

**Argyll College UHI Limited
(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 July 2020**

Registered Number SC172157

Scottish Charity Number SC026685

Contents

	Page
Legal and administrative information	1
Report of the trustees' and strategic report	2 - 12
Independent auditor's report	13 - 15
Statement of financial activities	16
Statement of changes in reserves	17
Balance sheet	18
Statement of cash flows	19
Analysis of net debt	20
Notes to the financial statements	21 - 33

Legal and administrative information

Charity name:	Argyll College UHI Ltd	
Registered office and operational address:	West Bay Dunoon PA23 7HP	
Charity registration number:	SC026685	
Company registration number:	SC172157	
Trustees:	Andrew Campbell (Chair) Martin Jones (Principal) John Colston (Vice Chair) Maggie Tierney (appointed 05/05/20) Kenneth John Jones (resigned 13/12/19) Lesley McInnes (resigned 13/12/19) Amber Crowley (resigned 13/12/19) Tony Dalgaty James Findlay Scott Matheson Gillian McCready (resigned 13/03/20) Jennifer Swanson Danjana Ninkovich (app'ted 30/08/19, resigned 28/02/20) Rosemary Alford (appointed 05/05/20) Maggie Tierney (appointed 05/05/20) Vicky Gunn (appointed 05/05/20) Elodie Nowiski (appointed 05/05/20) Faye Tudor (appointed 28/02/20) Bettina Sizeland (appointed 05/05/20) Billie Smith (appointed 05/05/20) Filip Dabrowski (appointed 01/07/20)	
Secretary	Ailsa Close	
Senior management team	Martin Jones Principal Elaine Munro Depute Principal Ailsa Close Finance Director	
External auditors	Armstrong Watson Audit Limited 1 st Floor, 24 Blythswood Square Glasgow G2 4BG	
Internal auditors	MHA Henderson Loggie Chartered Accountants 11-15 Thistle Street Edinburgh EH2 1DF	
Bankers	Bank of Scotland 78 Argyll Street Dunoon PA23 7NH	

Report of the trustees and strategic report for the year ended 31 July 2020

OPERATING AND FINANCIAL REVIEW

The Board of Management of Argyll College UHI present their report and the audited financial statements for the year ended 31 July 2020.

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 SC026685. 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 Argyll College UHI, including the Statement of Comprehensive Income for the year ended 31st July 2020.

Our Vision and Mission

Argyll College will provide high quality innovative education opportunities, act as an economic driver to enhance the skills and development of the local economy and develop a reputation for excellence which will encourage students to study in the communities we serve.

The charity provides a range of further and higher education to as many of the communities in the area as possible. It does this by having a network of centres, some small, some large, in all the main centres of population. There is a wish to provide roughly the same range of educational activities at all sites but for technical reasons this is sometimes not possible.

The main annual objectives of the charity are to meet the educational delivery targets set by SFC; to maintain quality standards as agreed internally and as assessed by external bodies and to do all of this within the financial resources made available to the charity. There is generally a target to make a modest return on annual income for the sole purposes of re-investing that return to improve the ability of the charity to meet its key charitable objective.

COVID

The College, like the rest of the country, went into lockdown on 23rd March 2020. All college centres and the college nursery were shut and all face to face teaching was suspended. A number of staff were furloughed (cleaning staff, nursery staff and reception staff), all other staff were asked to work from home. Laptops were provided to all staff and students who required one. A DSE assessment was carried out for all staff working from home and measures put in place for any additional requirements that this raised. No face to face teaching resumed until Aug/Sep 2020, when some practical courses in schools were able to be delivered. Risk assessments were carried out for these courses, all staff were asked to complete a COVID Age questionnaire and any who identified as having high covid age had a discussion with HR/line manager as to their willingness or otherwise to return to f2f teaching/being in centres. A limited number of practical courses were able to be delivered in the college centres, again with risk assessments, social distancing and various other measures in place. All other teaching remained online. In January 2021, all f2f teaching in both the centres and schools again ceased, with all teaching returning to online delivery.

Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2020*

COVID (cont'd)

In addition to the above, other COVID related measures going into the 20/21 Academic year include:

Staff wellbeing

- Regular updates on email from Principal
- Monthly newsletter
- A series of MS Teams staff catch-up sessions with the Principal providing update information and listening to staff comments and concerns
- Maintaining Wellbeing workshops delivered by SAMH
- Additional laptops to be purchased
- Reduction in internal verification (IV) workload for teaching staff
- Interim progression boards delayed by 3 weeks to provide additional time for teaching staff to review student work

Student wellbeing

- Centre staff phoning all full time students at start of Semester 2
- Continued monitoring and distribution of Laptops / Dongles via the Digital Poverty scheme
- Continued promotion of student counselling service and mental health support via Togetherall (online mental health support resource)
- Distribution of SAAS Winter Covid payments via HE Discretionary fund in addition to usual HE Discretionary fund
- Increased promotion of FE Hardship fund availability
- Amendment to attendance criteria to allow for student engagement rather than real time attendance in virtual classes, this allows attendance related funding to continue to be paid.
- Increased linking with Argyll & Bute Violence Against Women partnership to strengthen GBV support especially during lockdown

SMT continued engagement with UHI committees and teams, as well as other colleges and national networks including Argyll & Bute Council, CDN, Colleges Scotland, SFC, SDS.

