

Argyll College UHI Limited
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 July 2023

Registered Number SC172157

Scottish Charity Number SC026685

Contents

	Page
Legal and administrative information	1
Report of the trustees' and strategic report	2 – 8
Statement of Corporate Governance and internal Control	9 – 12
Statement of Directors responsibilities	13
Independent auditor's report	14 - 18
Statement of comprehensive income	19
Statement of changes in reserves	20
Balance sheet	21
Statement of cash flows	22
Analysis of net debt	23
Notes to the financial statements	24 - 37

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:	<table><tr><td>Martin Jones</td><td>(Principal)</td></tr><tr><td>Rosemary Allford</td><td>(Chair)</td></tr><tr><td>Maggie Tierney</td><td>(Vice Chair)</td></tr><tr><td>Tony Dalgaty</td><td>(resigned 10/12/22)</td></tr><tr><td>Elodie Nowinski</td><td></td></tr><tr><td>Bettina Sizeland</td><td></td></tr><tr><td>Vicky Gunn</td><td>(appointed 09/06/23)</td></tr><tr><td>Tom Walsh</td><td></td></tr><tr><td>David Clayton</td><td>(resigned 17/03/23)</td></tr><tr><td>Paul Graham</td><td>(resigned 09/06/23)</td></tr><tr><td>Ahren Armstrong</td><td>(appointed 24/11/22)</td></tr><tr><td>Heather Stevenson</td><td></td></tr><tr><td>Andrew Farina</td><td></td></tr><tr><td>Chris Wolfe</td><td></td></tr><tr><td>Jim Findlay</td><td>(resigned 06/11/22)</td></tr></table>			Martin Jones	(Principal)	Rosemary Allford	(Chair)	Maggie Tierney	(Vice Chair)	Tony Dalgaty	(resigned 10/12/22)	Elodie Nowinski		Bettina Sizeland		Vicky Gunn	(appointed 09/06/23)	Tom Walsh		David Clayton	(resigned 17/03/23)	Paul Graham	(resigned 09/06/23)	Ahren Armstrong	(appointed 24/11/22)	Heather Stevenson		Andrew Farina		Chris Wolfe		Jim Findlay	(resigned 06/11/22)
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Secretary	Ailsa Close																																
Senior management team	<table><tr><td>Martin Jones</td><td>Principal</td></tr><tr><td>Elaine Munro</td><td>Depute Principal</td></tr><tr><td>Ailsa Close</td><td>Finance Director</td></tr></table>			Martin Jones	Principal	Elaine Munro	Depute Principal	Ailsa Close	Finance Director																								
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Ailsa Close	Finance Director																																
External auditors	Armstrong Watson Audit Limited 1 st Floor, 24 Blythswood Square Glasgow G2 4BG																																
Internal auditors	Henderson Loggie LLP, Chartered Accountants The Vision Building, 20 Greenmarket Dundee, DD1 4QB																																
Bankers	Bank of Scotland 78 Argyll Street Dunoon PA23 7NH																																

Report of the trustees and strategic report *for the year ended 31 July 2023*

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 2023.

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 31 July 2023.

Our Vision and Mission

Argyll College UHI 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 and other 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 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 objectives.

COVID, Brexit, and Inflationary pressures

In August 2022, students and staff were welcomed back into our centres as Covid restrictions were relaxed and, finally, removed. Staff who wished to could apply for hybrid working, though from April 2023, all staff were asked to return to centres. Students too were asked to be back in centres and were to make formal requests for home study rather than just decide to continue to study from home. The return to centres was, however, limited in 22/23 academic year. But whilst reticence to return to 'normal' forms of study and interaction may be understandable, statistics for early withdrawal was very high at 30%, meaning that student success KPI was badly affected. There could be any number of reasons for this, but the majority of our staff feel that it is due to a lack of socialisation of our students, and have been keen to get students back in centres, where they are visible. This means the pastoral care that the college is always lauded for by HMIE can be provided as it is more likely that both teaching and support staff can see a student is struggling or just not attending classes. It is felt that without this, students who could have been assisted through their courses have left before any intervention could be carried out. Given the poor statistics for student achievement in 22/23, and very disappointing recruitment figures for many of our courses for 23/24, the decision was taken that all staff and students should be in centres and that exceptions would only be made through a formal process. Whilst there is not a 100% achievement of this to date, it is being very strongly encouraged.

