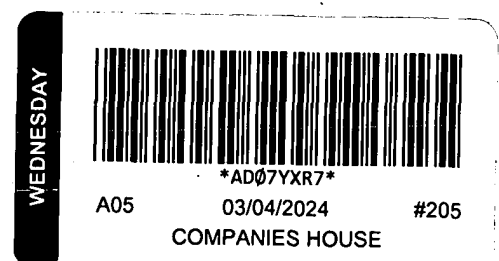


Charity number: SC024193
Company number: SC153921

West Highland College UHI
(A company limited by guarantee)

Directors' report and financial statements
for the year ended 31 July 2023



West Highland College UHI
(A company limited by guarantee)

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West Highland College UHI
(A company limited by guarantee)

Legal and administrative information

Charity number SC024193
Company registration number SC153921

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

Directors	Derek Lewis - Joint Chair	Appointed 27 March 2020
	Lydia Rohmer	Resigned 14 December 2022
	Sue Macfarlane	Appointed 10 January 2023
		Resigned 1 August 2023
	Duncan Ferguson	Resigned 7 October 2023
	Robert Kelly	Resigned 13 December 2022
	Lisa McAndrew	Resigned 22 August 2022
	Nigel Patterson	Resigned 1 August 2023
	Alan Sears	Resigned 7 October 2023
	Charles McCrinmon	Appointed 27 March 2019
	Neil Hope - Joint Chair	Appointed 24 June 2020
		Appointed Joint Chair
		25 January 2023
	Carol Andrea Nollent	Appointed 17 January 2022
	John Douglas MacDiarmid	Appointed 21 January 2022
	Charlotte Christine Wright	Appointed 21 January 2022
	Shannon Drew Maccallum	Appointed 15 August 2022
		Resigned 1 August 2023
Secretary	Paula Watson	Resigned 4 November 2022
	Gavin Teasdale	Appointed 9 November 2022
		Resigned 30 March 2023
	Derek Bond	Appointed 15 April 2023
Chief Executive	Lydia Rohmer to 14 December 2022	
	Sue Macfarlane from 10 January 2023 to 31 July 2023	

West Highland College UHI
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Legal and administrative information

External Auditors

Armstrong Watson Audit Limited
Accountants, Business & Financial Advisers
1st Floor
24 Blythswood Square
Glasgow
G2 4BG

Internal Auditors

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

Solicitors

McIntyre & Company
38 High Street
Fort William
PH33 6AT

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report) for the year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW

The Board of Management of West Highland College UHI present their report and the audited financial statements for the year ended 31 July 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 SC024193. Following implementation of the Post-16 Scotland Education Act 2013, the College is now an 'assigned college' to the University of the Highlands and Islands (UHI) as the Regional Strategic Body (RSB) for further and higher education in the Highlands and Islands region. UHI assumed formal RSB status on 1 April 2015, and is now the fundable body for the region, distributing further and higher education funds to its assigned colleges.

Scope of the Financial Statements

The financial statements cover all activities of West Highland College UHI, including the Statement of Comprehensive Income for the year ended 31st July 2023.

Strategic Plan

In July 2023 the Board of Management made the strategic decision to proceed with the merger of the College with UHI North Highland and UHI Outer Hebrides. This merger was completed on 1 August 2023 bringing together the three colleges to form a new college, UHI North, West and Hebrides, within the University of the Highlands and Islands partnership. All assets and liabilities of the College were transferred to UHI North, West and Hebrides on 1 August 2023, and the College ceased all trading from that date. As a result, the financial statements have been prepared on a non-going concern basis. The following Vision, Mission and Values of West Highland College UHI will be carried forward into UHI North, West and Hebrides.

Vision

To be the education provider of choice, delivering leadership and excellence in learning, training and support for all.

Mission

To drive positive change for the development and prospects of our region, as an anchor institution for our people, and our communities.

Values

In the delivery of our mission, we will be:

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

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report) for the year ended 31 July 2023

Strategic Report for the year ended 31st July 2023

Teaching & Curriculum

In 2022/23 the College Further Education (FE) activity was delivering 7,760 credits (7,910 credits in 2021/22), which exceeded its total target of 7,600 FE credits by 160 credits. Part-time student recruitment remains high and the demand for work-based learning is higher than the number of MA places that are awarded to the college and the region. Within the overall FE target, there was a shortfall in delivering Foundation Apprenticeship (FA) credits of 87.7 credits.

The Higher Education (HE) target was 261 FTE and the college delivered 219.8 FTE (252.1 in 2021/22). The HE target was not met mainly due to HNC and HND courses not recruiting students as expected. Although there was a slight increase in FE full time student enrolments, full time recruitment in both FE and HE has not regained pre-COVID and pre-BREXIT figures. Skills Development Scotland school leaver figures show that almost half (48%) of pupils in the West Highland area left school and went directly into employment. This is 3.4% higher than the Highland region figure and significantly higher than the national figure.

Employment remains buoyant across the West Highlands and has impacted significantly on full-time student recruitment figures and student retention. The further education full time student withdrawal rate was much higher in 2022/23 than in previous years. Most students who withdrew from their courses cited gaining employment / increase in working hours and mental health issues as reasons for withdrawal. The college is expanding its capacity for PhD supervision. The Centre for Recreation and Tourism Research Director was recently awarded Associate Professor and he currently supports two PhD candidates.

Students continued to be well supported by the College by all staff and through key student support services, including initiatives such as Green Week, the national Brit Challenge and Freetail Therapy. There is an evidence-based need for continued SFC counselling funding due to the high number of mental health issues that prevail. There were 40 referrals in 2022/23, up by 14% from the previous year.

College staff share their expertise across the UHI partnership through mentoring initiatives and the Learning Teaching Academy. Staff led a session on effective digital pedagogy at the College Expo. The Education Scotland Annual Engagement Visit highlighted numerous areas of best practice and a handful of areas to improve. Education Scotland identified three areas of "highly effective practice" and the college was asked to prepare these as case studies which were sent to Education Scotland for publication. The college featured once again in the CDN reach magazine with the 50:50 employer partnership work on the highly commended Ranger and Countryside Skills course.

Commercial

Since officially opening our Advancing Manufacturing Centre in November 2021, the college has provided access to specialist advanced manufacturing equipment for Scottish businesses, primarily in the Highlands area. The Centre acted as the hub for the provision of the Advancing Manufacturing element of the West Highlands Project, part funded by European Funding, Highlands and Islands Enterprise and UHI West Highland College. The 3 year £1.4m project completed in June 2023, having surpassed all expectations. The project supported 54 SMEs with projects (target was 40), supported the introduction of 21 new to firm products (target was 17) and supported the introduction of 14 new to market products (target was 7).