Schools link officer engaging with schools on planned phased return of senior phase pupils to complete practical activity within schools link group awards. Detailed information relating to time required by teaching teams per course/unit provided to each school. Discussions between lecturers, the quality assurance team and the Health and Safety consultant to update Safe System of Working Practice documents (SSW) for each course/school where college lecturers will return to teaching.

Health & safety – on-going assessment of additional requirements/measures that can be put in place to ensure the safety of students and staff.

Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2020*

Brexit

The Directors do not anticipate Brexit having any significant direct effect on the college. We generally have no students from outside of the UK, and any direct ESF funding has been minimal over the last few years. We are aware however that there may be knock on effects to wider funding for the college sector and posts at UHI Executive office which may in the past have been funded through European monies. It may also affect any large capital projects we may have hoped to embark on which previously may have attracted European funding.

Achievements & Performance

In 2019/20, the College exceeded its FE Credit target of 6716 (6582 core credits with 134 ESIF credits) by 827 to give a total Credits achieved in the year of 7543 (2019 - 7504). Since the region as a whole failed to achieve the Credit target, the region will be unable to draw down any ESIF funding, meaning that there will be a total of 827 credits we have delivered for which we will receive no funding.

In 2019/20, the HE target was 201 FTEs, down from a target of 220 FTEs in 2018/19. Our actual final HE FTE value for the year was 199.6 (2019 200). In addition to this, funded outwith the RAM, there were 13 PGDE teacher education students: 9 studying primary teaching and 4 secondary teaching; and 2 Early Education and Childcare Graduate Apprentices (GA).

In the year, in FE we taught 2370 (headcount) (2019 - 2368) or 540 (2019 - 537.2) FTE students. In HE, we taught 285 (2019 - 311) (headcount) or 199.6 (2019 - 223.1) FTE students.

On 7 October 2020 the College formally signed up to NRPA.

Discussions over the closure of the nursery took place in the latter part of 2019 and early in 2020. It was agreed that the nursery would close with effect from 24 June 2020, but with the national lockdown, it was in effect closed from March and all 8 staff were furloughed until the closure date. This was a very difficult decision for the Board to take and a number of alternatives were explored before the decision was taken. The building has subsequently (Jan 2021) been leased to another childcare provider.

The latter part of the academic year was very difficult due to COVID, but we moved quickly to online teaching for as many courses as possible, including schools link teaching. Practical face to face teaching was halted from lockdown on 23 March and did not recommence in the academic year. We widely distributed laptops to students in need of IT equipment, and all of our staff moved to home working. This was not without its challenges for many and we recognise the effort made by all staff over the year to keep the organisation, and learning and teaching going over this difficult time.

Report of the trustees and strategic report (cont'd) for the year ended 31 July 2020

Financial Results

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.

	2019-20 £'000	2018-19 £'000
Surplus/(deficit) before other gains and losses	1,208	(37)
Add back:		
Depreciation (net of deferred capital grant release) on both government funded and privately funded assets	(190)	59
Exceptional non-restructuring costs – impairment	-	123
Pension Adjustment – Net service cost	168	249
Pension adjustment – Net interest cost	19	6
Adjusted operating surplus/(deficit)	1,205	400

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 £1,624k in the year to 31st July 2020 compared with a net cash inflow of £585k in the prior year.

Liquidity

The College had cash balances of £3,326k at the year end, compared with net cash balances of £1,702k at the end of 2019.

Creditor Payment Policy

The College aims to pay its suppliers within 30 days.

The College's average creditor payment period has decreased from 26 days in 2019 to 21 days at the end of July 2020. Trade Creditors were £55,891 at 31st July 2020 compared with £115,704 at 31st July 2019. The College did not pay any interest during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2020*

Future Developments

Argyll & Bute Council's Rural Growth Deal bid was submitted in the year and includes funding for the built environment of the College with particular emphasis on Dunoon and Oban. The Centre for Maritime Studies has been further developed by the College over the past year, through discussions with HIE and Oban as a University Town group, and the Council funded the costs of a Development Manager for two years, and a member of the current College SMT has been leading on this since May 2020. Developing the built environment of the college and reviewing the current curriculum offering to ensure we are best placed to meet the needs of students and also employers and partners will continue to be priorities over the next year.

