

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 July 2025**

**Registered Number SC172157**

**Scottish Charity Number SC026685**

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## Legal and administrative information

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|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Charity name:</b>                              | Argyll College UHI Ltd                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Registered office and operational address:</b> | West Bay<br>Dunoon<br>PA23 7HP                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Charity registration number:</b>               | SC026685                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Company registration number:</b>               | SC172157                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Trustees:</b>                                  | Elaine Munro<br>Joe Wright<br>Rosemary Allford<br>Maggie Tierney<br>Heather Stevenson<br>Elodie Nowinski<br>Bettina Sizeland<br>Vicky Gunn<br>Tom Walsh<br>Andrew Farina<br>Paul Wylie<br>Iain Jurgensen<br>Carina Walsh<br>Lucy Neilson<br>Mairi Coleman<br>Alan Rodgers<br>Siobhan Moore<br>Craig Ward | (Principal, resigned 31/12/24)<br>(Principal, appointed 01/01/25)<br>(Chair, resigned 17/10/25)<br>(Vice Chair)<br><br><br>(resigned 30/08/25)<br>(resigned 13/12/24)<br>(resigned 13/12/24)<br>(appointed 14/03/25)<br><br>(appointed 24/03/25)<br>(appointed 24/03/25)<br>(appointed 24/03/25)<br><br>(app'ted 01/09/24, resigned 19/04/25)<br>(appointed 01/08/25) |
| <b>Company Secretary</b>                          | Ailsa Close                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Executive team</b>                             | Joe Wright<br>Elaine Munro<br>Ailsa Close                                                                                                                                                                                                                                                                | Principal (appointed 01/01/25)<br>Principal (resigned 31/12/24)<br>Director of Finance & Corporate Services                                                                                                                                                                                                                                                           |
| <b>External auditors</b>                          | Armstrong Watson Audit Limited<br>Caledonia House, 89 Seaward Street<br>Glasgow, G41 1HJ                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Internal auditors</b>                          | Henderson Loggie LLP, Chartered Accountants<br>The Vision Building, 20 Greenmarket<br>Dundee, DD1 4QB                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Bankers</b>                                    | Bank of Scotland<br>78 Argyll Street<br>Dunoon PA23 7NH                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                       |

## **Report of the trustees and strategic report** *for the year ended 31 July 2025*

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### **OPERATING AND FINANCIAL REVIEW**

The Board of Management of Argyll College UHI present their report and the audited financial statements for the year ended 31 July 2025.

#### **Legal Status**

The College is constituted as a company and is governed by a memorandum and articles of association. It is recognised by the Inland Revenue as a charity for tax purposes. The Scottish Charity number is SC026685. Following implementation of the Post-16 Scotland Education Act 2013, the College is now an 'assigned college' to the University of the Highlands and Islands (UHI) as the Regional Strategic Body (RSB) for further and higher education in the Highlands and Islands region. UHI assumed formal RSB status on 1 April 2015, and is now the fundable body for the region, distributing further and higher education funds to its assigned colleges.

#### **Scope of the Financial Statements**

The financial statements cover all activities of Argyll College UHI, including the Statement of Comprehensive Income for the year ended 31 July 2025.

#### **Our Vision and Mission**

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

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

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

#### **Achievements & Performance**

In 2024/25, the College met its FE Credit target of 6,300. We achieved a total of 6,400 (2024 – 7,015). In 2024/25, the HE target was 170.2, which was amended in Dec 2024 down to 167 FTEs, significantly down from a target of 187.8 FTEs in 2023/24. Our actual final HE FTE value for the year was 163.2 (2024 – 169.9). In addition to this, funded outwith the RAM, there were 7 PGDE teacher education students (2023/24 - 7), studying primary teaching and secondary teaching.

In the year, in FE we taught 2,140 (headcount) (2024 – 2,219). 62% of these were female students, with the % split the previous year being 64% female.

In HE, we taught 283 (2024 - 282) (headcount). We have identified that whilst overall HE numbers are falling year on year, part-time student numbers have remained relatively stable for the last 4 years, full-time numbers have dropped from 175 in 2021/22 to 118 in 2024/25.

## **Report of the trustees and strategic report (cont'd)** ***for the year ended 31 July 2025***

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In 24-25 the four main teaching and learning KPIs for full time FE were as follows: overall success rate was up to 66% compared to 56.8% in 23-24; partial success dropped from 19.8% in 2023/24 to 15.5%; Further withdrawal saw an improvement on the previous year (23.5%) with a drop to 18.6%. These results remain of significant concern, and we continue to work on improvements to our student experience, teaching and learning.

In addition to our usual curriculum offering, during the year the curriculum team activity also included:

- An alternative holistic approach to our Access to FE course
- A STEM horticulture CPD programme for Primary school teachers.
- Improved student engagement and attainment monitoring through weekly curriculum team meetings.
- Attendance at training during the year - Learning & Teaching workshops delivered by Colleges Development Network; class management training sessions; and a number of lecturers completed qualifications in TQFE, PDA Teaching Practice, and Teaching in Colleges Today (TiCT).

During the year, the college developed and delivered the project 'Empowering Care Homes'. An innovative training partnership, it is a collaboration between Argyll & Bute HSCP, UHI Argyll, and Scottish Care. It addresses ongoing training challenges in rural and island-based care homes through an innovative Train the Trainer model, supported by post-COVID-19 recovery funding. The model reduces reliance on external training providers by enabling care homes to deliver high-quality, in-house training tailored to their workforce. We were delighted when our lecturer and the students were invited to attend a Parliamentary reception at Holyrood to talk about the project. One of the students on the course fed back that "The course brings numerous benefits not only to my own career, but also to my staff and residents. It enhances training, compliance, and retention, and most importantly, improves the quality of resident care. It has significantly strengthened my leadership skills, boosting my confidence in communication, coaching, and mentoring."