The Business Development team worked with over 75 businesses, delivering a range of courses to over 500 individuals across multiple sectors. Some of our more popular courses included IOSH Managing & Working Safely, First Aid, Chain Saw, Public Licence Holder and Food Hygiene courses. The success and impact of our new 'Present Like a Pro' course is an example of the College listening to the needs of our local employers and delivering courses that meet their requirements.

Through the merger process the Business Development team have worked closely with colleagues from UHI North Highland and UHI Outer Hebrides to streamline and improve activity and efficiency improvements through best practice sharing.

Financial Review

Total income excluding release of deferred grant income reduced by £102,360 (1.5%) to £6,910,521 (2022- £7,012,881). SFC Grant Income increased by £200,445 (4.9%) partially due to payment for an over-achievement against FE target in 2021-22 (Note 2). The shortfall in HE delivery against target was substantially compensated for by a distribution by UHI of surplus grant income held-back from previous years, and this restricted the reduction in UHI Grant Income to £71,122 (7.9%). The year-on-year decrease in both FE and HE delivery resulted in a reduction of £169,231 (27%) in student fee income (Note 4). Within Other Contracts & Commercial Fee Income, there was a reduction of £170k in Foundation Apprenticeship income (Note 4). Other Operating Income includes £247,458 relating to the recharge of merger related staff and operating costs to UHI Executive office, UHI North Highland and UHI Outer Hebrides (Note 3). Research Income was down £128,985 (33.1%) with many of the larger research contracts being completed during the year.

West Highland College UHI
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Report of the directors (incorporating the Strategic Report) for the year ended 31 July 2023

Total staff costs increased by £665,298 (13.1%) to £5,749,541 (2022-£5,084,243) (Note 7). The National Pay Bargaining Award for 2022-23 has not yet been settled with the Trade Unions still in dispute with College Employers Scotland. A provision of £250,912 has been made in the accounts based on an assessment of the potential cost of the pay award once it is settled. There was an increase of £157,261 in pension costs as a direct result of support staff joining the Local Government Pension Scheme in April 2023. Additional staff costs were incurred by the College in preparing for the merger, and most of these additional costs were recouped through recharges to UHI (recharges included in Other Income).

Other Operating Costs include a provision of £141,065 that has been made in respect of a potential clawback of Advance Manufacturing Challenge Fund Grants received in 2020-2021 following an audit by the Audit Authority in 2023. Although the Board are confident that the proposed grant clawback can be successfully and significantly mitigated through an appeal process, the Board have decided to make provision for the full potential clawback in these accounts. Excluding this provision, Other Operating Costs increased by £105,747 reflecting significant inflationary increases in many areas such as utilities and the additional merger related costs. These cost increases were substantially offset by the large reduction in research activities during the year. (Note 5)

Included in Fixed Assets are Assets Under Construction relating to costs incurred in developing a project for a STEM Centre in Fort William. These costs mainly relate to planning and design fees and were incurred over a period of years from 2014, with the last substantial costs incurred in 2019. The STEM Centre proposals are included within a number of key projects brought forward to the UHI North, West and Hebrides Board from the three merging colleges that are under consideration in the development of the new college's Estates Strategy, however there is a recognition that due to the time lapse in substantive progress being made it is prudent to make an adjustment for the impairment of project costs incurred to date. The carrying value of the project costs has therefore been written down by £662,477 to £250,000, which is viewed by the Board as a fair value to be carried over into the merged college (Note 11). There was also a related release of deferred grant income totalling £341,000 to align the deferred income against the remaining balance of capitalised costs (Note 16).

The College ended the 2022/23 financial year with an accumulated Income and Expenditure Reserve surplus of £1,444,726, a reduction of £861,169 on the reserves of £2,305,895 brought forward from 2022. All assets and liabilities, including these accumulated reserves will be transferred into the new merged college on 1st August 2023.

As a fully funded body the College is required to prepare its financial statements under the historical cost convention and in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education (2019) and in accordance with Financial Reporting Standards FRS 102 and the Companies Act 2006.

The table below shows the Adjusted Operating Position which is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of the College.

	2022-23 £'000	2021-22 £'000
Surplus/(deficit) on continuing operations	(861)	369
Add back:		
- Depreciation (net of deferred capital grant release) on both government funded and privately funded assets (Notes 11 and 12)	(383)	(45)
- Exceptional non-restructuring costs – impairment of assets under construction	662	0
- Pension Adjustment – Net service cost	0	0
- Pension adjustment – Net interest cost	0	0
- Pensions adjustment – Early retirement provision	0	0
Deduct:		
- Non-government capital grants	0	0
- Exceptional income	0	0
Adjusted operating surplus/(deficit)	(582)	448

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.

West Highland College UHI
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Report of the directors (incorporating the Strategic Report) for the year ended 31 July 2023

Treasury Policies and Objectives

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

Cash Flows

The College had a net cash outflow of £364,873 in the year to 31st July 2023 compared with a net cash outflow of £686,978 in the prior year. This improved cash deficit also includes the full repayment of bank loans in July 2023 (total bank loan repaid in the year was £309,710 (2021-22 - £75,347)).

Liquidity

The College had cash balances of £338,697 at the year end, compared with net cash balances of £703,570 at the end of 2022.

Creditor Payment Policy

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

Trade Creditors were £159,150 at 31st July 2023 compared with £222,431 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 - Merger

A full business case for the merger of UHI North Highland, West Highland and Outer Hebrides (UHI North, West and Hebrides) was submitted to the Scottish Government in November 2022, following approval by the Scottish Funding Council and UHI as the Regional Strategic Body. A ten-week public consultation into the proposed merger was undertaken between 24 February and 5 May 2023, before it was approved by the Scottish Government and the necessary Scottish Statutory Instrument was laid before the Scottish Parliament on 2 June 2023, paving the way for the merger to be approved to proceed with a vesting date of 1 August 2023.

The key element of the merger business case was the benefits and efficiencies that would be possible through combining the three colleges into one entity. These benefits include consolidation and enhancement of the academic curriculum, a more focussed approach to commercial and research activities, and the opportunity to make significant cost savings through a more efficient consolidated operating structure. The economic position has deteriorated since the original merger business plan was completed, and this made the case for merger even stronger. Continued independent operation would have created a highly uncertain future with a higher funding requirement, and the merged college is in a significantly better position to address the huge challenges currently facing the college sector.

The merger was enabled by the provision of a substantial financial support package by UHI, and the business plan is based on creating a financially sustainable college that will continue to provide an essential service in the communities currently served by the three colleges.

