities and deal with future uncertainties and financial pressures.

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 Standards FRS 102 and the Companies Act 2006.

The table below shows the Adjusted Operating Position which 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 College.

	2018-19 £'000	2017-18 £'000
Surplus/(deficit) before other gains and losses	373	98
Add back:		
Depreciation (net of deferred capital grant release) on both government funded and privately funded assets		
Exceptional non-restructuring costs - impairment		
Pension Adjustment – Net service cost		
Pension adjustment – Net interest cost		
Pensions adjustment – Early retirement provision		
Deduct:		
Non-government capital grants (Note X)		
Depreciation (net of deferred capital grant release) on both government funded and privately funded assets	(107)	(70)
Exceptional income – insurance claim		
Adjusted operating surplus/(deficit)	266	28

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.

Reserves Policy

The College has a Reserves Policy to ensure sufficient level of reserves is maintained to enable normal operating activities to be continued over a period of up to 3 months.

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 outflow of £106,971 in the year to 31st July 2019 compared with a net cash inflow of £140,304 in the prior year.

Liquidity

The College had cash balances of £581,291 at the year end, compared with net cash balances of £688,262 at the end of 2018

Creditor Payment Policy

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

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2019

The College's average creditor payment period has decreased from 15 days in 2018 to 10 days at the end of July 2019. Trade Creditors were £135,050 at 31st July 2019 compared with £56,973 at 31st July 2018. The College did not pay any interest during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

Future Developments

The Estates Strategy was refreshed and approved by the board in 2016/17. There are 2 key projects that will continue move through different stages in the coming year.

Centre for Science, Technology, Health & Engineering in Fort William - a full business case has been submitted for consideration to SFC and discussions on funding is underway. Once funding is approved then we would hope to be on site in spring 2020 with the centre open for students in September 2021. This is delayed by one academic from last year due to delays in securing funding.

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 permission for the centre and currently working to obtain the necessary funding for the project.

A budget has been approved by the board for 19/20, which shows a surplus of £38k. As part of our planning for 19/20 and beyond, work continues on developing our strategy for the STEM curriculum. This includes the submission of a bid to the Advanced Manufacturing Challenge Fund for equipment.

Principal Risk & uncertainties

The board have assessed that the following constitute key risks to the college:

- Reduction in Government funding being insufficient to cover the impacts of national pay bargaining and provision of a wide-ranging curriculum to support the West Highlands. Any reduction in funding level could make the colleges 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 which supports the delivery and growth of our 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 operate 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

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

**Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2019**

to ensuring that there will be no discrimination of 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.

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 17th December 2019 and signed on its behalf by:

**John Hutchison
Director and Chair**

**Lydia Rohmer
Principal**

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2019

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.

The Board is well informed of the national bargaining process and is broadly supportive of its aims. The Board formally reviewed its previous position in June 2019 and on balance decided that the College would sign up to the NRPA during 2019/20.

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	MAXIMUM TERM OF OFFICE	DATE OF RETIREMENT	STATUS OF APPOINTMENT	COMMITTEE MEMBERSHIP (AT SOME POINT IN THE YEAR)
Bushnell	Gordon	31.7.10	8 years	18.12.18	Independent member. Vice Chair	Audit; Search & Nominations; Performance Review & Remuneration
Ferguson	Duncan	1.7.14	8 years		Independent member, Vice Chair	Audit; Search & Nominations;
Finlayson	Marina	3.10.18	4 years	11.2.19	Teaching Staff member	Finance & General Purposes; Search & Nominations
Hutchison	John	30.6.15	8 years		Independent member, Chair	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, Health	Audit; Health & Safety

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2019

					& Safety champion	Champion
Lewis	Hayley	4.4.17	8 years		Independent member, Senior Independent Person	Convenor of Finance & General Purposes; Convenor of Performance Review & Remuneration; Estates Project Group
Lloyd	Ann	31.7.10	8 years	18.12.18	Independent member	Audit
Mackay	Christine	4.4.17	8 years		Independent member, Vice Chair	Convenor of Audit; Estates Project Group
McAndrew	Lisa	28.3.18	8 years		Independent member	Finance & General Purposes; Estates Project Group
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; Search & Nominations
Patterson	Nigel	27.6.18	4 years		Support staff member	Audit; Performance Review & Remuneration; Estates Project Group
Petrovicova	Lucia	28.6.17	3 years	7.1.19	Student member	Finance & General Purposes; 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;