Principal Risk & uncertainties

The Board have assessed that the following constitutes risks to the charity:

- National Pay Bargaining continues to be a risk for the College. Without continuing additional funding, already imposed pay changes are a risk to the financial sustainability of the organisation.
- Implication of outcome of EU referendum leading to loss of EU funding. The increased risk is that there will be a great deal of uncertainty, particularly in relation to capital projects.
- Key staff replacement and cover is a risk given specific areas of expertise covered by them, as duplication of skills in the area is difficult and there is no succession plan currently in place.
- College estates not able to provide flexible response to demand for courses.
- Failure to recruit the numbers of students necessary to achieve our targets.
- At present, COVID 19 remains a risk for the operation of the college
- Whilst the effects of BREXIT appear minimal with regards to students numbers, we are aware that the full effect of the loss of European funding is yet to be established

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. There was trade union activity in the College during the year in connection with ongoing national bargaining pay agreements.

Equal Opportunities Statement

Argyll 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.

Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2020*

Argyll 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.

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.

Approved by order of the members of the Board on 26 March 2021 and signed on its behalf by:

Andrew MG Campbell
Trustee and Chair

Martin Jones
Principal

Statement of corporate governance and internal control

The College is committed to exhibiting best practice in all aspects of corporate governance.

During the financial year, the institution complies with all the principles of the 2016 Code of Good Governance for Scotland's Colleges with the exception of: The college Board must comply with collective agreements placed on it through national collective bargaining for colleges. The College signed up to NRPA on 7 October 2020.

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:

Board member	Date of Appointment	Date of Retirement	Committee Membership
Andrew Campbell	20/04/2010		L,T&E, F&GP, Noms
Martin Jones	05/11/2018		L,T&E, F&GP, HR&R, Noms
John Colston	22/02/2012	11/12/2020	F&GP, Noms
Tony Dalgaty	08/12/2017		Audit
James Findlay	24/11/2017		F&GP
Scott Matheson	08/12/2017		Audit
Gillian McCready	14/12/2015		F&GP
Jennifer Swanson	08/12/2017		HR&R
Danjana Ninkovich	30/08/2019	28/02/2020	LT&E, Audit
Gillian McCready	14/12/2015	13/03/2020	F & GP
Ken Jones	14/03/2008	13/12/2019	Audit
Amber Crowley	27/02/2015	13/12/2019	L,T& E
Lesley McInnes	08/01/2011	13/12/2019	Audit
Faye Tudor	28/02/2020		L,T&E
Rosemary Alford	05/05/2020		L,T & E
Billie Smith	05/05/2020		Audit
Elodie Nowiski	05/05/2020		L,T&E, Audit
Maggie Tierney	05/05/2020		F&GP, HR&R
Vicky Gunn	05/05/2020		L,T&E
Bettina Sizeland	05/05/2020		F&GP
Filip Dobrowskie	01/07/2020		L,T&E

Statement of Corporate Governance and Internal Control (cont'd)

Attendance at meetings

Attendance at meetings of the Board of Management of Argyll College UHI in 2019-20

Board meetings

Member	Board	Audit	Finance & General	Learning, teaching & engagement	Nominations	Remuneration
Andrew Campbell	100%	N/A	100%	100%	100%	100%
Martin Jones	100%	N/A	75%	75%	100%	75%
John Colston	100%	N/A	100%	N/A	100%	N/A
Kenneth Jones	50%	50%	N/A	N/A	N/A	N/A
Lesley McInnes	0%	0%	N/A	N/A	N/A	N/A
Amber Crowley	25%	N/A	N/A	50%	N/A	N/A
Tony Dalgaty	75%	50%	N/A	N/A	N/A	N/A
James Findlay	100%	N/A	100%	N/A	N/A	N/A
Scott Matheson	50%	100%	N/A	N/A	N/A	N/A
Gillian McCready	25%	N/A	25%	N/A	N/A	N/A
Jennifer Swanson	100%	N/A	N/A	N/A	N/A	100%
Danjana Ninkovich	0%	N/A	N/A	25%	N/A	N/A
Faye Tudor	50%	N/A	N/A	50%	N/A	N/A
Elodie Nowiski	25%	25%	N/A	25%	N/A	N/A
Billie Smith	25%	25%	N/A	N/A	N/A	25%
Maggie Tierney	25%	N/A	25%	N/A	N/A	25%
Rosemary Alford	25%	N/A	N/A	25%	N/A	N/A
Vicky Gunn	25%	N/A	N/A	25%	N/A	N/A
Bettina Sizeland	25%	N/A	25%	N/A	N/A	N/A

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 good governance during the year.

The College's Board of Governors is responsible for the College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board of Governors have put in place a process going forward for identifying, evaluating and managing the College's significant risks and this will be reviewed on a regular basis.

Statement of Corporate Governance and Internal Control (cont'd)

The College's Board of Governors comprises lay members, students and employees appointed as charity trustees under the Charities and Trustee Investment (Scotland) Act 2005. The roles of Chairman and Vice-Chairman of the Board of Governors are separated from the role of the College's Principal.

The Board acknowledges the responsibility for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from the Principal on the day to day operations of its business.

The Full Board meets four times a year as do the sub-committees: Finance and General Purposes Committee, Learning, Teaching and Engagement Committee, and Audit Committee. The HR & Remuneration Committee is held as and when necessary. All of these Committees are formally constituted with terms of reference.