Principle Risks & uncertainties

The board have assessed that the following continue to constitute key risks as the College moves into the new merged college:

- Sufficient funding being available through the Scottish Funding Council and UHI to support the implementation of the merger and organisational restructuring following the merger.
- Government funding being insufficient to cover the impacts of national pay bargaining and provision of a wide-ranging curriculum to support the West Highlands. Any reduction in funding level could make the college's current operations unsustainable.
- Failure to meet income generating activities.
- Failure to secure sufficient capital funding to provide necessary facilities for planned curriculum growth.
- Failure to meet planned student recruitment targets.
- Failure to realise Digital Ambition

Trade Unions

The college formally signed the National Recognitions and Procedures Agreement in November 2021 and agreed Facility Time for EIS Branch officials at the college in November 2022 which is detailed in the Local Recognitions and Procedures Agreement.

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 July 2023.

Relevant Union Officials

Number of employees who were relevant union officials during the year - 2

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Report of the directors (incorporating the Strategic Report) for the year ended 31 July 2023

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£3,453
Total pay bill	£5,749,541
Percentage of the total pay bill spent on facility time	0.06%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours - 8.5 %

Statement as to disclosure of information to auditors

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

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

Equal Opportunities Statement

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

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

West Highland College UHI believes education is a right for all and is dedicated to enhancing equality and to ensuring that there is no unfairness, nor discrimination. 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 are taken to ensure that all forms of people have the same opportunities.

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

In line with the College's commitment to equal pay, the College completes an annual gender pay gap analysis. The College has aligned its minimum wage annually with the living wage as determined by the UK Living Wage Foundation and became accredited in April 2022. The College has renewed its Investor in People accreditation achieving the gold standard. The College now joins the top 16% of organisations across the UK who have achieved this standard given only to organisations who can demonstrate excellence in commitment to supporting and developing its people, creating sustainable success and continuous improvement.

The College's policies in relation to Equalities and Diversity were published on the legacy college intranet and website. The College has reviewed its provisions in light of the Equality Act and has refreshed and published an Equality Outcomes progress report for 2021-2025.

Approved by order of the members of the Board on 11 December 2023 and signed on its behalf by:



Neil Hope
Director and Joint Chair



Lydia Rohmer
Executive Board Member

West Highland College UHI
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Corporate Governance Statement for the year ended 31 July 2023

CORPORATE GOVERNANCE STATEMENT

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

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

The Board is well informed of the national bargaining process and is broadly supportive of its aims. The College signed up to the NRPA in November 2021. Work has been completed in pursuance of meeting the support staff pension requirement with an admittance date of 1 March 2023

The Board of Management

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

		DATE OF APPOINTMENT	MAXIMUM TERM OF OFFICE	DATE OF RETIREMENT	STATUS OF APPOINTMENT	COMMITTEE MEMBERSHIP (AT SOME POINT IN THE YEAR)
Lewis	Derek	27.03.2020	8 years		Independent member, Chair	Finance & General Purposes; Performance Remuneration & Nominations; Convenor of Estates Project Group;
Ferguson	Duncan	1.07.2014	8 years Extended by Board resolution to support merger	Retired 7.10.2023	Senior Independent member	Audit; Convenor of Performance Remuneration & Nominations
Kelly	Robert	5.10.2016	8 years	Retired 13.12.2022	Independent member, Health & Safety champion	Audit; Health & Safety Champion
McAndrew	Lisa	28.03.2018	8 years	Retired 22.08.2022	Independent member	Finance & General Purposes; Estates Project Group
Patterson	Nigel	27.06.2018	4 years Extended by Board resolution to support merger	Retired 1.08.2023	Support staff member	Audit; Estates Project Group

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Corporate Governance Statement for the year ended 31 July 2023

Rohmer	Lydia	28.02.2012	Term in office	Seconded from office 14.12.2022	Principal and Chief Executive	Finance & General Purposes; Estates Project Group
Macfarlane	Sue	10.01.2023	Term in office	Retired 1.08.2023	Interim Principal and Chief Executive	Finance & General Purposes; Estates Project Group
Sears	Alan	18.12.2018	8 years	Retired 7.10.2023	Independent member	Performance Remuneration & Nominations
McCrimmon	Charles	27.03.2019	4 years		Teaching staff member	Finance & General Purposes; Performance Remuneration & Nominations
Hope	Neil	24.06.2020	8 years		Independent member, Vice Chair. Joint Chair from January 2023	Convenor of Audit until January 2023; Finance & General Purposes from January 2023
MacCallum	Shannon	15.08.2022	3 years	Retired 1.08.2023	Student member	Finance & General Purposes; Performance, Remuneration & Nominations
Nollent	Andrea	17.01.2022	8 years		Independent member	Finance & General Purposes
MacDiarmid	Douglas	17.01.2022	8 years		Independent member	Convenor Finance & General Purposes; Performance, Remuneration & Nominations
Wright	Charlotte	17.01.2022	8 years		Independent Member	Audit (Convenor from January 2023)

West Highland College UHI
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Corporate Governance Statement for the year ended 31 July 2023

Attendance at meetings

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

Board meetings

Date of Meeting	Number of independent members present	Number of executive members present*	Whether quorate
29 Sept 2022	3	3	Yes
13 Nov 2022	5	4	Yes
13 Dec 2022 & AGM	6	4	Yes
30 Mar 2023	5	3	Yes
9 June 2023	4	2	Yes
22 June 2023	6	4	Yes
26 July 2023	5	3	Yes

Audit Committee meetings

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
6 Sept 2022	3	1	Yes
22 Nov 2022	3	1	Yes
7 Mar 2023	2	1	Yes
30 May 2023	2	1	Yes

Finance & General Purposes Committee meetings

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
13 Sept 2022	2	3	Yes
22 Nov 2022	3	1	Yes
14 Mar 2023	3	2	Yes
06 Jun 2023	3	1	Yes

Performance, Remuneration & Nominations

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
20 Sept 2022	3	1	Yes

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

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Corporate Governance Statement for the year ended 31 July 2023

Board of Management Responsibilities

It is the Board of Management's responsibility to bring independent judgement to bear on issues of strategy, performance, resources, and standards of conduct. The Board of Management complies with the internal control guidance published by the Financial Reporting Council (September 2014) and has adopted the Code of Good Governance for Scotland's Colleges (August 2016).

The Board of Management is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Management meets at least four times a year; in 2022-23 it held seven meetings.

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

The Board of Management did not hold a planning day or any training sessions in 2022-23 in light of the upcoming merger and undertook a self-evaluation session in June 2023 to evaluate effectiveness and identify key messages to share with the new college post-merger. The Board is supported by an independent Secretary to the Board / Governance Professional.