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2019

						Search & Nominations
Sturrock	Lewis	4.4.17	4 years	18.09.18	Teaching staff member	Finance & General Purposes; Search & Nominations
Lynn	Dorothy	18.12.18	8 years		Independent member	Finance & General purposes; Estates Project Group
Sears	Alan	18.12.18	8 years		Independent member	Audit; Performance Review & Remuneration
Lawson	Emma	18.12.18	8 years		Independent member	Audit; Performance Review & Remuneration
Wrigglesworth	Katie	7.1.19	3 years		Student member	Finance & General Purposes; Search & Nominations; Performance Review & Remuneration
Mccrimmon	Charles	27.3.19	4 years		Teaching staff member	Finance & General Purposes; Search & Nominations

Attendance at meetings

Attendance at meetings of the Board of Management of West Highland College UHI in 2018-19

Board meetings

Date of Meeting	Number of independent members present	Number of executive members present*	Whether quorate
3 Oct 2018	8	3	yes
18 Dec 18	10	4	yes
27 Mar 19	9	3	yes
26 Jun 19	8	4	yes

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2019

Audit Committee meetings

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
11 Sept 2018	4	1	yes
28 Nov 18	4	1	yes
7 Mar 19	5	0	yes
10 Jun 19	6	1	yes

Finance & General Purposes Committee meetings

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
18 Sept 2018	4	2	yes
28 Nov 18	3	3	yes
18 Mar 19	3	1	yes
17 Jun 19	3	2	yes

Estates Project Group

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
22 Nov 2018	3	1	yes
29 May 19	3	1	yes

Search & Nominations (By email)

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
Jan 2019	7	1	yes

Performance Review & Remuneration

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
17 Jun 2019	2	1	yes

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

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

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

Corporate Governance Statement **Year ended 31 July 2019**

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 2018-19 it held four 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.

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.

West Highland College UHI

(A company limited by guarantee)

Corporate Governance Statement

Year ended 31 July 2019

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.

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 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.

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.

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2019

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.

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 2019 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 2019 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.

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2019

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.

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 October 2019, the Board held a training day on its risk management responsibilities, the day was led by the Head of MHA 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 also reviewed the risk appetite statement.

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.

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 17th December 2019 and signed on its behalf by:

John Hutchison
Director and Chair

Lydia Rohmer
Principal

West Highland College UHI

(A company limited by guarantee)

Statement of the Board of Management's Responsibilities

Year ended 31 July 2019

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 outturns;
- 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 2019

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 17th December 2019 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 2019 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 2019 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).

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.

West Highland College UHI
(A company limited by guarantee)

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

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 anyone 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.

James Davidson (Senior Statutory Auditor)

For and on behalf of MHA Henderson Loggie

Chartered Accountants & Statutory Auditor

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

11-15 Thistle Street

Edinburgh

EH2 1DF

Date:

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

West Highland College UHI
(A company limited by guarantee)

Statement of Comprehensive Income
For the year ended 31st July 2019

		2019	2018
		£	£
	Notes		
Income			
SFC grants	2	3,649,922	2,965,747
UHI Grant		512,045	402,980
Tuition fees and education contracts	4	920,888	857,402
Other operating income	3	224,804	249,386
Research contract and grants		98,254	188,839
Release of deferred capital grant	19	274,961	277,760
Investment income		2,314	1,217
Total income		<u>5,683,188</u>	<u>4,943,331</u>
Expenditure			
Staff costs	7	3,719,358	3,177,467
Other operating expenses	5	1,309,911	1,373,328
Interest payable and other charges		21,707	19,654
Depreciation		259,569	274,469
Total expenditure		<u>5,310,545</u>	<u>4,844,918</u>
Surplus on continuing operations before and after tax		<u>372,643</u>	<u>98,413</u>
Surplus for the year retained within general reserves		<u>372,643</u>	<u>98,413</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 the above amounts relate to continuing activities. There were no acquisitions or discontinued operations during the current or preceding year. All the income and expenditure arising in the year is unrestricted.