The Finance and General Purposes Committee inter alia recommends to the Board the College's annual revenue and capital budgets. The Learning, Teaching and Engagement Committee focuses on the quality of learning and teaching and the student experience. The Audit Committee meets with the College's external and internal auditors in attendance when required. The 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. Whilst the Principal attends meetings of the Audit Committee as necessary, they are not a member of the Committee.

The Human Resources & Remuneration Committee comprises at least four non-executive members 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.

It is planned that the Board and its sub-committees will participate in annual self-evaluation reviews of its performance. This will be facilitated by the Secretary to the Board using a self-evaluation questionnaire with all questions being discussed by the Board or Committee as a group and their consensus view recorded. Any actions for improvement will be noted and followed up at subsequent meetings of the Board or Committees. The evaluation of the effectiveness of individual members will be considered informally by the Chair of the Board or relevant Committee, and if concerns are noted they will follow these up with the member directly.

Due to COVID, all meetings since 23rd March 2020 have been held virtually, but there have been no other impacts arising from COVID on governance and effectiveness of control system.

Review of Effectiveness of internal control

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's 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.

Statement of Corporate Governance and Internal Control (cont'd)

The Senior Management Team and the Audit Committee 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.

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

In preparing these financial statements, the Board of Directors have given careful consideration to current and anticipated future solvency requirements of the College and its ability to continue as a going concern for the foreseeable future.

The directors have prepared the financial statements on a going concern basis notwithstanding the uncertainties caused by the COVID-19 virus. The directors have prepared cashflow forecasts for a period beyond 12 months from the date of approval of these financial statements which indicate that taking into account reasonably possible downturns, the College will have sufficient funds through its operating cashflows and cash reserves to meet its liabilities as they fall due for that period.

On this basis the Board of Management considers 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.

Directors Responsibility Statement

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 2019 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.

Approved by the order of the members of the Board on 26 March 2021 and signed on its behalf by :

Andrew MG Campbell
Trustee and Chair

Martin Jones
Principal

Independent auditor's report to the trustees and members of Argyll College UHI Ltd

Opinion

We have audited the financial statements of Argyll College UHI Ltd (the 'charitable company') for the period ended 31 July 2020 which comprise the Statement of comprehensive income, Statement of changes in reserves, the Balance sheet, the Statement of cash flows 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 2020 and of its income and expenditure for the period 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.

Independent auditor's report to the trustees and members of Argyll College UHI Ltd *(continued)*

Opinions on other matters prescribed by the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended)

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

- the information given in the Operating and Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- Operating and Financial Review 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 trustee's and strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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 Statement of Corporate Governance and Internal Control does not comply with Scottish Funding Council requirements.

Responsibilities of Directors

As explained more fully in the Statement of the Board of Director'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 there under.

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.

Argyll College UHI Limited
(a company limited by guarantee)

Independent auditor's report to the trustees and members of Argyll College UHI Ltd *(continued)*

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.

Use of our Report

This report is made solely to the charitable company's 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 charitable company's members and 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 charitable company, the charitable companies members, as a body, and the charitable companies Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Johnston CA (Senior Statutory Auditor)

For and on behalf of Armstrong Watson Audit Limited

Chartered Accountants & Statutory Auditors

Glasgow

Date: 31 March 2021

Statement of comprehensive income
for the year ended 31 July 2020

	Note	Total 2020 £	Total 2019 £
Income			
SFC grants	3	4,132,379	3,616,214
UHI grants		720,854	630,334
Tuition fees and education contracts	5	844,850	872,390
Other operating income	4	183,051	340,250
Commercial training activity		33,974	51,535
Release of deferred capital grant		366,681	126,188
Investment income		5,036	7,146
Total income		6,286,825	5,644,057
Expenditure			
Staff costs	7	3,844,507	4,236,833
Other operating expenses	6	1,038,960	1,250,050
Depreciation		176,414	184,842
Interest and other finance costs		18,725	9,720
Total expenditure		5,078,606	5,681,445
Surplus/(Deficit) before other gains and losses		1,208,219	(37,388)
Actuarial (losses) in respect of pension scheme	15	(1,105,000)	(463,000)
Impairment loss		-	(122,639)
Total comprehensive income for the year		103,219	(623,027)
Represented by:			
Unrestricted comprehensive income for the year		103,219	(623,027)

Statement of changes in reserves
for the year ending 31 July 2020

Balance at 31 July 2018	£ 1,515,497
Deficit from the income and expenditure account	(37,388)
Other comprehensive income	(585,639)
	<hr/>
Balance at 31 July 2019	892,470
Surplus from the income and expenditure account	1,208,219
Other comprehensive income	(1,105,000)
	<hr/>
Balance at 31 July 2020	995,689
	<hr/> <hr/>