Our Modern Apprenticeship Team have had a very busy and successful year, with the contract for 24/25 increased to 75 places, and for 25/26 contract (runs from April each year), this has increased by a further 30 places to 105. By August 2025, we have already signed up 84 of those places. In the year, we were delighted when one of our MA students based on Arran, won the Modern Apprentice of the Year award at the Scottish Apprenticeship Awards held in Perth. She intends to continue developing her career within Auchrannie Hotel resort, and her recognition reinforces the impact of accessible work-based learning opportunities across rural communities. Two of our hospitality MA students also took part in the Knorr Student Chef of the Year Scottish Finals in March 2025, held at City of Glasgow College. Competing against Scotland's top catering colleges, the pair achieved an impressive third place. As the only work-based learners in the competition, they showcased valuable industry experience and commitment to high culinary standards. This recognition highlights the strength of UHI Argyll's hospitality and professional cookery provision, reflecting the quality of learner achievement and staff support within the apprenticeship programme.

In September 2025, we held the Argyll College graduation in Queens Hall Dunoon for the fourth time. Again, the work and attention to detail of our marketing team made this a day that puts the focus entirely on our students and the recognition of their achievements during the year/s of their studies, including those members of our own teaching staff who undertook their TQFE in the year. It was lovely to for all staff present to celebrate with those colleagues who chose to graduate in person.

## Report of the trustees and strategic report (cont'd) for the year ended 31 July 2025

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On 31 December 2024, Elaine Munro retired. Elaine had been Depute Principal since the inception of the college in 1998. The Board noted the massive contribution that Elaine made to the success of the College and recognised the in-depth knowledge of curriculum and workings of UHI she brought to the job. The Board wish her a long and happy retirement. Following Elaine's retirement, Joe Wright, who was Head of HR & OD, was appointed Principal. It was agreed that the post of Depute Principal would not be replaced following Elaine's retirement, and members of the existing SMT took on those additional responsibilities which not filling this post meant. Also during the period under review, one of our Curriculum Lead post holders retired, and it was agreed that this post would not be replaced.

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

### **Financial Results**

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

|                                                                           | <b>2024-25<br/>£'000</b> | <b>2023-24<br/>£'000</b> |
|---------------------------------------------------------------------------|--------------------------|--------------------------|
| Surplus/(deficit) before other gains and losses                           | 322                      | (1,305)                  |
| Add back:                                                                 |                          |                          |
| Exceptional non-restructuring costs – impairment (Note 10)                | -                        | 85                       |
| Pension Adjustment – Net service cost (Note 17)                           | 138                      | (47)                     |
| Pension Adjustment – Net interest cost (Note 17)                          | 3                        | (2)                      |
| Costs of middle management job evaluation exercise not matched by revenue | 240                      | 1,437                    |
| <b>Adjusted operating surplus</b>                                         | <b>703</b>               | <b>168</b>               |

### **Taxation Status**

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

### **Treasury Policies and Objectives**

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

### **Cash Flows**

The College had a net cash inflow of £1,652k in the year to 31st July 2025 compared with a net cash outflow of £2,978k in the prior year.

### **Liquidity**

The College had cash balances of £4,353k at the year end, compared with net cash balances of £2,701k at the end of 2024.

### **Creditor Payment Policy**

The College aims to pay its suppliers within 30 days.

The College's average creditor payment period has decreased to 8 days in 2024/25. Trade Creditors £105,185 at 31st July 2025 compared with £118,163 at 31st July 2024. The College did not pay any interest during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

## **Report of the trustees and strategic report (cont'd)** *for the year ended 31 July 2025*

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### **Future Developments**

Argyll College Board continues to be updated by UHI on options regarding a future target operating model (TOM) for the UHI Partnership. Proposed timescales for this we consider to be challenging, but we will continue to engage as required.

The financial outlook in the college sector as a whole is consistently bleak, with flat cash funding from SFC indicated, whilst salary costs continue to rise, and the increase in NI costs which came into effect in April 2024 not being covered in full as was originally indicated to be the case. The budgeted position for 2024/25 was an expected deficit of around £500k. The actual result for the year has been significantly better than that, with a surplus of over £400k. Through that and the reserves which we have been able to build up through careful management, the Board is in a position to approve, albeit reluctantly, a deficit budget for 25/26. This will be controlled and will not reduce reserves below that required for 6 months running costs as per our stated reserves policy.

Outcomes from job evaluation for all our support staff in line with national bargaining agreements remains in progress. This is a situation currently in the hands of Colleges Employers Scotland, and whilst it was hoped to see this process concluded in 24/25, that has not happened. Discussions will take place as to how best the College can deal with further delays to the outcome of this.

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

### **Principal Risk & uncertainties**

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

- Focus on the UHI Transformation Operating Model: stifles development opportunities; causes operational paralysis and a lack of capacity for senior managers; and has a detrimental cumulative impact on staff.
- Flat cash funding from SFC/UHI with likelihood of unfunded salary increases in future years is a major risk to the future financial sustainability of the organisation.
- Key staff replacement and cover continues to be a risk given specific areas of expertise covered by them, as replication of required skills in the local area is difficult.
- Failure to improve KPIs to above the Scottish college sector average.

The Board has assessed that sufficient internal control systems are in place and mitigations for these identified risks are as follows:

- There will be continued engagement with UHI to work towards the right outcome for the proposed TOM, and any poor decision making will be challenged. Plans and budgets to allow UHI Argyll to remain as a separate entity for the next 3-5 years will be put in place.
- Whilst there is little we can do to mitigate flat cash funding, there will be ongoing robust stewardship of our funds with ongoing financial sustainability remaining a primary objective.
- UHI Transformation expected to resolve many of the issues of scale and loss of skills, through the creation of shared services and systems
- We will continue to monitor KPI data, identify and implement early interventions where there are issues, and maintain constant comms between teaching staff, centre staff, and curriculum management team.

## Report of the trustees and strategic report (cont'd) for the year ended 31 July 2025

### Trade Unions

The following information is provided in furtherance of the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017, which took effect from 1 April 2017. These regulations, emerging from the Trade Union Act 2016, place a requirement for employers in the public sector to publish information on facility time.

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

The required information is reported below.