The Governance Professional maintains a register of financial and personal interests of the Board members. The Register is available for inspection at the West Highland College UHI - Fort William, Cannichael Way, Fort William PH33 6FF*

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

Formal agendas, papers and reports are typically supplied to Board members in a timely manner, prior to meetings. Briefings are also provided on an ad hoc basis. In 2022-23 a number of papers were provided at short notice and the Board either confirmed they were satisfied that appropriate consideration was possible or deferred decisions to written procedure to allow sufficient time for scrutiny, review and discussion in advance of decisions being made.

The Board of Management has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Board of Management considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgment. The Board considered the implications and potential for conflict of interest where Independent Board Members were also appointed to the Transition Board as part of the merger process and additional measures were put in place to protect the independence of scrutiny and decision making.

Board members are required to self-evaluate collectively as a Board and individually as Board members annually. The self-evaluation process includes consideration of the collective effectiveness of the Board of Management and its committees, and individual reflection on their adherence to the Seven Principles of Public Life, as well as the Code of Good Governance for Scotland's Colleges. In addition, the Board has evaluated the performance of its external auditors.

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

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Corporate Governance Statement for the year ended 31 July 2023

Appointments to the Board of Management

Any new appointments to the Board of Management are a matter for the consideration of the Board of Management as a whole. The Board of Management has a Performance, Remuneration and Nominations Committee, consisting of at least three non-executive members of the Board of Management, which is responsible for the selection and nomination of any new member for the Board of Management's consideration. The Committee considered and recommended the appointment of Interim Principal and of the Joint-Chair appointed from within the existing Independent Members. The Board of Management ensures that a process is in place to provide appropriate induction training to new Board of Management members and new Board members are expected to undertake induction training. The public procedures for appointing new Board members are available from the Secretary to the Board of Management. At the AGM articles were changed to allow short term extensions for existing Members and appropriate governance arrangements for the short period leading to Merger and the requirements post-merger for a successful wind up as a Charity and Company.

Performance, Remuneration and Nominations Committee

In September 2022 the Performance Remuneration & Nominations Committee It comprises at least three non-executive members of the Board of Management, plus one of the staff members, the Chair of Board, the convenor of Finance & General Purposes Committee and the student member of the Board of Management. The committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and other senior staff as appropriate.

Audit Committee

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

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

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

The College's Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to the Audit Committee to ensure such recommendations have been implemented.

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

In light of the merger the Audit Committee also considered matters relating to governance, risk and transparency of the processes leading to merger and engagement with the UHI West Highland Board and those of the merging partners.

Finance and General Purposes Committee

The Finance and General Purposes Committee comprises not less than six members of the Board of Management, including The Chair of Board, the Principal, the teaching staff member and student member of the Board. The Committee operates in accordance with written terms of reference approved by the Board of Management. The Finance and General Purposes Committee meets a minimum of four times a year and, among other matters, recommends to the Board of Management the

West Highland College UHI
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Corporate Governance Statement for the year ended 31 July 2023

College's annual revenue and capital budgets and monitors performance in relation to approved budgets. It monitors the College's financial and business perspectives. It reviews all key financial decisions, recommends the annual budget, considers the annual accounts, and recommends for approval, oversees the system of financial control and delegated authority. It also considers any other matters relevant to the financial duties of the Board. The Committee considers all staff and employment matters as well as estates development. The latter is considered in detail by a sub-committee, the Estates Project Board. There was no requirement for the Estates Project Board to meet in 2022 to 2023.

Corporate Strategy

The Board of Management is responsible for the overall strategic development of the College and is the guardian of its vision and values. Strategic development takes place in variety of ways, with a session at least once a year reviewing the College's strategic context. In order to develop the strategic plan, the Board typically meets with the Executive Leadership Team and College stakeholders (Staff and student representatives) in a one-day event. Progress against the agreed strategic priorities in the plan is monitored by the appropriate Board committees on a regular basis. The Board reviews the key performance indicators for the College on an annual basis. In light of the forthcoming merger the Board did not hold a strategy day as future strategy became a matter for the Merger Transition Board and the Board of the merged college. The Board determined the appropriate focus was to monitor risks relating to strategy and operations and any matters arising or anticipated for the merger process through to the vesting of the new college on 1st August 2023. The Board also provided substantial input to the business plan and strategy for the new college through its direct involvement with the Merger Transition Board.

Risk Management and Internal Control

Scope of Responsibility

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

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Highland College UHI for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Board of Management has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board of Management.

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement for the year ended 31 July 2023

The Risk and Control Framework

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

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

West Highland College UHI appoints an internal audit service, which operates in accordance with the requirements of the Scottish Funding Council's mandatory requirements. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit Committee. The Internal Auditors provide the Board of Management with a report on internal audit activity within the College. These reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls, and governance processes.

Review of Effectiveness

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

The Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The Executive Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Audit Committee considers risk at each committee meeting and receives updates from management in relation to all significant risks.

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.

West Highland College UHI
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Corporate Governance Statement for the year ended 31 July 2023

Going Concern

On the 1st August 2023 the planned merger of the College with UHI North Highland and UHI Outer Hebrides completed. As a result, the College will no longer operate as a standalone entity and all the assets and liabilities were transferred to UHI North, West and Hebrides. The accounts have therefore been prepared on a non-going concern basis. No adjustments were required to write down any assets or reclassify any liabilities to current. The deferred grants will transfer over to UHI North, West and Hebrides and therefore have been presented as both current and non-current within the financial statements.

It is intended that once all statutory reporting requirements are met for the College, the legal entity West Highland College UHI will be wound up. It is expected that this will occur early in 2024.

Approved by order of the members of the Board of Management on 11 December 2023 and signed on its behalf by:



Neil Hope
Director and Joint Chair



Lydia Rohmer
Executive Board Member

West Highland College UHI
(A company limited by guarantee)

Statement of the Board of Management's Responsibilities - 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 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 same basis as if the College will continue in operation as a going concern.
On the 1st August 2023 the planned merger of the College with UHI North Highland and UHI Outer Hebrides completed. As a result, the college will no longer operate as a standalone entity and all the assets and liabilities were transferred to UHI North, West and Hebrides on 1st August 2023. Therefore, although the accounts have been prepared on a non-going concern basis, no adjustments were required to write down any assets or reclassify any liabilities to current, and the deferred grants have been presented as both current and non-current within the financial statements.

The Board of Management has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council and UHI are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with UHI and any other conditions which Scottish Funding Council or UHI may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the College and prevent and detect fraud.
- Secure the economical, efficient, and effective management of the College's resources and expenditure.

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

- Clear definitions of the responsibilities of, and the authority designated to, heads of academic and administrative departments.
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cashflow budgets.
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outcomes.
- Clearly defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Management.
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance and General Purposes Committee.