Balance sheet
at 31 July 2020

	Note	£	2020 £	£	2019 £
Non-current assets					
Fixed assets	10		3,653,298		3,836,896
Current assets					
Debtors	11	197,160		146,917	
Cash at bank and in hand		3,325,939		1,701,517	
			<u>3,523,099</u>	<u>1,850,434</u>	
Creditors					
Amounts falling due within one year	12	(1,032,131)		(951,359)	
				<u>(951,359)</u>	
Net current assets			2,490,968		899,075
Creditors: amounts falling due after more than one year	13		(3,041,577)		(3,028,501)
Net pension liability	15		(2,107,000)		(815,000)
			<u>995,689</u>		<u>892,470</u>
Net assets			995,689		892,470
Reserves					
Unrestricted reserves			995,689		892,470

The notes on pages 18 to 31 form part of these financial statements.

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 of Trustees on 26 March 2021 and signed on its behalf by Andrew MG Campbell and Martin Jones

Name: Andrew MG Campbell

Name: Martin Jones

Statement of cash flows
for the year ended 31 July 2020

	Note	2020 £	2019 as restated £
Net cash provided by/(used in) operating activities	20	1,626,322	733,442
Cash flows from investing activities			
Interest received		9,000	7,145
Payments to purchase fixed assets	10	(81,816)	(130,953)
Proceeds from sale of assets		89,000	-
Net cash provided by/(used in) investing activities		16,184	(123,808)
Cash flows from investing activities:			
Bank loans repaid		(15,105)	(21,538)
Interest paid		(2,979)	(2,745)
Net cash provided by/(used in) financing activities		(18,084)	(24,283)
Change in cash and cash equivalents in the year		1,624,422	585,351
Cash and cash equivalents at 1 August 2019		1,701,517	1,116,166
Cash and cash equivalents carried forward		3,325,939	1,701,517

Analysis of net debt
for the year ended 31 July 2020

Analysis of net debt

	At 1 August 2019	Cash flows	At 31 July 2020
	£	£	£
Cash at bank and in hand	1,701,517	1,624,422	3,325,939
Debt due within 1 year	(15,105)	15,105	-
	<hr/>	<hr/>	<hr/>
	1,686,412	1,639,527	3,325,939
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements for the year ended 31 July 2020

1. Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019) and in accordance with Financial Reporting Standard 102 — "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019) and in accordance with Financial Reporting Standards FRS 102 and the Companies Act 2006. The accounts are presented in £s sterling and rounded to the nearest £1.

Going concern

The directors have prepared the financial statements on a going concern basis notwithstanding the uncertainties caused by the COVID-19 virus. The directors have prepared cashflow forecasts for a period beyond 12 months from the date of approval of these financial statements which indicate that taking into account reasonably possible downturns, the College will have sufficient funds through its operating cashflows and cash reserves to meet its liabilities as they fall due for that period. On this basis the Board of Management considers 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.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

The recurrent grant from SFC represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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 capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

2 Accounting policies

a) Fixed assets and depreciation

• **Land and buildings**

Fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its useful life.

Freehold Buildings are depreciated over their expected useful life to the College of 50 years.

• **Equipment**

Equipment costing less than £2,500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All equipment is depreciated over its useful economic life as follows:

Tenants improvements – Oban	3% Straight Line
Tenants Improvements - Other	Straight line over the lease term ranging from 20 years to 33.3 years
Fixtures, Fittings and Equipment	10% Straight Line
Plant and Equipment	10% Straight Line
Motor Vehicles	20% Straight Line
Library Books and Software	20% Straight Line
Capitalised Hand Tools	25% Straight Line
Computing Equipment	33% Straight Line

b) Operating leases

Rentals paid under operating leases are charged to the statement of financial activities. The obligation to pay future rentals on operating leases is shown by way of a note to the Accounts.

c) Pension scheme

Support staff may join the Strathclyde Pension Fund (SPF), which is administered by Glasgow City Council and which requires contributions to be made to its number 1 fund. This is a defined benefit scheme that is externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the scheme are charged to the SOFA so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of periodic valuations.

The College operates a defined contribution scheme for other eligible staff. The assets of the scheme are administered by Trustees in a fund independent from those of the college. The pension costs charged against profits represent the amount of employer's contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

2 Accounting policies (continued)

d) Taxation

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 within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

The College receives no further exemption in respect of Value Added Tax.

e) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of trade discounts due.

f) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

g) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discount.

h) 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.