#### **Table 1 Relevant Union Officials**

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

| Number of employees who were relevant union officials during the relevant period | Full time equivalent employee number |
|----------------------------------------------------------------------------------|--------------------------------------|
| 2                                                                                | 1.51                                 |

#### **Table 2 Percentage of time spent on facility time**

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

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

#### **Table 3 Percentage of pay bill spent on facility time**

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

| First Column                                                                                                                          | Figures    |
|---------------------------------------------------------------------------------------------------------------------------------------|------------|
| Provide the total cost of facility time                                                                                               | £12,218    |
| Provide the total pay bill                                                                                                            | £3,691,400 |
| Provide the percentage of the total pay bill spent on facility time, calculated as (total cost of facility time/total pay bill) x 100 | 0.33%      |

#### **Table 4 Paid trade union activities,**

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

## **Report of the trustees and strategic report (cont'd)** **for the year ended 31 July 2025**

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Time spent on paid trade union activities as a percentage of total paid facility time hours is calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period/total paid facility time hours) x 100  
Total paid facility time hours – 222  
Total paid activity hours – n/a  
Paid duty hours – 37  
Total % of paid facility time = 100%

### **Fair Work**

Argyll College is a fair work employer - [Statement-of-Fair-Work-Practices-at-UHI-Argyll--Nov-2024.pdf](#)

### **Equal Opportunities Statement**

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

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

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

### **Statement as to disclosure of information to auditors**

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

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

**Approved by order of the members of the Board on 12 December 2025 and signed on its behalf by:**

**Maggie Tierney**  
Trustee

**Joe Wright**  
Principal

## Statement of corporate governance and internal control for the year ended 31 July 2025

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

During the financial year, the institution complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges and it has complied throughout the year ended 31 July 2025.

### The Board of Management

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

| Board member      | Date of Appointment | Date of Retirement | Committee Membership  |
|-------------------|---------------------|--------------------|-----------------------|
| Elaine Munro      | 25/07/2024          | 31/12/2024         | L,T&E, F&GP, HR       |
| Joe Wright        | 01/01/2025          |                    | L,T&E, F&GP, HR       |
| Maggie Tierney    | 05/05/2020          |                    | F&GP, HR, Noms        |
| Heather Stevenson | 24/11/2021          |                    | HR, Noms              |
| Tom Walsh         | 18/01/2022          | 13/12/2024         | L,T&E, Audit          |
| Andrew Farina     | 04/02/2022          | 13/12/2024         | F&GP                  |
| Paul Wylie        | 14/03/2025          |                    | F&GP, L,T&E           |
| Vicky Gunn        | 09/06/2023          | 30/08/2025         | Audit                 |
| Rosemary Allford  | 05/05/2020          | 17/10/2025         | L,T&E, Noms, F&GP, HR |
| Elodie Nowinski   | 05/05/2020          |                    | L,T&E, Audit          |
| Iain Jurgensen    | 24/11/2021          |                    | HR                    |
| Bettina Sizeland  | 05/05/2020          |                    | F&GP, Audit           |
| Siobhan Moore     | 01/09/2024          | 19/04/2025         | L,T&E                 |
| Craig Ward        | 01/08/2025          |                    | L,T&E                 |
| Alan Rodgers      | 01/03/2024          |                    | L,T&E                 |
| Carina Walsh      | 24/03/2025          |                    | Audit                 |
| Lucy Neilson      | 24/03/2025          |                    | HR, F&GP              |
| Mairi Coleman     | 24/03/2025          |                    | HR, L,T&E             |

## Statement of Corporate Governance and Internal Control (cont'd) for the year ended 31 July 2025

### Attendance at meetings

Attendance at meetings of the Board of Management of Argyll College UHI in 2024-25

| Member            | Board | Audit | Finance & General Purposes | Learning, teaching & engagement | HR   |
|-------------------|-------|-------|----------------------------|---------------------------------|------|
| Elaine Munro      | 50%   | N/A   | 25%                        | 25%                             | N/A  |
| Joe Wright        | 50%   | N/A   | 25%                        | 50%                             | N/A  |
| Maggie Tierney    | 100%  | N/A   | 100%                       | N/A                             | 100% |
| Heather Stevenson | 75%   | N/A   | N/A                        | N/A                             | 100% |
| Tom Walsh         | 50%   | 50%   | N/A                        | 25%                             | N/A  |
| Andrew Farina     | 50%   | N/A   | 50%                        | N/A                             | N/A  |
| Paul Wylie        | 50%   | N/A   | 25%                        | 25%                             | N/A  |
| Vicky Gunn        | 25%   | 25%   | N/A                        | N/A                             | N/A  |
| Rosemary Allford  | 75%   | N/A   | 100%                       | 100%                            | 50%  |
| Elodie Nowinski   | 75%   | 100%  | N/A                        | 50%                             | N/A  |
| Iain Jurgensen    | 100%  | N/A   | N/A                        | N/A                             | 0%   |
| Bettina Sizeland  | 50%   | 50%   | 75%                        | N/A                             | N/A  |
| Siobhan Moore     | 25%   | N/A   | N/A                        | 25%                             | N/A  |
| Craig Ward        | N/A   | N/A   | N/A                        | N/A                             | N/A  |
| Alan Rodgers      | 100%  | N/A   | N/A                        | 100%                            | N/A  |
| Carina Walsh      | 25%   | 25%   | N/A                        | N/A                             | N/A  |
| Lucy Neilson      | 25%   | N/A   | 0%                         | N/A                             | 25%  |
| Mairi Coleman     | 25%   | N/A   | N/A                        | 25%                             | 25%  |

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied good governance during the year.

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

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

## **Statement of Corporate Governance and Internal Control (cont'd)** **for the year ended 31 July 2025**

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

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

The Finance and General Purposes Committee inter alia recommends to the Board the College's annual revenue and capital budgets. The Learning, Teaching and Engagement Committee focuses on the quality of learning and teaching and the student experience. The Audit Committee meets with the College's external and internal auditors in attendance when required. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. Whilst the Principal attends meetings of the Audit Committee as necessary, they are not a member of the Committee. The Human Resources Committee comprises at least four non-executive members of the Board of Management. The Remuneration Committee comprises the Chair of each of the Board, F&GP, Audit and HR committees, and is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and other senior staff who fall outwith NRPA.