Report of the trustees and strategic report (cont'd) **for the year ended 31 July 2023**

There is however an awareness that if the student performance and success stats are not substantially different at the end of the 23/24 academic year, then the modus operandi of Argyll College UHI as a whole will require further scrutiny and analysis.

The effects of Brexit are yet to be fully felt by the college, grant funding from European sources has not been a significant part of our funding in the past few years.

Inflationary pressures are having a significant effect on all costs of the college and it is expected that future years will be badly affected as income from SFC is forecast to remain at static levels.

Achievements & Performance

In 2022/23, the College exceeded its FE Credit target of 7,000. We achieved a total of 7,062 (2022 – 6,460). In 2022/23, the HE target was 215 FTEs, slightly down from a target of 217 FTEs in 2021/22. Our actual final HE FTE value for the year was 184.3 (2021 - 219). In addition to this, funded outwith the RAM, there were 14 PGDE teacher education students (2021/22 - 13), studying primary teaching and secondary teaching, and 2 Early Education and Childcare Graduate Apprentices (2021/22 – 5).

In the year, in FE we taught 2,218 (headcount) (2022 – 2,029) or 505 (2022 – 462) FTE students. In HE, we taught 286 (2022 - 334) (headcount) or 129 (2022 – 175) FTE students.

Whilst the HE numbers were disappointing, this appears to be a trend for a number of UHI partners at present. The achievement of the FE target for this year was not without difficulties, but the Curriculum Team now in post for over a year have been tasked with ensuring robust plans are in place for achievement of this target to be less challenging in future.

In September 2023, we held the Argyll College graduation in Queens Hall Dunoon for the second time. Again, the work and attention to detail of our marketing team made this a day that puts the focus entirely on our students and the recognition of their achievements during the year/s of their studies, including those members of our own teaching staff who undertook their TQFE in the year. It was lovely to for all staff present to celebrate with those colleagues who chose to graduate in person.

Our Curriculum Management Team at present consists of 4 full-time Curriculum leads, and is headed up by our Head of Curriculum who has reverted to management of this team following a period as project manager for the proposed Marine Industry Training Centre (MITC),

The Principal is now heading up the MITC project, with considerable assistance from Highlands and Islands Enterprise, and its development continues, albeit slowly. This project is ultimately to be funded through the Argyll & Bute Rural Growth Deal. There is also funding set aside from this fund for premises in Dunoon. Discussions are ongoing regarding how these can be utilised most effectively, but a proposal to use part of the Queens Hall as teaching space for the college will not now be taken forward owing to change in circumstances for Live Argyll which manages the building.

During the year, HE art courses in Lochgilphead were discontinued owing to a trend over a number of years of falling recruitment to these courses. This was very disappointing. Hospitality courses were also not run in 2022/23 for the same reason, but the need for something industry focussed to replace these is recognised, and our Curriculum Lead for this area has been tasked with developing relevant and desirable alternatives with the focus group of employers from this sector. This group was set up by the college during the year as a follow up to market research undertaken. This research was funded from the Community Regeneration Fund which was administered by Argyll & Bute Council.

Report of the trustees and strategic report (cont'd) ***for the year ended 31 July 2023***

The Board would like to acknowledge the achievement of all of our staff in continuing to provide the services they have to all of our students, and our students for achieving their qualifications during the year.

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.

	2022-23 £'000	2021-22 £'000
Surplus/(deficit) before other gains and losses	162	377
Add back:		
Exceptional non-restructuring costs – impairment	-	181
Pension Adjustment – Net service cost	24	322
Pension Adjustment – Net interest cost	(52)	27
Adjusted operating surplus/(deficit)	134	907

Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2023*

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 £274k in the year to 31st July 2023 compared with a net cash inflow of £415k in the prior year.

Liquidity

The College had cash balances of £5,680k at the year end, compared with net cash balances of £5,406k at the end of 2022.