3 Scottish Funding Council grants

	2020	2019
	Total	Total
	£	£
Scottish Funding Council Recurrent Grant	4,132,379	3,616,214

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

4 Other operating income	2020	2019
	Total	Total
	£	£
Nursery income	153,095	205,001
Rental income	3,959	2,875
Facilities hire	2,314	4,797
Vending machine income	1,114	2,236
Hairdressing income	6,915	11,073
Catering income	5,670	12,563
Feed-In tariff	8,271	6,240
Other income	1,713	95,465
	183,051	340,250
	183,051	340,250
5 Tuition fees and education contracts	2020	2019
	Total	Total
	£	£
Further Education – Student fees	93,577	109,933
Higher Education – Student fees	50,703	33,728
SAAS income	278,469	276,378
ILA income	6,471	10,581
Government programmes	293,266	228,576
Bursary income	63,133	73,701
Other PPE reimbursement	-	10,355
Other grants	59,231	129,138
	844,850	872,390
	844,850	872,390
6 Analysis of other operating expenses	2020	2019
	£	£
Payments to awarding bodies	77,389	287,923
Property costs	406,851	605,333
Company vehicle costs	16,822	74,635
Office costs	97,606	145,928
Professional fees	52,444	27,321
Payments to/from students	39,869	27,940
Governance costs	1,060	1,839
Other expenses	346,919	79,131
	1,038,960	1,250,050
	1,038,960	1,250,050

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

6 Analysis of other operating expenses (continued)

	2020 £	2019 £
Other operating expenses include:		
External auditors' remuneration - audit fees	10,830	4,850
External auditors' remuneration - non audit services	-	2,040
Internal audit fees	8,966	1,278
Operating lease payments	151,596	151,348
	<u> </u>	<u> </u>

7 Staff costs

	2020 £	2019 £
Wages and salaries	2,857,529	3,212,025
Social security costs	203,871	272,522
Other pension costs	470,118	393,404
Other costs	133,478	109,882
	<u> </u>	<u> </u>
	3,664,996	3,987,833
<u>Exceptional staff costs:</u>		
Redundancy payments	11,511	-
FRS102 adjustment	168,000	249,000
	<u> </u>	<u> </u>
	3,844,507	4,236,833
	<u> </u>	<u> </u>
Analysed as:		
	£000	£000
Administrative & central services	763	549
Premises	300	383
Research grants and contracts	62	70
Academic Teaching	398	425
Academic Services	1,927	2,287
Catering staff/other	215	274
	<u> </u>	<u> </u>
	3,665	3,988
	<u> </u>	<u> </u>

The average monthly number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	2020 No.	2019 No.
Teaching	43	50
Other staff	48	47
	<u> </u>	<u> </u>
	91	97
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
for the year ended 31 July 2020

8 Senior post-holders' emoluments

Number of high paid staff (including the Principal) who received emoluments including benefits in kind and excluding pension contributions for the year ended:

	2020		2019	
	Senior Post-Holders	Other Staff	Senior Post-Holders	Other Staff
	No.	No.	No.	No.
£70,000 - £79,999	1	-	-	-
	=====	=====	=====	=====
			2020	2019
			£	£
Senior post-holder emoluments				
Principal's emoluments – Fraser Durie				
Salary			-	21,653
Pension			-	4,677
Employer's NI			-	2,697
			-----	-----
			-	29,027
			=====	=====
Senior post-holder emoluments				
Principal's emoluments – Martin Jones				
Salary			70,944	52,038
Pension			15,324	11,240
Employer's NI			8,592	6,300
			-----	-----
			94,680	69,578
			=====	=====

The total remuneration for the senior management team as noted on page 1 of these accounts was £220,800 (2018/19 - £223,387).

9 Trustees' remuneration and related party transactions

The Board of Management received £81 (2019 - £3,683) in the year for reimbursement of travel expenses.

Amber Crowley and Faye Tudor are salaried employees of the College but received no remuneration in respect of their role as director.

During the year the College transacted with Argyll and Bute Council of which £1,266 (2019 - £11,340) was due from Argyll and Bute Council and £Nil (2019 - £17,136) was due to Argyll and Bute Council. During the year, the College made purchases of £66,979 (2019 - £54,673) and sales of £17,045 (2019 - £38,591) excluding pre-5 Nursery funding. James Findlay is a councilor on Argyll & Bute Council.

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

9 Trustees' remuneration and related party transactions *(continued)*

During the year, the College transacted with West Highland Housing Association of which £Nil (2019 - £nil) was due to West Highland Housing Association. During the year, the College made purchases of £9,585 (2019 - £10,412). Lesley McInnes is Chief Executive of West Highland Housing Association.

Argyll College UHI Limited is a constituent partner of the University of the Highlands and Islands (UHI). During the year the College transacted with UHI of which £122 (2019 - £4,646) was due from UHI and £Nil (2019 - £9,211) was due to UHI. During the year income of £610,603 was received in relation to higher education activities, £3,948,350 was received in relation to the provision of education and costs of £37,064 was paid to UHI.