The notes on pages 24 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 2019

	Notes	2019		2018	
		£	£	£	£
Non-current Assets					
Tangible fixed assets	11		6,734,250		5,944,510
Current assets					
Stocks	12		2,151		2,672
Debtors	13		192,476		316,898
Cash at bank and in hand			581,291		688,262
			<u>775,918</u>		<u>1,007,832</u>
Creditors: amounts falling due within one year	14		<u>1,216,191</u>		<u>(1,189,877)</u>
Net current liabilities			<u>(440,273)</u>		<u>(182,045)</u>
Total assets less current liabilities			6,293,977		5,762,465
Creditors: amounts falling due after more than one year	15		(468,682)		(537,081)
Accruals and deferred income	16		<u>(4,382,310)</u>		<u>(4,155,042)</u>
Net assets			<u><u>1,442,985</u></u>		<u><u>1,070,342</u></u>
Reserves					
General Reserve - unrestricted			<u>1,442,985</u>		<u>1,070,342</u>
Total reserves			<u>1,442,985</u>		<u>1,070,342</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 17th December 2019 and signed on its behalf by

John Hutchison
Director and Chair

Christine MacKay
Director

The notes on pages 24 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 2019

	Notes	2019		2018	
		£	£	£	£
Cash from operating activities	20		1,032,130		403,089
Cash flows from investing activities					
Investment income		2,314		1,217	
Interest payable		(21,707)		(19,654)	
Purchase of tangible assets		(1,049,309)		(174,368)	
Cash used in investing activities			<u>(1,068,702)</u>		<u>(192,805)</u>
Cash flows from financing activities					
Loan repayments			<u>(70,399)</u>		<u>(69,980)</u>
Increase/(decrease) in cash and cash equivalents in the year			(106,971)		140,304
Cash and cash equivalents at the beginning of the year			688,262		547,958
Total cash and cash equivalents at the end of the year			<u><u>581,291</u></u>		<u><u>688,262</u></u>

The notes on pages 24 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 2019

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.

1.4. Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

West Highland College UHI
(A company limited by guarantee)

Notes to the financial statements for
the year ended 31 July 2019

1.5. 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.

1.6. 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 2019

1.7. 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 FRSI 02.

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.

1.8. 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

		2019	2018
	Note	£	£
Scottish Funding Council Recurrent Grant		3,558,106	2,899,379
Release of deferred capital grant	19	91,816	66,368
		<u>3,649,922</u>	<u>2,965,747</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2019

3. Other operating income

	2019	2018
	Total	Total
	£	£
Other Income	42,070	51,953
Rental Income	57,200	74,378
Facilities Hire	19,343	14,995
Service Charges	41,427	35,795
Kitchen & Catering	64,764	72,265
	<u>224,804</u>	<u>249,386</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.

	2018-19	2018-19	2018-19	2018-19	2017-18
	FE Bursary	EMAs	Other	Total	Total
	£	£	£	£	£
Balance b/fwd	-	-	-	-	-
Allocation received in year	30,243	-	-	30,243	29,767
Expenditure	(30,243)	-	-	(30,243)	(29,767)
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 2019

4. Tuition Fees, Education & Employability Contracts

	2019	2018
	£	£
Further Education - student fees (UK)	35,051	41,375
Skills Development Scotland	212,620	131,327
Higher Education - student fees	454,511	452,564
Education and employability contracts	70,997	51,433
Other contracts & commercial fees	147,710	180,703
Total	<u>920,888</u>	<u>857,402</u>

5. Other Operating Costs

	2019	2018
	£	£
Academic Departments	420,262	537,760
Commercial & Employability Division	19,760	39,340
Central Administration & Academic Services	505,012	415,580
Premises costs	144,300	137,224
Planned maintenance	137,852	122,213
Other employee related costs	-	-
Research costs	38,818	66,943
Commercial activities - Kitchen	43,907	43,976
Bad Debts	-	10,292
Total	<u>1,309,911</u>	<u>1,373,328</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2019