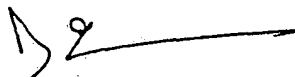
West Highland College UHI
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Statement of the Board of Management's Responsibilities - Year ended 31 July 2023

- Professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and whose head provides the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control system.

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

Approved by order of the members of the Board of Management on 11 December 2023 and signed on its behalf by:



Derek Lewis
Director and Joint Chair



Neil Hope
Director and Joint Chair

West Highland College UHI

(A company limited by guarantee)

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

Opinion

We have audited the financial statements of West Highland College UHI (the charitable company) for the year ended 31 July 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Analysis of Net Debt 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), the Statement of Recommended Practice - Accounting for further and higher education 2019 and the Accounts Direction for Scotland's Colleges 2022 - 2023.

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 College's 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.

Emphasis of matter

We draw attention to note 1.2 in the financial statements, which explains that it is the intention of the directors to wind up the entity within 12 months of the issue of these financial statements. Therefore, the directors do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Accordingly, the financial statements have been prepared on a non-going concern basis as described in note 1.2. Our opinion is not modified in respect of this matter.

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.

West Highland College UHI

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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.

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out on page 16, 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.

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.

West Highland College UHI

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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:

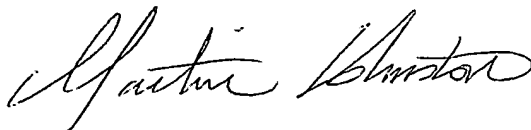
- agreeing financial statement disclosures to underlying supporting documentation and
- enquiring of management to identify actual and potential litigation and claims.

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.

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
Chartered Accountants & Statutory Auditors
Glasgow

Date: 20th December 2023

West Highland College UHI
(A company limited by guarantee)

Statement of Comprehensive Income
For the year ended 31st July 2023

		2023	2022
		£	£
	Notes		
Income			
SFC grants	2	4,427,208	4,212,088
UHI Grant		824,331	895,453
Tuition fees and education contracts	4	948,150	1,299,238
Other operating income	3	450,309	216,613
Research contract and grants		260,504	389,489
Release of deferred capital grant	19	909,519	559,650
Investment income		19	-
Total income		<u>7,820,039</u>	<u>7,572,531</u>
Expenditure			
Staff costs	7	5,749,541	5,084,243
Other operating expenses	5	1,718,753	1,471,941
Interest payable and other charges		33,667	12,354
Depreciation		526,510	514,242
Total expenditure		<u>8,028,471</u>	<u>7,082,780</u>
Profit on Disposal of Fixed Assets		9,740	4,212
Impairment of Assets under Construction		662,477	125,192
		<u>(861,169)</u>	<u>368,771</u>
Surplus/(Deficit) on continuing operations before and after tax			
Unrealised surplus on revaluation of land & buildings		1,194,913	-
Total Comprehensive Income and Expenditure for the year		<u>333,744</u>	<u>368,771</u>
Surplus for the year retained within general reserves		<u>333,744</u>	<u>368,771</u>

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

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

The notes on pages 25 to 40 form an integral part of these financial statements.

West Highland College UHI
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Statement of Changes in Reserves
For the year ended 31st July 2023

	Income & Expenditure Reserve £	Revaluation Reserve £	Total £
Balance at 1 August 2022	2,305,895	0	2,305,895
Surplus/(Deficit) on continuing operations before and after tax	(861,169)	0	(861,169)
Other Comprehensive Gains	0	1,194,913	1,194,913
Balance at 31 July 2023	<u>1,444,726</u>	<u>1,194,913</u>	<u>2,639,639</u>

The notes on pages 25 to 40 form an integral part of these financial statements.


West Highland College UHI
(A company limited by guarantee)

Balance Sheet as at 31st July 2023

	Notes	2023 £	2022 £
Non-current Assets			
Tangible fixed assets	11	7,326,898	7,099,651
Current assets			
Stocks	12	1,629	1,319
Debtors	13	354,185	640,722
Cash at bank and in hand		<u>338,697</u>	<u>703,570</u>
		694,511	1,345,611
Creditors: amounts falling due within one year	14	<u>(1,525,101)</u>	<u>(1,303,751)</u>
Net current assets		<u>(830,590)</u>	<u>41,860</u>
Total assets less current liabilities		6,496,308	7,141,511
Creditors: amounts falling due after more than one year	15	0	(235,186)
Accruals and deferred income	16	<u>(3,856,669)</u>	<u>(4,600,430)</u>
Net assets		<u>2,639,639</u>	<u>2,305,895</u>
Reserves			
Income and Expenditure Reserve		1,444,726	2,305,895
Revaluation Reserve		<u>1,194,913</u>	<u>0</u>
Total reserves		<u>2,639,639</u>	<u>2,305,895</u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies. Company Number: SC024193.

The financial statements were approved by the board on 11 December 2023 and signed on its behalf by:


Derek Lewis
Director and Joint Chair


Neil Hope
Director and Joint Chair

The notes on pages 25 to 40 form an integral part of these financial statements.

West Highland College UHI
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Cash flow statement
For the year ended 31st July 2023

		2023	2022
	Notes	£	£
Cash from operating activities	20	190,065	616,585
Cash flows from investing activities			
Investment income	19	-	-
Interest payable	(33,667)	(12,354)	
Purchase of tangible assets	(221,320)	(1,215,862)	
Proceeds from disposal of tangible assets	9,740	-	
Cash used in investing activities		<u>(245,228)</u>	<u>(1,228,216)</u>
Cash flows from financing activities			
Loan repayments		<u>(309,710)</u>	<u>(75,347)</u>
Increase/(decrease) in cash and cash equivalents in the year		(364,873)	(686,978)
Cash and cash equivalents at the beginning of the year		703,570	1,390,548
Total cash and cash equivalents at the end of the year		<u>338,697</u>	<u>703,570</u>

Analysis of Debt for year ended 31 July 2023

	At 1 August 2022	Cashflows	At 31 July 2023
	£	£	£
Cash in bank and in hand	703,570	(364,873)	338,697
Debt due after 1 year	(235,186)	235,186	0
Debt due within 1 year	(74,524)	74,524	0
	<u>393,860</u>	<u>(55,163)</u>	<u>338,697</u>

The notes on pages 25 to 40 form an integral part of these financial statements.

West Highland College UHI

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 July 2023

1. General Information and Accounting policies

The College is constituted as a company, incorporated in Scotland and is governed by a memorandum and articles of association. It is recognised by the Inland Revenue as a charity for tax purposes. The Scottish Charity number is SC024193. Following implementation of the Post-16 Scotland Education Act 2013, the College is now an 'assigned college' to the University of the Highlands and Islands (UHI) as the Regional Strategic Body (RSB) for further and higher education in the Highlands and Islands region. UHI assumed formal RSB status on 1 April 2015, and is now the fundable body for the region, distributing further and higher education funds to its assigned colleges. The College is registered at Carmichael Way, Fort William, Inverness-shire, PH33 6FF.