Creditor Payment Policy

The College aims to pay its suppliers within 30 days.

The College's average creditor payment period has remained at 14 days in 2022/23. Trade Creditors were £186,549 at 31st July 2023 compared with £187,132 at 31st July 2022. The College did not pay any interest during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

Future Developments

The College continues to emphasise the need for its built environment to be improved, with Dunoon remaining a priority for a new centre. Over the summer months, the heating system in Oban has been replaced at a cost of around £800k, and refurbishment of the Helensburgh Centre has begun which will be funded mostly from grants received from UHI's Strategic Investment Fund. The decision was also taken to purchase a modular building which will be the hairdressing training salon in Dunoon, and this will be sited in the Dunoon Centre car park, allowing students and staff to be more involved with colleagues/students already based there.

With additional curriculum management now in place, we look forward to seeing the curriculum developed, improved and adapted to attract those wishing to undertake FE and HE learning in Argyll, Bute and Arran, and to the needs of employers in these areas.

Outcomes from job evaluation for all our support staff in line with national bargaining agreements remains in progress. This is a situation currently in the hands of Colleges Employers Scotland, and whilst it was hoped to see this process concluded in 22/23, that has not happened. However, this is not a situation within our control.

We continue to work collaboratively with some of our UHI partners despite a number of challenges, and we remain keen to develop this further in future years.

Report of the trustees and strategic report (cont'd) for the year ended 31 July 2023

Principal Risk & uncertainties

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

- Flat cash funding from SFC/UHI with likelihood of unfunded salary increases in future years is a major risk to the future financial sustainability of the organisation.
- Key staff replacement and cover continues to be a risk given specific areas of expertise covered by them, as duplication of skills in the area is difficult. We continue to actively work on succession plans.
- College estates not able to provide flexible response to demand for courses.
- Failure to recruit the numbers of students necessary to achieve our targets.

Trade Unions

Under the Trade Union Act 2016, Trade Union (Facility Time Publication Requirements) Regulations 2017, we have published the following on our website : Facilities Time Publication 1 April 2022 - 31 March 2023.

The following information is provided in furtherance of the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017, which took effect from 1 April 2017.

These regulations, emerging from the Trade Union Act 2016, place a requirement for employers in the public sector to publish information on facility time.

Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union Representative.

The required information is reported below.

Table 1 Relevant Union Officials

What was the total number of your employees who were relevant trade union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
3	1.53

Table 2 Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1% - 50%, c) 51% - 99%, d) 100%

Percentage of Time	Number of employees
0%	2
1-50%	1
51-99%	0
100%	0

Report of the trustees and strategic report (cont'd) for the year ended 31 July 2023

Table 3 Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

First Column	Figures
Provide the total cost of facility time	£9,870
Provide the total pay bill	£4,430,430
Provide the percentage of the total pay bill spent on facility time, calculated as (total cost of facility time/total pay bill) x 100	0.22%

Table 4 Paid trade union activities,

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours as calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period/total paid facility time hours) x 100	Total paid facility time hours - 246 Total paid activity hours – n/a Total paid duty hours - 5 % of paid facility time = 100%
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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.

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.

Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2023*

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 8 December 2023 and signed on its behalf by:

Rosemary Allford
Trustee and Chair

Martin Jones
Principal

Statement of corporate governance and internal control for the year ended 31 July 2023

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.

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
Martin Jones	05/11/2018		L,T&E, F&GP, Noms
Tony Dalgaty	08/12/2017	10/12/2022	Audit
James Findlay	24/11/2017	06/11/2022	F&GP
Andrew Farina	04/02/2022		F&GP
Chris Wolfe	04/02/2022		L,T&E
Vicky Gunn	09/06/2023		L,T&E
Tom Walsh	18/01/2022		L,T&E, Audit
Rosemary Allford	05/05/2020		L,T&E, Noms
Elodie Nowinski	05/05/2020		L,T&E, Audit
Maggie Tierney	05/05/2020		F&GP, HR&R, Noms
Bettina Sizeland	05/05/2020		F&GP
Ahren Armstrong	24/11/2022		L,T&E
David Clayton	24/11/2021	17/03/2023	Audit, HR&R
Paul Graham	24/11/2021	09/06/2023	Audit
Iain Jurgensen	24/11/2021		HR&R
Heather Stevenson	24/11/2021		HR&R