10 Fixed assets

	Leasehold improve- ments	Land & Buildings Freehold	Plant & Equipment	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2019	2,268,640	3,274,291	461,856	61,669	66,461	6,132,917
Additions	-	-	64,056	-	17,760	81,816
Disposals	-	(222,423)	(12,670)	-	-	(235,093)
At 31 July 2020	2,268,640	3,051,868	513,242	61,669	84,221	5,979,640
Depreciation						
At 1 August 2019	1,101,921	743,449	344,570	55,456	50,625	2,296,021
Charge for year	68,059	61,037	32,274	6,213	8,830	176,413
Disposals	-	(133,423)	(12,669)	-	-	(146,092)
At 31 July 2020	1,169,980	671,063	364,175	61,669	59,455	2,326,342
Net book value						
At 31 July 2020	1,098,660	2,380,805	149,067	-	24,766	3,653,298
At 1 August 2019	1,166,719	2,530,842	117,286	6,213	15,836	3,836,896

The Board of Directors took the decision that the Leasehold Properties should be reclassified as Leasehold Improvements as this more accurately reflects what these assets are.

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

11	Debtors	2020	2019
		£	£
	Trade debtors	2,521	18,282
	Prepayments and accrued income	194,639	130,635
		<u>197,160</u>	<u>148,917</u>
12	Creditors: Amounts falling due within one year	2020	2019
		£	£
	Loans	-	15,105
	Trade creditors	55,891	115,704
	Taxes and social security costs	60,266	67,017
	Other creditors	48,321	57,319
	Accruals and deferred income	628,533	553,633
	Deferred grants (note 14)	239,120	142,581
		<u>1,032,131</u>	<u>951,359</u>
13	Creditors: Amounts falling due after one year	2020	2019
		Total	Total
		£	£
	Deferred grants (note 14)	3,041,577	3,028,501
		<u>3,041,577</u>	<u>3,028,501</u>
	Loans fall due as follows:	2020	2019
		Total	Total
		£	£
	In one to two years	-	15,105
	In two to five years	-	-
	After five years	-	-
		<u>-</u>	<u>-</u>
	Loans	-	15,105
		<u>-</u>	<u>15,105</u>
14	Deferred grants	2020	2019
		£	£
	Balance as at 1 August 2019	3,171,082	3,205,860
	Income received	679,379	300,434
	Released to the Statement of Comprehensive Income	(569,764)	(335,212)
		<u>3,280,697</u>	<u>3,171,082</u>
	Balance as at 31 July 2020	<u>3,280,697</u>	<u>3,171,082</u>

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

15 Pension costs

Argyll College UHI Ltd operates three pension schemes, the Strathclyde Pension Fund (SPF), the Scottish Teachers Pension Fund (SPPA) and NEST. The total employer's pension cost for the period was as follows:

	31 July 2020 £000	31 July 2018 £000
NEST: Contributions paid	14	19
SPPA: Contributions paid	259	148
SPF scheme:		
Contributions paid	197	203
FRS102 charge	168	249
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	638	619
	<hr/>	<hr/>
Total pension cost for the year within staff costs	638	619
	<hr/> <hr/>	<hr/> <hr/>

NEST

NEST is a workplace pension scheme that has been created for auto enrolment. It is run as a trust by NEST Corporation. This means that there are no shareholders or owners and it is run for the benefit of its members. From 1 April 2019, the College pays contributions of 3% of pensionable salary for eligible employees and the employee's contribution rate is 5% of eligible salary.

SPPA – Teachers Pension

The College joined the SPPA from 1 December 2018, as part of National Bargaining. Teaching staff are eligible to join the scheme. The College pays contributions of 17.2% (increased to 23% from 1 September 2019).

Strathclyde Pension Fund (SPF)

The College's support staff belong to one principal pension scheme, the Strathclyde Pension Fund (SPF), which is of the Defined Benefit Type. The assets of the SPF scheme are held in a separate, trustee administered fund.

The total contributions made for the year ended 31 July 2020 were £279k of which employer's contributions totalled £197k and employees' contributions totalled £69k. The agreed contribution rates for future years are 21.6% for employers up until 31 March 2021 when it will increase to 29.9%, and from 5.5% up to 8.7% for employees.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 July 2020 by a qualified independent actuary.

	31 July 2020	31 July 2019
Rate of increase in salaries	3.3%	3.6%
Future pension increases	2.2%	2.4%
Discount rate for scheme liabilities	1.4%	2.1%
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

15 Pension costs *(continued)*

Commutation of pensions to lump sums – An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

Life expectancy is based on the Fund's VitaCurves, with improvements in line with the CMI 2018 with an allowance for smoothing of recent mortality experience long term rates of 1.5% per annum for males and 1.25% per annum for females. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	At 31 July 2020	At 31 July 2019
Current pensioners		
- Males	20.7	20.7
- Females	22.9	22.9
Future pensioners		
- Males	22.2	22.2
- Females	24.6	24.6
-	<u> </u>	<u> </u>

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were as follows. The expected rate of return is set equal to the discount rate as per FRS102 disclosure requirements.