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

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting for Further and Higher Education (2019)' and in accordance with Financial Reporting Standards FRS 102 and the Companies Act 2006. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The financial statements are presented in pounds sterling (£GBP) which is the College's functional currency. All amounts have been rounded to the nearest pound (£).

1.2. Going Concern

On the 1st August 2023 the planned merger of the College with UHI North Highland and UHI Outer Hebrides completed. As a result, the College will no longer operate as a standalone entity and all the assets and liabilities were transferred to UHI North, West and Hebrides. The accounts have therefore been prepared on a non-going concern basis. No adjustments were required to write down any assets or reclassify any liabilities to current. The deferred grants will transfer over to UHI North, West and Hebrides and therefore have been presented as both current and non-current within the financial statements.

It is intended that once all statutory reporting requirements are met for the College, the legal entity West Highland College UHI will be wound up. It is expected that this will occur early in 2024.

1.3. Recognition of income

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

The main annual recurrent allocation from the Scottish Funding Council, which is intended to meet recurrent costs, is credited direct to the Statement of Comprehensive Income during the period in which it is receivable. Non-recurrent grants from the Funding Council or other Government bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with the depreciation over the life of the assets.

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

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

West Highland College UHI

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 July 2023

1.4. Recognition of expenditure

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

1.5. 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.

1.6. Tangible fixed assets and depreciation

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

Land	Nil
Tenants Improvements	Over life of lease
Buildings	2% straight line
Plant & machinery	20% straight line
Fixtures, fittings & equipment	10% straight line
IT equipment	33% straight line
Assets under construction	Nil

Land and buildings

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

Revaluation of tangible fixed assets and change in accounting policy

In order to align with the accounting policies of UHI North Highland ahead of the merger on 1st August 2023, the College has changed its policy for land and buildings to adopt the revaluation model. This change in accounting policy has not been applied retrospectively.

Individual freehold and leasehold properties are carried at current year value at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market-based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

Land and buildings are now shown in the Balance Sheet at depreciated replacement cost, based on independent valuations that were undertaken by Graham & Sibbald LLP in July 2023. These revaluations resulted in an increase in land and buildings valuation of £1,194,913 to £6,125,000, which the Directors believe more accurately reflects a fair value for the properties being transferred over to UHI North, West and Hebrides as part of the merger.

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Notes to the financial statements for the year ended 31 July 2023

Revaluation reserve

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

Assets Under Construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31st July 2023. They are not depreciated until they are brought into use or following a review of impairment.

Equipment

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

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

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

Impairment of assets

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

Maintenance of premises

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

1.7. Stock

Stock is valued at the lower of cost and net realisable value on a first in first out basis.

1.8. Defined benefit and defined contribution pension schemes

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

The defined benefit scheme is operated by the Scottish Teachers Superannuation Scheme. The College became a member of this scheme in September 2008. The contributions made by the College to this scheme are charged to the Statement of Comprehensive Income in the period in which they are incurred. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employee's contributions.

The college has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the college is unable to identify its share of the underlying assets and liabilities of the scheme. The employer contribution rate is currently 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay. While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy

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the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The actuarial valuations as at 31 March 2020 will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

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

In March 2023, West Highland UHI College joined the Highland Council Pension Fund. This is a defined benefit pension scheme. Hymans Robertson have prepared an actuarial valuation showing a year-end net liability for the defined benefit pension Scheme. The net liability is £2k and the impact on the profit and loss is £5k, both of which are immaterial to the financial statements. Moreover, given this is the last year of the college preparing accounts ahead of the merger and the liability is immaterial, management have not accounted for the liability in the accounts, nor have any disclosures been made.

1.9. Agency arrangements

The College acts as an agent in the collection and payment of certain student support funds. These funds are excluded from the College Statement of Comprehensive Income, and movements have been disclosed in the notes to the accounts. Where the College has more discretion in the manner in which specific funds are disbursed, and these funds do not meet the definition of agency funds, the income and expenditure relating to those funds are shown in the College Statement of Comprehensive Income.

1.10. Accounting 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.

2. Scottish Funding Council Grants

		2023	2022
	Note	£	£
Scottish Funding Council Recurrent Grant		4,265,518	4,065,073
Release of deferred capital grant	19	161,690	147,016
		<u>4,427,208</u>	<u>4,212,089</u>

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Notes to the financial statements for the year ended 31 July 2023

3. Other operating income

	2023	2022
	£	£
Other Income	319,769	109,278
Rental Income	57,968	52,505
Facilities Hire	14,487	13,544
Service Charges	20,515	24,417
Kitchen & Catering	37,570	16,869
	<u>450,309</u>	<u>216,613</u>

Bursary Income

In accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019) and Scottish Funding Council guidance the bursary income and expenditure has been removed from the Statement of Comprehensive Income. A summary of the transactions is shown below.

	2023	2022
	Total	Total
	£	£
Balance b/fwd	-	-
Allocation received in year	55,616	33,174
Expenditure	(55,616)	(33,174)
Repaid to funding council as clawback	-	-
College contribution to funds	-	-
Balance c/fwd	<u>-</u>	<u>-</u>
Repayable to the funding council as clawback	-	-
Retained by college for students	<u>-</u>	<u>-</u>

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Notes to the financial statements for the year ended 31 July 2023

4. Tuition Fees, Education & Employability Contracts

	2023	2022
	£	£
Further Education - student fees (UK)	35,397	133,935
Higher Education - student fees	427,928	498,621
Education & employability contracts	41,455	26,992
Other contracts & commercial fees	443,370	639,690
Total	948,150	1,299,238

5. Other Operating Costs

	2023	2022
	£	£
Academic Departments	349,715	362,657
Commercial & Employability Division	856	1,739
Central Administration & Academic Services	727,339	531,806
Premises costs	256,432	213,131
Planned maintenance	133,382	137,523
Research costs	70,181	214,141
Commercial activities - Kitchen	29,480	9,228
Bad Debts	10,304	1,716
Provision for AMCF Grants clawback (Note 14)	141,065	-
Total	1,718,753	1,471,941

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Notes to the financial statements for the year ended 31 July 2023

6. Net surplus for the year

	2023 £	2022 £
Net surplus is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	526,510	514,242
Auditors' remuneration	<u>26,057</u>	<u>23,848</u>
Analysis of auditors' remuneration		
External audit - audit fees	16,250	14,975
External Auditor - non-audit fees	-	-
Internal audit	<u>9,807</u>	<u>8,873</u>
Total audit fees	<u>26,057</u>	<u>23,848</u>