6. Net surplus for the year

	2019	2018
	£	£
Net surplus is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	259,569	274,469
Auditors' remuneration	18,042	32,020
and after crediting:		
Profit on disposal of land	-	-
Analysis of auditors' remuneration		
External audit - audit fees	7,725	9,932
External Auditor - non-audit fees	-	-
Internal audit	10,317	22,088
Total audit fees	18,042	32,020

7. Employees

	2019	2018
	£	£
Staff Costs	3,158,466	2,851,299
Social Security Costs	283,730	241,117
Pension Costs	263,978	65,179
Other Costs & Training	13,184	19,872
	<u>3,719,358</u>	<u>3,177,467</u>

Analysed as:

Administration and central services	493,091	549,816
Premises	122,299	97,567
Research grants, contracts & commercial activity	241,804	239,438
Academic Teaching Depts	1,870,174	1,393,813
Academic Teaching Services	929,179	832,418
Catering Staff	62,811	64,415
	<u>3,719,358</u>	<u>3,177,467</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2019

7. Employees (Cont.)

Salary Bands - Staff receiving remuneration over £60,000

	2019	2018
	£	£
£60,000 - £69,999	1	0
£70,000 - £79,999	0	0
£80,000 - £89,999	1	1
Total employees	2	1

Number of Employees

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

	2019	2018
	Number	Number
Administration and central services	25	20.5
Premises	9	7.25
Research grants, contracts & commercial activity	11	15.25
Academic Teaching depts	88.5	73.25
Academic teaching services	45	47.25
Catering staff	3.75	4.25
	<u>182.25</u>	<u>167.75</u>
Full time equivalent	<u>110.7</u>	<u>100.2</u>

Directors' Emoluments

	2019	2018
	£	£
Remuneration	150,327	135,545
Pension	17,762	15,441
Recovery of expenses	7,567	5,962
	<u>175,655</u>	<u>156,948</u>

The Chair of the Board received a £200 honorarium. It should be noted that all other directors are not remunerated for their board role, however if they undertake work within the college they may be remunerated.

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2019

7. Employees (Cont.)

Principal remuneration disclosure

	2019	2018
	£	£
Gross Wages	83,294	81,109
Employers National Insurance	10,322	10,054
Employers pension contributions	14,312	14,762
	<u>107,928</u>	<u>105,925</u>

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 2019 the salary paid to the Principal increased by 2% 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

	2019	2018
	£	£
Gross Wages	182,239	189,311
Employers National Insurance	22,022	22,667
Employers pension contributions	25,346	25,309
	<u>229,607</u>	<u>237,287</u>

The key management team costs represent 3FTE in 2019 (2018: 3FTE).

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2019

8. Interest payable and similar charges

	2019	2018
	£	£
Interest Payable	<u>21,707</u>	<u>19,654</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 £93,347 (2018: £33,446). Currently the College contributes 3% 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) for all Lecturing staff. The contributions made by the College amounted to £170,631 (2018; £31,743).

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 2019

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 2018	264,348	6,815,094	40,596	1,045,337	582,032	153,132	426,957	9,327,496
Additions	-	69,406	-	18,792	-	940,754	20,357	1,049,309
Disposals				(5,420)			(28,864)	(34,284)
Transfers		566		2,681		(26,309)	23,062	-
At 31st July 2019	264,348	6,885,066	40,596	1,061,390	582,032	1,067,577	441,512	10,342,521
DEPRECIATION								
At 1st August 2018	-	1,601,740	25,162	966,800	437,101	-	352,183	3,382,986
Charge	-	137,905	3,605	40,776	28,690	-	48,593	259,569
Disposal				(5,420)		-	(28,864)	(34,284)
At 31st July 2019	-	1,739,645	28,767	1,002,156	465,791	-	371,912	3,608,271
NBV								
At 31st July 2019	264,348	5,145,421	11,829	59,234	116,241	1,067,577	69,600	6,734,250
At 31st July 2018	264,348	5,213,354	15,434	78,537	144,931	153,132	74,774	5,944,510

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2019

12. Stocks

	2019	2018
	£	£
Raw materials	<u>2,151</u>	<u>2,672</u>

13.