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

All committee and Board meetings have been held virtually during the year.

### **Review of effectiveness of internal control**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

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

The Board of Management has been advised on the implications of the review of the effectiveness of internal control by the Audit Committee, which oversees the work of the Internal Auditors.

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

The Senior Management Team and the Audit Committee receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Audit Committee considers risk at each committee meeting and receives updates from management in relation to all significant risks. The principal risks and uncertainties are identified in more detail on page 5 in the Report of the Trustees.

The Board of Management receives reports thereon from the Audit Committee, the emphasis being on obtaining the relevant degree of assurance and not merely reporting by exception.

## **Statement of Corporate Governance and Internal Control (cont'd)** ***for the year ended 31 July 2025***

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### **Going concern**

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

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

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

Approved by the order of the members of the Board on 12 December 2025 and signed on its behalf by :

**Maggie Tierney**  
**Trustee**

**Joe Wright**  
**Principal**

## **Statement of Directors Responsibilities** ***for the year ended 31 July 2025***

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

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements comply with the Companies Acts, the Statement of Recommended Practice on Accounting for Further and Higher Education 2019 and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between UHI and the College's Board of Management, the College is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

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

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

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

Approved by the order of the members of the Board on 12 December 2025 and signed on its behalf by :

**Maggie Tierney**  
**Trustee**

**Joe Wright**  
**Principal**

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

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### **Opinion**

We have audited the financial statements of Argyll College UHI Ltd (the charitable company') for the year ended 31 July 2025, which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows 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, the Statement of Recommended Practice: Accounting for Charities 2019 and Accounts Direction for Scotland's Colleges 2024-25.

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 2025 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) and Accounts Direction for Scotland's Colleges 2024-25.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

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

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

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### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Operating and Financial Review.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 or the Scottish Funding Council Accounts Direction requires us to report to you if, in our opinion:

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

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

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### **Responsibilities of directors**

As explained more fully in the Director's Responsibilities Statement set out on page 12, the directors (who are also the trustees of the charitable company for the purposes of charitable law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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

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### **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 companies directors as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Johnston CA (Senior Statutory Auditor)

for and on behalf of  
**Armstrong Watson Audit Limited**  
Statutory Auditor  
Glasgow  
Date:

**Statement of comprehensive income**  
**for the year ended 31 July 2025**

|                                                              | Note | Total<br>2025<br>£ | Total<br>2024<br>£ |
|--------------------------------------------------------------|------|--------------------|--------------------|
| <b>Income</b>                                                |      |                    |                    |
| SFC grants                                                   | 3    | 4,267,395          | 4,266,315          |
| UHI grants                                                   |      | 776,958            | 842,316            |
| Tuition fees and education contracts                         | 5    | 593,428            | 578,418            |
| Other operating income                                       | 4    | 38,615             | 29,875             |
| Commercial training activity                                 |      | 36,176             | 21,691             |
| Release of deferred capital grant                            |      | 143,033            | 275,297            |
| Investment income                                            |      | 139,407            | 170,844            |
| <b>Total income</b>                                          |      | <b>5,995,012</b>   | <b>6,184,756</b>   |
| <b>Expenditure</b>                                           |      |                    |                    |
| Staff costs                                                  | 7    | 4,262,579          | 4,656,960          |
| Movements in provisions                                      | 14   | 240,000            | 1,436,808          |
| Other operating expenses                                     | 6    | 1,032,523          | 1,111,911          |
| Depreciation                                                 |      | 175,005            | 181,743            |
| Impairment                                                   |      | -                  | 85,424             |
| (Profit) on disposal of assets                               |      | (27,124)           | (12,629)           |
| Interest and other finance costs                             |      | (10,213)           | 29,519             |
| <b>Total expenditure</b>                                     |      | <b>5,672,770</b>   | <b>7,489,736</b>   |
| <b>Surplus/(deficit) before other gains and losses</b>       |      | <b>322,242</b>     | <b>(1,304,980)</b> |
| Actuarial gains/(losses) in respect of pension scheme        | 17   | 141,000            | (49,000)           |
| <b>Total comprehensive income/(expenditure) for the year</b> |      | <b>463,242</b>     | <b>(1,353,980)</b> |
| <b>Represented by:</b>                                       |      |                    |                    |
| Unrestricted comprehensive income/(expenditure) for the year |      | 463,242            | (1,353,980)        |

The notes on pages 23 to 36 form part of these financial statements.

**Statement of changes in reserves**  
*for the year ending 31 July 2025*

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|                                                   | £                |
|---------------------------------------------------|------------------|
| <b>Balance at 31 July 2023</b>                    | 5,243,302        |
| (Deficit) from the income and expenditure account | (1,304,980)      |
| Other comprehensive income/(expenditure)          | (49,000)         |
|                                                   | <hr/>            |
| <b>Balance at 31 July 2024</b>                    | <b>3,889,322</b> |
|                                                   |                  |
| Surplus from the income and expenditure account   | 322,242          |
| Other comprehensive income/(expenditure)          | 141,000          |
|                                                   | <hr/>            |
| <b>Balance at 31 July 2025</b>                    | <b>4,352,564</b> |
|                                                   | <hr/> <hr/>      |

The notes on pages 23 to 36 form part of these financial statements.