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

for the year ended 31 July 2023

Attendance at meetings

Attendance at meetings of the Board of Management of Argyll College UHI in 2022-23

Member	Board	Audit	Finance & General	Learning, teaching & engagement	HR (From Feb 2023, prev HR&R)	Remuneration
Martin Jones	100%	N/A	100%	100%	75%	N/A
Tony Dalgaty	50%	25%	N/A	N/A	N/A	N/A
James Findlay	0%	N/A	0%	N/A	N/A	N/A
Andrew Farina	100%	N/A	100%	N/A	N/A	N/A
Chris Wolfe	75%	N/A	N/A	75%	N/A	N/A
Elodie Nowinski	50%	25%	N/A	50%	N/A	N/A
David Clayton	25%	25%	N/A	N/A	N/A	N/A
Vicky Gunn	0%	25%	N/A	N/A	N/A	N/A
Maggie Tierney	100%	N/A	100%	N/A	100%	100%
Rosemary Allford	100%	N/A	25%	100%	N/A	100%
Tom Walsh	75%	100%	N/A	75%	N/A	100%
Heather Stevenson	100%	N/A	N/A	N/A	100%	100%
Paul Graham	25%	0%	N/A	N/A	N/A	N/A
Iain Jurgensen	50%	N/A	N/A	N/A	50%	N/A
Johnathan McCreadie	0%	N/A	N/A	N/A	0%	N/A
Ahren Armstrong	50%	N/A	N/A	75%	N/A	N/A
Bettina Sizeland	100%	N/A	50%	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. The system has been in place for the year under review and up to the date of approval of the financial statements.

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

for the year ended 31 July 2023

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, Audit Committee and the HR Committee. A separate Remuneration Committee has been set up and this and the Nominations Committee are 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 Committee comprises at least four non-executive members of the Board of Management. The Remuneration Committee comprises the Chair of each of the Board, F&GP, Audit and HR committees, and is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and other senior staff who fall outwith NRPA.

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, including the Principal who is a member of the board, 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.

All committee meetings have been held virtually during the year, with Board meetings being held in person, though with the option to attend virtually for those who cannot attend in person.

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 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 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.

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

for the year ended 31 July 2023

Going concern

In preparing these financial statements, the Board has 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 uncertainties caused by the current national economic issues, and other issues faced by the education sector. 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.

Approved by the order of the members of the Board on 8 December 2023 and signed on its behalf by :

Rosemary Allford
Trustee and Chair

Martin Jones
Principal

Statement of Directors Responsibilities

for the year ended 31 July 2023

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 8 December 2023 and signed on its behalf by :

Rosemary Allford
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 year ended 31 July 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 and of the Colleges' surplus 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 Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 the audit:

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Operating and Financial Review have 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 Operating and Financial Review.

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 requires 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 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.
- the Statement of Corporate Governance and Internal Control does not comply with Scottish Funding Council requirements.

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

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out on page 13, 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 are 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and knowledge of the charitable company to identify or recognise non-compliance with applicable laws and regulations.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identified relevant laws and regulations from our general commercial and sector experience and through discussions with directors and other management to assess the policies and procedures in operation with regards to compliance with laws and regulations.

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

- Have a direct effect on the determination of material amounts and disclosures in the financial statements. These included compliance with FRS 102, the Statement of Recommended Practice: Accounting for Further and Higher education 2019, the Scottish Funding Council Accounts Direction, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and relevant UK tax legislation.
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's continued ability to operate or to avoid a material penalty.