Debtors

	2019	2018
	£	£
Trade Debtors	18,325	160,771
Other Debtors	151,657	133,812
Prepayments	22,494	22,315
	<u>192,476</u>	<u>316,898</u>

14. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank Loan	68,000	70,000
Trade Creditors	135,050	56,973
Other Taxes and Social Security	88,450	67,805
Other Creditors	32,876	15,086
Accruals and deferred income	891,815	980,013
	<u>1,216,191</u>	<u>1,189,877</u>

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

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2019

15. Creditors: amounts falling due after one year

	2019	2018
	£	£
Bank Loan	<u>468,682</u>	<u>537,081</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.

16. Accruals and deferred income > 1 year

	2019	2018
	£	£
Grants received		
at 1st August 2018	(4,454,540)	(4,628,105)
Received in year	<u>(603,222)</u>	<u>(170,563)</u>
	(5,057,762)	(4,798,668)
Released in year	<u>366,777</u>	<u>344,128</u>
Total deferred grants as at 31 July 2019	<u>(4,690,985)</u>	<u>(4,454,540)</u>
Grants under 1 year	<u>(308,675)</u>	<u>(299,498)</u>
Deferred grants greater than 1 year	<u>(4,382,310)</u>	<u>(4,155,042)</u>

West Highland College UHI
(A company limited by guarantee)

**Notes to financial statements for the
year ended 31 July 2019**

17. Operating Leases

At 31 July 2019 the company had annual **cost commitments** under non-cancellable operating leases as follows:

	Buildings		Other		Total	
	2019	2018	2019	2018	2019	2018
Less than one year	27,610	27,610	49,519	49,452	77,129	77,062
2-5 Years	10,800	37,600	55,379	99,555	66,179	137,155
Over 5 Years						
	<u>38,410</u>	<u>65,210</u>	<u>104,897</u>	<u>149,007</u>	<u>143,307</u>	<u>214,217</u>

At 31 July 2019 the company had annual **income streams** under non-cancellable operating leases as follows:

					Total	
	2019	2018	2019	2018	2019	2018
Less than one year	52,013	52,013	-	-	52,013	52,013
2-5 Years	130,995	183,008	-	-	130,995	183,008
Over 5 Years						
	<u>183,008</u>	<u>235,021</u>	<u>-</u>	<u>-</u>	<u>183,008</u>	<u>235,021</u>

18. Capital Commitments

As at 31 July 2019 the company did not have any contracted capital commitments (31/7/18: Nil).

West Highland College UHI
(A company limited by guarantee)

**Notes to financial statements for the
year ended 31 July 2019**

19. Deferred Capital Grants

	SFC £	Other £	Total £
At July 2018	1,699,618	2,754,922	4,454,540
Grants received in year			
Buildings	69,971	209,182	279,153
Equipment	270,444	0	270,444
Repairing	53,624	0	53,624
	<u>394,040</u>	<u>209,182</u>	<u>603,222</u>
Release to Statement of Comprehensive Income			
Buildings	27,667	191,486	219,153
Equipment	10,525	83,475	94,000
Repairing	53,624	0	53,624
	<u>91,816</u>	<u>274,961</u>	<u>366,777</u>
Balance at 31 July 2019	<u>2,001,842</u>	<u>2,689,143</u>	<u>4,690,985</u>

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

	2019 £	2018 £
Surplus for the year	372,643	98,413
Add back depreciation	259,569	274,469
Deduct interest income shown in investing activities	(2,314)	(1,217)
Add interest payable	21,707	19,654
Decrease/(increase) in stock	521	(661)
Decrease/(increase) in debtors	124,422	(83,294)
Increase/(decrease) in creditors - excluding grants	19,137	269,290
Increase/(decrease) in deferred income	236,445	(173,565)
Net cash from Operating Activities	<u>1,032,130</u>	<u>403,089</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements for the
year ended 31 July 2019

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
Lewis Sturrock (retired 18/9/18)
Nigel Patterson
Marina Finlayson (retired 11/02/19)
Charles Mccrimmon

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.