**Balance sheet**  
**at 31 July 2025**

|                                                         | Note | £         | 2025<br>£        | £                | 2024<br>£   |
|---------------------------------------------------------|------|-----------|------------------|------------------|-------------|
| <b>Non-current assets</b>                               |      |           |                  |                  |             |
| Fixed assets                                            | 10   |           | 3,826,911        |                  | 3,825,477   |
| <b>Current assets</b>                                   |      |           |                  |                  |             |
| Debtors                                                 | 11   | 87,024    |                  | 177,396          |             |
| Investments                                             | 12   | 1,000,000 |                  | 2,700,000        |             |
| Cash at bank and in hand                                |      | 4,352,978 |                  | 2,701,477        |             |
|                                                         |      |           | <u>5,440,002</u> | <u>5,578,873</u> |             |
| <b>Creditors</b>                                        |      |           |                  |                  |             |
| Amounts falling due within one year                     | 13   | (747,263) |                  | (1,572,904)      |             |
|                                                         |      |           |                  | <u></u>          |             |
| <b>Net current assets</b>                               |      |           | 4,692,739        |                  | 4,005,969   |
| Creditors: amounts falling due after more than one year | 15   |           | (2,490,278)      |                  | (2,505,316) |
| Net pension liability                                   | 17   |           | -                |                  | -           |
| Provisions                                              | 14   |           | (1,676,808)      |                  | (1,436,808) |
|                                                         |      |           | <u></u>          | <u></u>          |             |
| <b>Net assets</b>                                       |      |           | 4,352,564        |                  | 3,889,322   |
|                                                         |      |           | <u></u>          | <u></u>          |             |
| <b>Reserves</b>                                         |      |           |                  |                  |             |
| Unrestricted reserves                                   |      |           | 4,352,564        |                  | 3,889,322   |
|                                                         |      |           | <u></u>          | <u></u>          |             |

The notes on pages 23 to 36 form part of these financial statements.

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

The financial statements were approved by the Board of Trustees on 12 December 2025 and signed on its behalf by Maggie Tierney and Joe Wright

**Name: Maggie Tierney**

**Name: Joe Wright**

**Statement of cash flows**  
*for the year ended 31 July 2025*

|                                                            |      | <b>2025</b>      | 2024               |
|------------------------------------------------------------|------|------------------|--------------------|
|                                                            | Note | £                | £                  |
| <b>Net cash provided by/(used in) operating activities</b> | 21   | <b>(38,592)</b>  | <b>253,767</b>     |
| <b>Cash flows from investing activities:</b>               |      |                  |                    |
| Interest received                                          |      | 139,407          | 170,845            |
| Payments to purchase fixed assets                          | 10   | (198,065)        | (766,246)          |
| Proceeds from sale of assets                               |      | 48,751           | 63,200             |
| <b>Net cash provided by/(used in) investing activities</b> |      | <b>(9,907)</b>   | <b>(532,201)</b>   |
| <b>Cash flows from financing activities:</b>               |      |                  |                    |
| Bank loans repaid                                          |      | -                | -                  |
| Interest paid                                              |      | -                | -                  |
| Amounts released from/payments to purchase term deposits   |      | 1,700,000        | (2,700,000)        |
| <b>Net cash provided by/(used in) financing activities</b> |      | <b>1,700,000</b> | <b>(2,700,000)</b> |
| <b>Change in cash and cash equivalents in the year</b>     |      | <b>1,651,501</b> | <b>(2,978,434)</b> |
| Cash and cash equivalents at 1 August 2024                 |      | <b>2,701,477</b> | <b>5,679,911</b>   |
| <b>Cash and cash equivalents carried forward</b>           |      | <b>4,352,978</b> | <b>2,701,477</b>   |

The notes on pages 23 to 36 form part of these financial statements.

**Analysis of net debt**  
*for the year ended 31 July 2025*

**Analysis of net debt**

|                          | <b>At 1 August<br/>2024<br/>£</b> | <b>Cash flows<br/>£</b> | <b>At 31 July<br/>2025<br/>£</b> |
|--------------------------|-----------------------------------|-------------------------|----------------------------------|
| Cash at bank and in hand | 2,701,477                         | 1,651,501               | <b>4,352,978</b>                 |
| Debt due within 1 year   | -                                 | -                       | -                                |
|                          | <hr/>                             | <hr/>                   | <hr/>                            |
|                          | 2,701,477                         | 1,651,501               | <b>4,352,978</b>                 |
|                          | <hr/>                             | <hr/>                   | <hr/>                            |

The notes on pages 23 to 36 form part of these financial statements.

## Notes to the financial statements for the year ended 31 July 2025

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### 1. Statement of accounting policies and estimation techniques

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

#### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019) and in accordance with Financial Reporting Standard 102 — "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) and Accounts Direction for Scotland's Colleges 2024-25. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102 and Accounts Direction for Scotland's Colleges 2024-25.

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

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

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019) and in accordance with Financial Reporting Standards FRS 102 and the Companies Act 2006 and Accounts Direction for Scotland's Colleges 2024-25. The accounts are presented in £s sterling and rounded to the nearest £1.

#### Going concern

The directors have prepared the financial statements on a going concern basis notwithstanding the uncertainties caused by the current national economic situation. The directors have prepared cashflow forecasts for a period beyond 12 months from the date of approval of these financial statements which indicate that taking into account reasonably possible downturns, the College will have sufficient funds through its operating cashflows and cash reserves to meet its liabilities as they fall due for that period. On this basis the Board of Management considers that the College is a going concern as described in the Code of Good Governance for Scotland's Colleges and that the financial statements have been prepared on this basis.

#### Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The recurrent grant from SFC represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income. Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met. Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

## Notes to the financial statements *(continued)* for the year ended 31 July 2025

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### 2 Accounting policies

#### a) Fixed assets and depreciation

- Land and buildings

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

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

- Equipment

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

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

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

#### b) Operating leases

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

#### c) Pension scheme

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

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

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

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**2 Accounting policies (continued)**

**d) Taxation**

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

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

**e) Debtors**

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

**f) Cash at bank and in hand**

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

**g) Creditors and provisions**

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

**h) Financial instruments**

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

**i) Accounting estimates and judgements**

**Use of estimates and judgements**

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

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

**Strathclyde Pension Fund**

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

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

**3 Scottish Funding Council grants**

|                                          | <b>2025<br/>Total<br/>£</b> | <b>2024<br/>Total<br/>£</b> |
|------------------------------------------|-----------------------------|-----------------------------|
| Scottish Funding Council Recurrent Grant | <b>4,267,395</b>            | 4,266,315                   |