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation; and
- Enquiring of management and reviewing board minutes and other correspondence throughout the year to identify actual and potential litigation and claims.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Using analytical procedures to identify any unusual or unexpected relationships,

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries recorded on the Company's finance system to identify unusual transactions that may indicate override of controls;
- reviewed key judgements and estimates for any evidence of management bias.
- reviewed the application of accounting policies with focus on those with heightened estimation uncertainty.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation and
- enquiring of management to identify actual and potential litigation and claims.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

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

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 Auditors' 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 company's members, as a body, and the charitable company's 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

Statutory Auditor

Glasgow

Date:

Statement of comprehensive income

for the year ended 31 July 2023

	Note	Total 2023 £	Total 2022 £
Income			
SFC grants	3	4,221,452	4,014,476
UHI grants		991,365	994,839
Tuition fees and education contracts	5	927,947	1,230,155
Other operating income	4	26,686	25,162
Commercial training activity		51,105	20,896
Release of deferred capital grant		110,327	305,776
Investment income		13,907	592
Total income		6,342,789	6,591,896
Expenditure			
Staff costs	7	4,976,123	4,577,303
Other operating expenses	6	1,036,822	1,219,471
Depreciation		193,821	209,606
Impairment		-	180,762
Interest and other finance costs		(25,886)	28,081
Total expenditure		6,180,880	6,215,223
Surplus/(Deficit) before other gains and losses		161,909	376,673
Actuarial gains/(losses) in respect of pension scheme	15	(28,000)	1,880,000
Total comprehensive income for the year		133,909	2,256,673
Represented by:			
Unrestricted comprehensive income for the year		133,909	2,256,673

The notes on pages 24 to 37 form part of these financial statements.

Statement of changes in reserves

for the year ending 31 July 2023

	£
Balance at 31 July 2021	2,852,720
Surplus from the income and expenditure account	376,673
Other comprehensive income	1,880,000
	<hr/>
Balance at 31 July 2022	5,109,393
Surplus from the income and expenditure account	161,909
Other comprehensive income	(28,000)
	<hr/>
Balance at 31 July 2023	5,243,302
	<hr/>

The notes on pages 24 to 37 form part of these financial statements.

Balance sheet
at 31 July 2023

	Note	£	2023 £	£	2022 £
Non-current assets					
Fixed assets	10		3,376,974		3,430,085
Current assets					
Debtors	11	168,342		268,368	
Cash at bank and in hand		5,679,911		5,406,113	
			5,848,253	5,674,481	
Creditors					
Amounts falling due within one year	12	(1,514,961)		(1,504,836)	
Net current assets			4,333,292		4,169,645
Creditors: amounts falling due after more than one year	13		(2,466,964)		(2,490,337)
Net pension liability	15		-		-
Net assets			5,243,302		5,109,393
Reserves					
Unrestricted reserves			5,243,302		5,109,393

The notes on pages 24 to 37 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 8 December 2023 and signed on its behalf by Rosemary Allford and Martin Jones

Name: Rosemary Allford

Name: Martin Jones

Statement of cash flows
for the year ended 31 July 2023

		2023	2022
	Note	£	£
Net cash provided by/(used in) operating activities	20	400,601	663,313
Cash flows from investing activities			
Interest received		13,907	592
Payments to purchase fixed assets	10	(140,710)	(248,683)
Proceeds from sale of assets		-	-
Net cash provided by/(used in) investing activities		(126,803)	(248,091)
Cash flows from investing activities:			
Bank loans repaid		-	-
Interest paid		-	-
Net cash provided by/(used in) financing activities		-	-
Change in cash and cash equivalents in the year		273,798	415,222
Cash and cash equivalents at 1 August 2022		5,406,113	4,990,891
Cash and cash equivalents carried forward		5,679,911	5,406,113

The notes on pages 24 to 37 form part of these financial statements.

Analysis of net debt
for the year ended 31 July 2023

Analysis of net debt

	At 1 August 2022 £	Cash flows £	At 31 July 2023 £
Cash at bank and in hand	5,406,113	273,798	5,679,911
Debt due within 1 year	-	-	-
	<hr/>	<hr/>	<hr/>
	5,406,113	273,798	5,679,911
	<hr/>	<hr/>	<hr/>

The notes on pages 24 to 37 form part of these financial statements.

Notes to the financial statements

for the year ended 31 July 2023

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.