7. Employees

	2023 £	2022 £
Staff Costs	4,661,409	4,156,236
Social Security Costs	409,166	407,466
Pension Costs	659,343	502,082
Other Costs & Training	19,624	18,459
	<u>5,749,541</u>	<u>5,084,243</u>

Analysed as:

Administration and central services	1,112,947	873,713
Premises	159,711	229,464
Research grants, contracts & commercial activity	318,696	260,806
Academic Teaching Depts	2,783,864	2,706,037
Academic Teaching Services	1,076,224	980,237
Caring Staff	47,187	33,986
Contingency - Pay Award	<u>250,912</u>	-
	<u>5,749,541</u>	<u>5,084,243</u>

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Notes to the financial statements for the year ended 31 July 2023

7. Employees (Cont.)

Salary Bands - Staff receiving remuneration over £60,000

	2023	2022
	£	£
£60,000 - £69,999	4	3
£70,000 - £79,999	0	0
£80,000 - £89,999	0	0
£90,000 - £99,999	1	1
Total employees	5	4

Number of Employees

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

	2023	2022
	Number	Number
Administration and central services	26.25	30.50
Premises	6.00	4.00
Research grants, contracts & commercial activity	13.25	11.00
Academic Teaching depts	101.75	98.75
Academic teaching services	56.75	51.25
Catering staff	2.50	1.75
	206.50	197.25
Full time equivalent	109.96	108.77

Directors' Emoluments

	2023	2022
	£	£
Remuneration	161,515	177,282
Pension	24,783	32,720
Recovery of expenses	2,986	4,140
	189,284	214,142

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

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Notes to the financial statements for the year ended 31 July 2023

7. Employees (Cont.)

Principal remuneration disclosure

	2023	2022
	£	£
Gross Wages		
Lydia Rohmer (01/08/2022 - 14/12/2022)	41,073	
Sue Macfarlane (10/01/2023 - 31/07/2023)	33,240	
	<u>74,313</u>	<u>95,335</u>
Employers National Insurance		
Lydia Rohmer (01/08/2022 - 14/12/2022)	5,417	
Sue Macfarlane (10/01/2023 - 31/07/2023)	3,836	
	<u>9,253</u>	<u>12,293</u>
Employers pension contributions		
Lydia Rohmer (01/08/2022 - 14/12/2022)	9,447	
Sue Macfarlane (10/01/2023 - 31/07/2023)	100	
	<u>9,547</u>	<u>21,887</u>
	<u>93,113</u>	<u>129,515</u>

Key Management Team remuneration disclosure

	2023	2022
	£	£
Gross Wages	319,919	348,156
Employers National Insurance	39,882	43,340
Employers pension contributions	45,772	42,511
	<u>405,573</u>	<u>434,007</u>

The key management team costs represent 5 FTE in 2023 (2022: 5 FTE).

8. Interest payable and similar charges

	2023	2022
	£	£
Loan & Overdraft Interest	15,978	8,136
Bank Interest & Charges	17,689	4,218
	<u>33,667</u>	<u>12,354</u>

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9. Pension costs

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

The College is a member of the Scottish Teachers Superannuation Scheme (STSS) for all Lecturing staff. The contributions made by the College amounted to £441,557 (2022: £433,772).

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

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The March 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

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

The defined contribution workplace pension scheme is managed by the National Employment Savings Trust (NEST). The College joined the scheme in May 2014 and was set up to facilitate automatic enrolment as part of the Government's workplace pension's reform. The contributions made by the College for the period up until moving to the Local Government Pension Scheme in March 2023 amounted to £60,525 (2022: £55,242). This was based on the College contributing 3% of the salaries of all eligible employees who elected to join the scheme.

In March 2023, West Highland College UHI joined the Highland Council Pension Fund. This is a defined benefit pension scheme. Hymans Robertson have prepared an actuarial valuation showing a year-end net liability for the defined benefit pension Scheme. The net liability is £2k and the impact on the profit and loss is £5k, both of which are immaterial to the financial statements. Moreover, given this is the last year of the college preparing accounts ahead of the merger and the liability is immaterial, management have not accounted for the liability in the accounts, nor have any disclosures been made.

10. Taxation

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

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Notes to the financial statements for the year ended 31 July 2023

11. Tangible Fixed Assets

	Land & Buildings	Tenants Improvements	Plant & Equipment	Fixtures & Fittings	Assets Under Construction	TOTAL
	£	£	£	£	£	£
COST						
At 1st August 2022	7,195,718	110,764	2,096,818	362,818	912,477	10,678,595
Additions	28,912	-	114,186	78,222	-	221,320
Disposals	-	-	(38,306)	-	-	(38,306)
Surplus on Revaluation	448,152	-	-	-	-	448,152
At 31st July 2023	<u>7,672,782</u>	<u>110,764</u>	<u>2,172,698</u>	<u>441,040</u>	<u>912,477</u>	<u>11,309,762</u>
DEPRECIATION						
At 1st August 2022	2,155,133	77,068	1,077,171	269,572	-	3,578,944
Charge	139,411	32,588	310,407	44,104	-	526,510
Surplus on Revaluation	(746,761)	-	-	-	-	(746,761)
Impairment	-	-	-	-	662,477	662,477
Disposal	-	-	38,306	-	-	38,306
At 31st July 2023	<u>1,547,782</u>	<u>109,656</u>	<u>1,349,272</u>	<u>313,676</u>	<u>662,477</u>	<u>3,982,864</u>
NET BOOK VALUE						
At 31st July 2023	<u>6,125,000</u>	<u>1,107</u>	<u>823,426</u>	<u>127,364</u>	<u>250,000</u>	<u>7,326,898</u>
At 31st July 2022	<u>5,040,586</u>	<u>33,696</u>	<u>1,019,647</u>	<u>93,246</u>	<u>912,477</u>	<u>7,099,652</u>

Ahead of the merger on 1st August 2023, the College has chosen to adopt the revaluation model for its land and buildings in order to align the accounting policies with that of the new entity. Land and buildings were revalued by professionally qualified valuers ahead of the merger, resulting in an uplift in the value which has been reflected in the financial statements.

The properties were valued by Graham and Sibbald on 31 July 2023 on a depreciated replacement cost basis. This resulted in an uplift in the carrying value of the property of £1,194,913. This revaluation has been recognised in other comprehensive income within the statement of comprehensive income.