**4 Other operating income**

|                     | <b>2025<br/>Total<br/>£</b> | <b>2024<br/>Total<br/>£</b> |
|---------------------|-----------------------------|-----------------------------|
| Rental income       | <b>13,610</b>               | 12,270                      |
| Facilities hire     | <b>6,368</b>                | 78                          |
| Hairdressing income | <b>5,977</b>                | 5,760                       |
| Feed-In tariff      | <b>11,815</b>               | 11,248                      |
| Other income        | <b>845</b>                  | 519                         |
|                     | <b>38,615</b>               | 29,875                      |

**5 Tuition fees and education contracts**

|                                  | <b>2025<br/>Total<br/>£</b> | <b>2024<br/>Total<br/>£</b> |
|----------------------------------|-----------------------------|-----------------------------|
| Further Education – Student fees | <b>83,374</b>               | 12,393                      |
| Higher Education – Student fees  | <b>39,040</b>               | 68,213                      |
| SAAS income                      | <b>201,471</b>              | 235,936                     |
| Government programmes            | <b>189,646</b>              | 211,579                     |
| Bursary income                   | <b>35,518</b>               | 34,949                      |
| Other grants                     | <b>44,379</b>               | 15,348                      |
|                                  | <b>593,428</b>              | 578,418                     |

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

**6 Analysis of other operating expenses**

|                             | <b>2025</b>      | 2024      |
|-----------------------------|------------------|-----------|
|                             | £                | £         |
| Payments to awarding bodies | <b>67,067</b>    | 64,287    |
| Property costs              | <b>532,891</b>   | 546,643   |
| Company vehicle costs       | <b>28,240</b>    | 46,063    |
| Office costs                | <b>150,438</b>   | 124,088   |
| Professional fees           | <b>96,105</b>    | 153,993   |
| Student support payments    | <b>10,868</b>    | 5,019     |
| Governance costs            | <b>2,712</b>     | 91        |
| Bad debt provision          |                  | -         |
| Other expenses              | <b>144,202</b>   | 171,727   |
|                             | <b>1,032,523</b> | 1,111,911 |

|                                              | <b>2025</b>   | 2024   |
|----------------------------------------------|---------------|--------|
|                                              | £             | £      |
| <b>Other operating expenses include:</b>     |               |        |
| External auditors' remuneration - audit fees | <b>25,200</b> | 24,000 |
| Internal audit fees                          | <b>14,476</b> | 11,760 |
| Operating lease payments                     | <b>82,645</b> | 84,660 |

**7 Staff costs**

|                                   | <b>2025</b>      | 2024      |
|-----------------------------------|------------------|-----------|
|                                   | £                | £         |
| Wages and salaries                | <b>3,191,604</b> | 3,465,400 |
| Social security costs             | <b>348,978</b>   | 326,463   |
| Other pension costs               | <b>525,023</b>   | 725,378   |
| Other costs                       | <b>48,608</b>    | 160,002   |
|                                   | <b>4,114,213</b> | 4,677,243 |
| <u>Exceptional staff costs:</u>   |                  |           |
| Redundancy payments               | <b>10,366</b>    | 26,717    |
| FRS102 adjustment                 | <b>138,000</b>   | (47,000)  |
|                                   | <b>4,262,579</b> | 4,656,960 |
| <br>Analysed as:                  |                  |           |
|                                   | <b>£000</b>      | £000      |
| Administrative & central services | 919              | 1,045     |
| Premises                          | 325              | 370       |
| Research grants and contracts     | 113              | 129       |
| Academic Teaching                 | 2,307            | 2,622     |
| Academic Services                 | 450              | 511       |
|                                   | <b>4,114</b>     | 4,677     |

**Notes to the financial statements (continued)**  
**for the year ended 31 July 2025**

**7 Staff costs (continued)**

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

|             | <b>2025<br/>No.</b> | <b>2024<br/>No.</b> |
|-------------|---------------------|---------------------|
| Teaching    | <b>30</b>           | 43                  |
| Other staff | <b>48</b>           | 43                  |
|             | <b>78</b>           | 86                  |

**8 Senior post-holders' emoluments**

Number of high paid staff (including the Principal) who received emoluments including benefits in kind and excluding pension contributions for the year ended 31 July:

|                   | <b>2025</b>                                 |                                | <b>2024</b>                                 |                                |
|-------------------|---------------------------------------------|--------------------------------|---------------------------------------------|--------------------------------|
|                   | <b>Senior<br/>Post-<br/>Holders<br/>No.</b> | <b>Other<br/>Staff<br/>No.</b> | <b>Senior<br/>Post-<br/>Holders<br/>No.</b> | <b>Other<br/>Staff<br/>No.</b> |
| £60,000 - £69,999 | <b>1</b>                                    | -                              | 1                                           | -                              |
| £70,000 - £79,999 | <b>1</b>                                    | -                              | 2                                           | -                              |

**Senior post-holder emoluments**

**Principal's emoluments – Elaine Munro**

|               | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|---------------|-------------------|-------------------|
| Salary        | <b>33,543</b>     | 74,154            |
| Pension       | <b>3,917</b>      | 16,691            |
| Employer's NI | <b>4,106</b>      | 8,978             |

**41,566**      99,823

**Principals emoluments – Joe Wright**

|               | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|---------------|-------------------|-------------------|
| Salary        | <b>70,208</b>     | -                 |
| Pension       | <b>7,933</b>      | -                 |
| Employer's NI | <b>8,936</b>      | -                 |

**87,077**      -

Salary disclosed above for Joe Wright is for the entire year from 1 August 2024. On 1st Jan 2025, he took on the role of Principal and was remunerated accordingly from that date. The total remuneration for the executive team as noted on page 1 of these accounts was £214,129 (2023/24 - £316,294).

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

**9 Trustees' remuneration and related party transactions**

The Board of Management received £Nil (2024 - £91) in the year for reimbursement of travel expenses.