Argyll College UHI Limited is a private company, limited by guarantee, incorporated and registered in Scotland. The company's registration number is SC172157 and the registered office address is West Bay, Dunoon, PA23 7HP.

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 current national economic situation. 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 2023

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 comprehensive income. 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 SOCI 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 2023

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.

i) Accounting estimates and judgements

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the balance sheet date and the amounts reported for income and expenses during the year. These estimates will by definition, seldom equal the related actual results particularly given changes in economic conditions and the level of uncertainty regarding their duration and severity.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most important estimates and judgements are set out below.

Strathclyde Pension Fund

The costs of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant judgement.

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

3 Scottish Funding Council grants

	2023 Total £	2022 Total £
Scottish Funding Council Recurrent Grant	4,221,452	4,014,476

4 Other operating income

	2023 Total £	2022 Total £
Rental income	11,500	8,592
Facilities hire	381	662
Vending machine income	50	130
Hairdressing income	8,919	6,594
Catering income	-	16
Feed-In tariff	5,065	8,573
Other income	771	595
	26,686	25,162

5 Tuition fees and education contracts

	2023 Total £	2022 Total £
Further Education – Student fees	50,171	67,046
Higher Education – Student fees	40,295	101,802
SAAS income	259,795	283,529
ILA income	4,080	2,400
Government programmes	120,953	485,569
Bursary income	33,056	53,554
Other PPE reimbursement	1,240	4,200
Other grants	418,357	232,055
	927,947	1,230,155

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

6	Analysis of other operating expenses	2023	2022
		£	£
	Payments to awarding bodies	66,349	74,544
	Property costs	482,859	443,295
	Company vehicle costs	41,146	45,976
	Office costs	115,457	120,889
	Professional fees	67,224	55,765
	Student support payments	9,049	5,725
	Governance costs	1,210	1,137
	Bad debt provision	18,398	21,529
	Other expenses	235,130	450,611
		1,036,822	1,219,471
		2023	2022
		£	£
	Other operating expenses include:		
	External auditors' remuneration - audit fees	21,600	10,500
	Internal audit fees	8,910	8,406
	Operating lease payments	106,579	81,192

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

7 Staff costs

	2023	2022
	£	£
Wages and salaries	3,645,272	3,192,931
Social security costs	339,069	292,909
Other pension costs	866,341	699,523
Other costs	80,393	69,940
	4,931,075	4,255,303
<u>Exceptional staff costs:</u>		
Redundancy payments	21,048	-
FRS102 adjustment	24,000	322,000
	4,976,123	4,577,303
Analysed as:		
	£000	£000
Administrative & central services	1,113	890
Premises	395	337
Research grants and contracts	148	126
Academic Teaching	2,730	2,437
Academic Services	545	465
Catering staff/other	-	-
	4,931	4,255

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

	2023	2022
	No.	No.
Teaching	41	44
Other staff	43	44
	84	88

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

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:

	2023		2022	
	Senior Post-Holders	Other Staff	Senior Post-Holders	Other Staff
	No.	No.	No.	No.
£70,000 - £79,999	1	-	1	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
			2023	2022
			£	£
Senior post-holder emoluments				
Principal's emoluments – Martin Jones				
Salary			77,917	77,308
Pension			23,297	22,425
Employer's NI			9,703	9,711
			<u> </u>	<u> </u>
			110,917	109,444
			<u> </u>	<u> </u>

The total remuneration for the senior management team as noted on page 1 of these accounts was £278,985 (2021/22 - £271,868).

9 Trustees' remuneration and related party transactions

The Board of Management received £1,029 (2022 - £692) in the year for reimbursement of travel expenses.

Martin Jones, Andrew Farina and Chris Wolfe 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 & Bute Council of which £4,982 (2022 - £1,473) was due from Argyll & Bute Council and £4,909 (2022 - £116,284) was due to Argyll & Bute Council. During the year, the College made purchases of £28,970 (2022 - £12,395) and sales of £21,647 (2022 - £27,530).

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

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

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 £472 (2022 - £8,642) was due from UHI and £12,320 (2022 - £21,966) was due to UHI. During the year income of £575k was received in relation to higher education activities, £4,549k was received in relation to the provision of education and costs of £27k were paid to UHI.