If Land & Buildings had not been revalued they would have been included at 31 July 2023 as:

	Land	Buildings	Total
	£	£	£
Cost	264,348	6,960,282	7,224,630
Depreciation	-	2,294,543	2,294,543
Net Book Value	<u>264,348</u>	<u>4,665,739</u>	<u>4,930,087</u>

Assets under construction relates to costs incurred in developing a project for a STEM Centre in Fort William. These costs mainly relate to planning and design fees and were incurred over a period of years from 2014, with the last substantial costs incurred in 2019. The College Board, and the Merger Transition Board, remain committed to this project and view it as a key strategic development opportunity for the new merged college, however there is a recognition that due to the time lapse in substantive progress being made it is prudent to make an adjustment for the impairment of project costs incurred to date. The carrying value of the project costs has therefore been written down to £250,000, which is viewed by the Board as a fair value to be carried over into the merged college.

West Highland College UHI**(A company limited by guarantee)****Notes to the financial statements for the year ended 31 July 2023****12. Stocks**

	2023	2022
	£	£
Raw materials	<u>1,629</u>	<u>1,319</u>

13. Debtors

	2023	2022
	£	£
Trade Debtors	46,815	60,686
Other Debtors	267,251	503,108
Prepayments	40,120	76,928
	<u>354,185</u>	<u>640,722</u>

14. Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank Loan	-	74,524
Trade Creditors	159,150	222,431
Other Taxes and Social Security	154,647	158,063
Other Creditors	45,369	116,736
Provision for AMCF Grants clawback	141,065	-
Accruals and deferred income	1,024,869	731,997
	<u>1,525,101</u>	<u>1,303,751</u>

Accrued expenses contain £250,912 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.

A provision of £141,065 has been made in respect of a potential clawback of Advance Manufacturing Challenge Fund Grants received in 2020-2021 following an audit by the Audit Authority in 2023. Although the Board are confident that the proposed grant clawback can be successfully and significantly mitigated through an appeal process, the Board have decided to make provision for the full potential clawback in these accounts.

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Notes to the financial statements for the year ended 31 July 2023

15. Creditors: amounts falling due after one year

	2023	2022
	£	£
Amounts Repayable 2-5 years	-	235,186
Amounts Repayable >5 years	-	-
Bank Loan	<u>-</u>	<u>235,186</u>

The bank loans that were secured by a standard security over the property and a bond and floating charge over the whole of the Company's assets were repaid in full in July 2023, and the security and floating charge have been discharged.

16. Accruals and deferred income > 1 year

	2023	2022
	£	£
Grants received at 1st August 2022	(5,140,587)	(4,775,836)
Received in year	<u>(310,680)</u>	<u>(1,071,416)</u>
	(5,451,267)	(5,847,252)
Released in year	<u>1,071,208</u>	<u>706,665</u>
Total deferred grants as at 31 July 2023	<u>(4,380,059)</u>	<u>(5,140,587)</u>
Grants under 1 year	<u>(523,390)</u>	<u>(540,157)</u>
Deferred grants greater than 1 year	<u>(3,856,669)</u>	<u>(4,600,430)</u>

Whilst the accounts have been prepared on a non-going concern basis, the deferred grants have still been split between current and non-current to clearly show the split that will remain upon merger on 1st August 2023 with UHI North Highland and UHI Outer Hebrides.

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Notes to the financial statements for the year ended 31 July 2023

17. Operating Leases

Lessee

	Buildings		Other		Total	
	2023	2022	2023	2022	2023	2022
	£	£	£	£	£	£
Less than one year	71,456	71,456	7,612	13,112	79,068	84,568
2-5 Years	4,583	4,583	-	5,383	4,583	9,967
Over 5 Years	-	-	-	-	-	-
	<u>76,039</u>	<u>76,039</u>	<u>7,612</u>	<u>18,495</u>	<u>83,651</u>	<u>94,535</u>

Lessor

	Buildings		Other		Total	
	2023	2022	2023	2022	2023	2022
	£	£	£	£	£	£
Less than one year	48,407	30,255	-	-	48,407	30,255
2-5 Years	-	-	-	-	-	-
Over 5 Years	-	-	-	-	-	-
	<u>48,407</u>	<u>30,255</u>	<u>-</u>	<u>-</u>	<u>48,407</u>	<u>30,255</u>

18. Capital Commitments

At 31 July 2023 the College had capital commitments as follows:

	2023	2022
	£	£
Building works - Fort William	85,471	-
External Building Fabric surveys	-	19,794
Refurbishment of rooms for Beauty	-	36,360
	<u>85,471</u>	<u>56,154</u>

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Notes to the financial statements for the year ended 31 July 2023

19. Deferred Capital Grants

	SFC £	Other £	Total £
At July 2022	2,171,019	2,969,568	5,140,587
Grants received in year			
Buildings	19,194	0	19,194
Equipment	143,041	30,311	173,353
Revenue	0	118,133	118,133
	<u>162,236</u>	<u>148,444</u>	<u>310,680</u>
Release to Statement of Comprehensive Income			
Buildings	72,019	533,187	605,205
Equipment	89,669	227,407	317,077
Revenue	0	148,926	148,926
	<u>161,688</u>	<u>909,519</u>	<u>1,071,208</u>
Balance at 31 July 2023	<u>2,171,567</u>	<u>2,208,494</u>	<u>4,380,059</u>

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

	2023 £	2022 £
Surplus/(Deficit) on continuing operations	(861,169)	368,771
Add back depreciation	526,510	514,242
Deduct profit on disposal of fixed assets	(9,740)	(4,212)
Add back W/O of Assets under Construction	662,477	125,192
Deduct interest income shown in investing activities	(19)	0
Add interest payable	33,667	12,354
Decrease/(increase) in stock	(311)	(430)
Decrease/(increase) in debtors	286,537	(135,796)
Increase/(decrease) in creditors - excluding grants	312,640	(628,287)
Increase/(decrease) in deferred income	<u>(760,528)</u>	<u>364,751</u>
Net cash from Operating Activities	<u>190,065</u>	<u>616,585</u>

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Notes to the financial statements for the year ended 31 July 2023

21. Related party transactions

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

Where the College had transactions during the year or worked in partnership with the following organisations in which members of the Board of Management hold official positions, the total values are noted below.

Organisation	Member	Income 2022/23 £	Expenditure 2022/23 £	Balance due from at 31 July 2023 £	Balance due to at 31 July 2023 £
-	-	-	-	-	-

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

Lydia Rohmer
Sue Macfarlane
Nigel Patterson
Charles McCrimmon

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

22. Company limited by guarantee

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

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

23. Subsequent events

On 1st August 2023 UHI West Highland merged with UHI North Highland and UHI Outer Hebrides in a new merged entity - UHI North, West and Hebrides. All assets and liabilities have been transferred into this new merged entity on 1st August 2023. No adjustments were required to write down any assets or reclassify any liabilities to current as part of the merger process.