Joe Wright, Elaine Munro, Andrew Farina, Paul Wylie and Alan Rodgers are salaried employees of the College but received no remuneration in respect of their role as director.

Argyll College UHI Limited is a constituent partner of the University of the Highlands and Islands (UHI). During the year the College transacted with UHI of which £7,550 (2024 - £Nil) was due from UHI and £3,109 (2024 - £12,508) was due to UHI at the year end. During the year income of £507k was received in relation to higher education activities, £4,267k was received in relation to the provision of further education and costs of £41k were paid to UHI.

**10 Fixed assets**

|                        | <b>Leasehold<br/>improve-<br/>ments</b> | <b>Land &amp;<br/>Buildings<br/>Freehold</b> | <b>Plant &amp;<br/>Equipment</b> | <b>Computer<br/>Equipment</b> | <b>Motor<br/>Vehicles</b> | <b>Total</b>     |
|------------------------|-----------------------------------------|----------------------------------------------|----------------------------------|-------------------------------|---------------------------|------------------|
|                        | <b>£</b>                                | <b>£</b>                                     | <b>£</b>                         | <b>£</b>                      | <b>£</b>                  | <b>£</b>         |
| <b>Cost</b>            |                                         |                                              |                                  |                               |                           |                  |
| At 1 August 2024       | 2,081,526                               | 3,615,992                                    | 472,448                          | 201,238                       | 53,302                    | 6,424,506        |
| Additions              | -                                       | 187,771                                      | 10,295                           | -                             | -                         | 198,065          |
| Disposals              | -                                       | (25,422)                                     | (23,490)                         | -                             | -                         | (48,912)         |
| <b>At 31 July 2025</b> | <b>2,081,526</b>                        | <b>3,778,341</b>                             | <b>459,253</b>                   | <b>201,238</b>                | <b>53,302</b>             | <b>6,573,661</b> |
| <b>Depreciation</b>    |                                         |                                              |                                  |                               |                           |                  |
| At 1 August 2024       | 1,120,827                               | 931,850                                      | 311,172                          | 189,198                       | 45,982                    | 2,599,029        |
| Charge for year        | 62,447                                  | 75,567                                       | 29,142                           | 6,020                         | 1,830                     | 175,005          |
| Disposals              | -                                       | (6,949)                                      | (20,337)                         | -                             | -                         | (27,286)         |
| Impairment             | -                                       | -                                            | -                                | -                             | -                         | -                |
| <b>At 31 July 2025</b> | <b>1,183,274</b>                        | <b>1,000,468</b>                             | <b>319,977</b>                   | <b>195,218</b>                | <b>47,812</b>             | <b>2,746,750</b> |
| <b>Net book value</b>  |                                         |                                              |                                  |                               |                           |                  |
| At 31 July 2025        | <b>898,253</b>                          | <b>2,777,873</b>                             | <b>139,276</b>                   | <b>6,020</b>                  | <b>5,490</b>              | <b>3,826,911</b> |
| At 1 August 2024       | <b>960,699</b>                          | <b>2,684,142</b>                             | <b>161,276</b>                   | <b>12,040</b>                 | <b>7,320</b>              | <b>3,825,477</b> |

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

|           |                                                                                                                                                                                                                                                        |                    |              |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|
| <b>11</b> | <b>Debtors</b>                                                                                                                                                                                                                                         | <b>2025</b>        | <b>2024</b>  |
|           |                                                                                                                                                                                                                                                        | <b>£</b>           | <b>£</b>     |
|           | Trade debtors                                                                                                                                                                                                                                          | <b>26,077</b>      | 2,396        |
|           | Prepayments and accrued income                                                                                                                                                                                                                         | <b>60,947</b>      | 175,000      |
|           |                                                                                                                                                                                                                                                        | <b>87,024</b>      | 177,396      |
| <b>12</b> | <b>Investments</b>                                                                                                                                                                                                                                     | <b>2025</b>        | <b>2024</b>  |
|           |                                                                                                                                                                                                                                                        | <b>£</b>           | <b>£</b>     |
|           | Cash investments (>3 months)                                                                                                                                                                                                                           | <b>1,000,000</b>   | 2,700,000    |
|           |                                                                                                                                                                                                                                                        | <b>1,000,000</b>   | 2,700,000    |
|           | This investment matured on the 15 <sup>th</sup> August 2025.                                                                                                                                                                                           |                    |              |
| <b>13</b> | <b>Creditors: Amounts falling due within one year</b>                                                                                                                                                                                                  | <b>2025</b>        | <b>2024</b>  |
|           |                                                                                                                                                                                                                                                        | <b>£</b>           | <b>£</b>     |
|           | Trade creditors                                                                                                                                                                                                                                        | <b>105,185</b>     | 118,163      |
|           | Taxes and social security costs                                                                                                                                                                                                                        | <b>81,956</b>      | 157,362      |
|           | Other creditors                                                                                                                                                                                                                                        | <b>64,490</b>      | 93,344       |
|           | Accruals and deferred income                                                                                                                                                                                                                           | <b>344,544</b>     | 1,054,700    |
|           | Deferred grants (note 16)                                                                                                                                                                                                                              | <b>151,088</b>     | 149,335      |
|           |                                                                                                                                                                                                                                                        | <b>747,263</b>     | 1,572,904    |
| <b>14</b> | <b>Provisions</b>                                                                                                                                                                                                                                      | <b>2024</b>        | <b>2024</b>  |
|           |                                                                                                                                                                                                                                                        | <b>£</b>           | <b>£</b>     |
|           | Balance as at 1 August 2024                                                                                                                                                                                                                            | <b>(1,436,808)</b> | -            |
|           | Movement                                                                                                                                                                                                                                               | <b>(240,000)</b>   | (1,436,808)  |
|           | Balance as at 31 July 2025                                                                                                                                                                                                                             | <b>(1,676,808)</b> | (1,436,808)  |
|           | Amounts recognised as provisions represent obligations with regard to the costs of middle management job evaluation exercise for the 6 year period from 2018 which are not matched by revenue. The timing of future outflow is, at present, uncertain. |                    |              |
| <b>15</b> | <b>Creditors: Amounts falling due after one year</b>                                                                                                                                                                                                   | <b>2025</b>        | <b>2024</b>  |
|           |                                                                                                                                                                                                                                                        | <b>Total</b>       | <b>Total</b> |
|           |                                                                                                                                                                                                                                                        | <b>£</b>           | <b>£</b>     |
|           | Deferred grants (note 16)                                                                                                                                                                                                                              | <b>2,490,278</b>   | 2,505,316    |
|           |                                                                                                                                                                                                                                                        | <b>2,490,278</b>   | 2,505,316    |