10 Fixed assets

	Leasehold improve- ments	Land & Buildings Freehold	Plant & Equipment	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2022	2,405,817	3,141,670	377,093	183,178	84,221	6,191,979
Additions	45,383	75,576	19,751	-	-	140,710
Disposals	-	-	(437)	-	(28,049)	(28,486)
At 31 July 2023	2,451,200	3,217,246	396,407	183,178	56,172	6,304,203
Depreciation						
At 1 August 2022	1,489,797	795,183	262,235	137,562	77,117	2,761,894
Charge for year	61,332	64,345	24,089	40,503	3,552	193,821
Disposals	-	-	(437)	-	(28,049)	(28,486)
Impairment	-	-	-	-	-	-
At 31 July 2023	1,551,129	859,528	285,887	178,065	52,620	2,927,229
Net book value						
At 31 July 2023	900,071	2,357,718	110,520	5,113	3,552	3,376,974
At 1 August 2022	916,020	2,346,487	114,858	45,616	7,104	3,430,085

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

11	Debtors	2023	2022
		£	£
	Trade debtors	61,041	28,422
	Prepayments and accrued income	107,301	239,946
		168,342	268,368
12	Creditors: Amounts falling due within one year	2023	2022
		£	£
	Trade creditors	186,549	187,132
	Taxes and social security costs	75,734	105,408
	Other creditors	85,656	95,957
	Accruals and deferred income	829,519	751,125
	Deferred grants (note 14)	337,503	365,214
		1,514,961	1,504,836
<p>Accruals and deferred income contains £227k of accruals in respect of the expected liability in reference to the ongoing national bargaining negotiations. At the date of signing the accounts the directors have estimated this expected cost based on the best available information however, as negotiations are ongoing this is a best estimate which may differ based on the outcome of the negotiations.</p>			
13	Creditors: Amounts falling due after one year	2023	2022
		Total	Total
		£	£
	Deferred grants (note 14)	2,466,964	2,490,337
		2,466,964	2,490,337
14	Deferred grants	2023	2022
		£	£
	Balance as at 1 August 2022	2,855,551	3,159,396
	Income received	93,054	157,087
	Deferred capital grants released to the SOCI	(144,138)	(296,947)
	Other deferred grants released to the SOCI	-	(163,985)
	Balance as at 31 July 2023	2,804,467	2,855,551

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

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 2023 £000	31 July 2022 £000
NEST: Contributions paid	2	4
SPPA: Contributions paid	456	331
SPF scheme:		
Contributions paid	427	364
FRS102 charge	451	322
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	1,336	1,021
	<hr/>	<hr/>
Total pension cost for the year within staff costs	1,336	1,021
	<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 23%.

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 administrated fund.

The total contributions made for the year ended 31 July 2023 were £549k of which employer's contributions totalled £427k and employees' contributions totalled £104k. The agreed contribution rates for future years are 29.9% for employers up until 31 March 2024, 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 2023 by a qualified independent actuary.

	31 July 2023	31 July 2022
Rate of increase in salaries	3.70%	3.45%
Future pension increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

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 1.5% per annum for females. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	At 31 July 2023	At 31 July 2022
Current pensioners		
- Males	19.1	19.8
- Females	22.0	22.4
Future pensioners		
- Males	20.3	21.0
- Females	23.9	24.5

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 2023	Fair value at 31 July 2023 £'000	Estimated split of assets at 31 July 2022	Fair value at 31 July 2022 £'000
Equities	61%	5,314	60%	4,922
Bonds	27%	2,352	27%	2,214
Property	10%	871	11%	902
Other	2%	174	2%	164
Total fair value of plan assets		8,711		8,202
Weighted average expected long term rate of return		5.05%		3.50%
Actual return on plan assets		(166)		(48)

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 2023 £'000	Year ended 31 July 2022 £'000
Fair value of plan assets	8,711	8,202
Present value of plan liabilities	(5,880)	(6,696)
Unrecognised surplus	(2,831)	(1,506)
Net pensions liability	-	-