	Estimated split of assets at 31 July 2020	Fair value at 31 July 2020 £'000	Estimated split of assets at 31 July 2019	Fair value at 31 July 2019 £'000
Equities	63%	4,007	65%	4,110
Bonds	25%	1,590	24%	1,518
Property	11%	699	10%	632
Other	1%	64	1%	63
		<u> </u>		<u> </u>
Total fair value of plan assets		6,360		6,323
Weighted average expected long term rate of return		21%		21%
Actual return on plan assets		(287)		281
		<u> </u>		<u> </u>

The amount included in the balance sheet in respect of the defined benefit pension plan enhanced pensions benefits is as follows:

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Fair value of plan assets	6,360	6,323
Present value of plan liabilities	(8,467)	(7,138)
	<u> </u>	<u> </u>
Net pensions liability	(2,107)	(815)
	<u> </u>	<u> </u>

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

15 Pension costs *(continued)*

Amounts recognised in the Statement of Financial Activities in respect of the plan are as follows:

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	447	365
Past service cost	(68)	88
	<hr/>	<hr/>
Total	379	453
	<hr/> <hr/>	<hr/> <hr/>
Amounts included in interest payable		
Net interest cost / (income)	19	6
	<hr/>	<hr/>
Total	19	6
	<hr/> <hr/>	<hr/> <hr/>
Amounts recognised in other gains and losses		
Return on pension plan assets	287	281
Experience gains and losses on liabilities	-	-
Changes in assumptions underlying the present value of plan liabilities	818	(744)
	<hr/>	<hr/>
Amounts recognised in other gains and losses	1,105	463
	<hr/> <hr/>	<hr/> <hr/>
Movement in net defined (liability)		
	2020 £'000	2019 £'000
Net defined liability in scheme at 1 August	(815)	(97)
Movement in year:		
Current service cost	(447)	(365)
Past service cost	(68)	(88)
Employer contributions	211	204
Net interest on the defined liability	(19)	(6)
Actuarial gain/(loss)	(1,105)	(463)
	<hr/>	<hr/>
Net defined liability at 31 July	(2,107)	(815)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

15 Pension costs *(continued)*

Asset and liability reconciliation

	2020 £'000	2019 £'000
<u>Changes in the present value of defined benefit obligations</u>		
Defined benefit obligations at start of year	7,138	5,806
Current service cost	447	365
Past service cost	(68)	88
Interest cost	154	168
Contribution by scheme participants	69	67
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	851	1,031
Changes on demographic assumptions	-	(287)
Other experience	(33)	-
Estimated benefits paid	(91)	(100)
	<hr/>	<hr/>
Closing defined benefit obligation	8,467	7,138
	<hr/> <hr/>	<hr/> <hr/>

Changes in fair value of plan assets

	2020 £'000	2019 £'000
Fair value of plan assets at start of year	6,323	5,709
Interest on plan assets	135	162
Return on plan assets	(287)	281
Employer contributions	211	204
Contributions by scheme participants	69	67
Estimated benefits paid	(91)	(100)
	<hr/>	<hr/>
Closing fair value of employer assets	6,360	6,323
	<hr/> <hr/>	<hr/> <hr/>

16 Capital commitments

At the end of the year there were capital commitments amounting to £132,969 for alterations and improvements to property in Islay, CERC and Lochgilphead centres.

17 Lease commitments

At 31 July 2020 the College had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Property 2020 £	Equipment 2020 £	Total 2020 £	Total 2019 £
Within one year	16,131	84,779	100,910	90,567
Within two to five years	110,747	66,817	177,564	208,837
Over five years	193,551	-	193,551	207,297
	<hr/>	<hr/>	<hr/>	<hr/>
	320,429	151,596	472,025	506,701
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

18 Contingent liability

There are no known matters of contingent liability and consequently no financial provision has been made in these financial statements.

19 Post-balance sheet events

There are no post balance sheet events to note.

20 Reconciliation of net income to net cash from operating activities

	2020	2019
	£	<i>as restated</i>
		£
Net movements in funds before other recognised gains and losses	1,208,219	(37,388)
Adjustments for:		
Interest received	(9,000)	(7,145)
Interest paid	2,979	2,745
Deferred capital grants released	(366,681)	(126,188)
Depreciation charges	176,414	184,842
Net cost of defined benefit pension	187,000	255,000
(Increase) / decrease in debtors	(48,242)	7,132
Increase / (Decrease) in creditors	475,633	454,444
	<hr/>	<hr/>
Net cash (used)/provided by operating activities	1,626,322	733,442
	<hr/> <hr/>	<hr/> <hr/>

21 Financial instruments

	Total	Total
	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	146,130	119,986
Carrying amount of financial liabilities		
Measured at amortised cost	791,530	674,876
	<hr/>	<hr/>
	937,660	794,862
	<hr/> <hr/>	<hr/> <hr/>

Financial assets are debt instruments measured at amortised cost comprising trade debtors and accrued income.

Financial liabilities measured at amortised cost comprises trade creditors, accruals, and other creditors.

22 Restatement of comparatives

The comparative figures in the Statement of cashflows and note 20 'Reconciliation of net income to net cash from operating activities' have been disaggregated and restated to allow for comparability with the current year values and to improve the understandability of the financial statements. This adjustment is entirely presentational, there is no impact on the reserves brought forward.