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

15 Pension costs *(continued)*

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	451	686
Past service cost	-	-
	<hr/>	<hr/>
Total	451	686
	<hr/>	<hr/>
Amounts included in interest payable		
Net interest cost / (income)	(52)	27
	<hr/>	<hr/>
Total	(52)	27
	<hr/>	<hr/>

Amounts recognised in other gains and losses

Return on pension plan assets	(166)	(48)
Experience gains and losses on liabilities	(436)	(20)
Changes in assumptions underlying the present value of plan liabilities	1,899	3,454
Impact of asset ceiling	(1,325)	(1,506)
	<hr/>	<hr/>
Amounts recognised in other gains and losses	(28)	1,880
	<hr/>	<hr/>

Movement in net defined (liability)

	2023 £'000	2022 £'000
Net defined liability in scheme at 1 August 2022	-	(1,531)
Movement in year:		
Current service cost	(451)	(686)
Past service cost	-	-
Employer contributions	427	364
Net interest on the defined liability	52	(27)
Actuarial gain/(loss)	1,297	3,386
Actuarial loss on asset ceiling	(1,325)	(1,506)
	<hr/>	<hr/>
Net defined liability at 31 July 2023	-	-
	<hr/>	<hr/>

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

15 Pension costs *(continued)*

Asset and liability reconciliation	2023	2022
	£'000	£'000
<u>Changes in the present value of defined benefit obligations</u>		
Defined benefit obligations at start of year	6,696	9,362
Current service cost	451	686
Past service cost	-	-
Interest cost	241	155
Contribution by scheme participants	104	85
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	(1,807)	(3,419)
Changes on demographic assumptions	(92)	(35)
Other experience	436	20
Estimated benefits paid	(149)	(158)
	<hr/>	<hr/>
Closing defined benefit obligation	5,880	6,696
	<hr/>	<hr/>
<u>Changes in fair value of plan assets</u>		
	2023	2022
	£'000	£'000
Fair value of plan assets at start of year	8,202	7,831
Interest on plan assets	293	128
Return on plan assets	(166)	(48)
Employer contributions	427	364
Other experience	-	-
Contributions by scheme participants	104	85
Estimated benefits paid	(149)	(158)
	<hr/>	<hr/>
Closing fair value of employer assets	8,711	8,202
	<hr/>	<hr/>

16 Capital commitments

At the end of the year there were capital commitments amounting to £658k for a new heating system in Oban centre and £271k for refurbishment of the Helensburgh Centre. These are contractual commitments.

17 Lease commitments

At 31 July 2023 the College had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Property	Equipment	Total	Total
	2023	2023	2023	2022
	£	£	£	£
Within one year	39,897	29,557	69,454	54,672
Within two to five years	141,087	315	141,402	184,339
Over five years	108,950	-	108,950	174,972
	<hr/>	<hr/>	<hr/>	<hr/>
	289,934	29,872	319,806	413,983

Notes to the financial statements *(continued)*
for the year ended 31 July 2023

At 31 July 2023 the College had future minimum lease receipts under non-cancellable operating leases for each of the following periods:

	Property 2023 £	Equipment 2023 £	Total 2023 £	Total 2022 £
Within one year	6,000	-	6,000	6,000
Within two to five years	24,000	-	24,000	24,000
Over five years	24,000	-	24,000	24,000
	54,000	-	54,000	54,000

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

	2023 £	2022 £
Net movements in funds before other recognised gains and losses	161,909	376,673
Adjustments for:		
Interest received	(13,907)	(592)
Interest paid	-	-
Deferred capital grants released	(110,327)	(305,776)
Depreciation charges	193,821	209,606
Impairment charges	-	180,762
Net cost of defined benefit pension	(28,000)	349,000
(Increase) / decrease in debtors	100,026	(93,458)
Increase / (Decrease) in creditors	97,079	(52,902)
Net cash (used)/provided by operating activities	400,601	663,313

21 Financial instruments

	Total 2023 £	Total 2022 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	106,753	242,903
Carrying amount of financial liabilities		
Measured at amortised cost,	(1,248,692)	(1,139,623)
	(1,141,939)	(896,720)

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.