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

| <b>16</b> | <b>Deferred grants</b>                       | <b>2025</b><br><b>£</b> | <b>2024</b><br><b>£</b> |
|-----------|----------------------------------------------|-------------------------|-------------------------|
|           | Balance as at 1 August 2024                  | <b>2,654,651</b>        | 2,804,467               |
|           | Income received                              | <b>129,748</b>          | 125,479                 |
|           | Deferred capital grants released to the SOCI | <b>(143,033)</b>        | (275,295)               |
|           | Balance as at 31 July 2025                   | <b>2,641,366</b>        | 2,654,651               |

**17 Pension costs**

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

|                                                           | <b>31 July</b><br><b>2025</b><br><b>£000</b> | <b>31 July</b><br><b>2024</b><br><b>£000</b> |
|-----------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| NEST: Contributions paid                                  | <b>2</b>                                     | 2                                            |
| SPPA: Contributions paid                                  | <b>334</b>                                   | 342                                          |
| SPF scheme:                                               |                                              |                                              |
| Contributions paid                                        | <b>189</b>                                   | 381                                          |
| FRS102 charge                                             | <b>138</b>                                   | (47)                                         |
| Charge to the Statement of Comprehensive Income           | <b>663</b>                                   | 678                                          |
| <b>Total pension cost for the year within staff costs</b> | <b>663</b>                                   | 678                                          |

**NEST**

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

**SPPA – Teachers Pension**

The College joined the SPPA from 1 December 2018, as part of National Bargaining. Teaching staff are eligible to join the scheme. The College pays contributions of 26% from 1 Apr 2024. Prior to that, contributions of 23% were paid.

**Strathclyde Pension Fund (SPF)**

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

The total contributions made for the year ended 31 July 2025 were £294k of which employer's contributions totalled £189k and employees' contributions totalled £105k. The agreed contribution rates were 11.3% for the two years to 31 March 2026, and from 5.5% up to 8.7% for employees.

**Notes to the financial statements** *(continued)*  
for the year ended 31 July 2025

**17 Pension costs** *(continued)*

**Principal actuarial assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 July 2025 by a qualified independent actuary.

|                                      | <b>31 July<br/>2025</b> | <b>31 July<br/>2024</b> |
|--------------------------------------|-------------------------|-------------------------|
| Future pension increases             | <b>2.75%</b>            | 2.75%                   |
| Rate of increase in salaries         | <b>3.45%</b>            | 3.45%                   |
| Discount rate for scheme liabilities | <b>5.80%</b>            | 5.00%                   |

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

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2024 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

|                    | <b>At 31 July<br/>2025</b> | <b>At 31 July<br/>2024</b> |
|--------------------|----------------------------|----------------------------|
| Current pensioners |                            |                            |
| - Males            | <b>22.5</b>                | 22.2                       |
| - Females          | <b>23.4</b>                | 23.3                       |
| Future pensioners  |                            |                            |
| - Males            | <b>21.6</b>                | 21.4                       |
| - Females          | <b>25.1</b>                | 25.1                       |

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

|                                                    | <b>Estimated<br/>split of<br/>assets at<br/>31 July<br/>2025</b> | <b>Fair value<br/>at 31 July<br/>2025<br/>£'000</b> | <b>Estimated<br/>split of<br/>assets at<br/>31 July<br/>2024</b> | <b>Fair value<br/>at 31 July<br/>2024<br/>£'000</b> |
|----------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------|
| Equities                                           | <b>61%</b>                                                       | <b>6,484</b>                                        | 62%                                                              | 6,055                                               |
| Bonds                                              | <b>22%</b>                                                       | <b>2,339</b>                                        | 25%                                                              | 2,441                                               |
| Property                                           | <b>9%</b>                                                        | <b>957</b>                                          | 9%                                                               | 879                                                 |
| Other                                              | <b>8%</b>                                                        | <b>850</b>                                          | 4%                                                               | 391                                                 |
| <b>Total fair value of plan assets</b>             |                                                                  | <b>10,630</b>                                       |                                                                  | <b>9,766</b>                                        |
| Weighted average expected long term rate of return |                                                                  | <b>5%</b>                                           |                                                                  | <b>5%</b>                                           |
| <b>Actual return on plan assets</b>                |                                                                  | <b>264</b>                                          |                                                                  | <b>286</b>                                          |

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

**17 Pension costs** *(continued)*

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

|                                   | <b>Year<br/>ended<br/>31 July<br/>2025<br/>£'000</b> | <b>Year<br/>ended<br/>31 July<br/>2024<br/>£'000</b> |
|-----------------------------------|------------------------------------------------------|------------------------------------------------------|
| Fair value of plan assets         | <b>10,630</b>                                        | 9,766                                                |
| Present value of plan liabilities | <b>(6,436)</b>                                       | (6,864)                                              |
| Unrecognised surplus              | <b>(4,194)</b>                                       | (2,902)                                              |
|                                   | <hr/>                                                | <hr/>                                                |
| <b>Net pensions liability</b>     | <b>-</b>                                             | <b>-</b>                                             |
|                                   | <hr/>                                                | <hr/>                                                |

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

|                                             | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
|---------------------------------------------|-----------------------|-----------------------|
| <b>Amounts included in staff costs</b>      |                       |                       |
| Current service cost                        | <b>328</b>            | 339                   |
| Past service cost                           | <b>-</b>              | -                     |
|                                             | <hr/>                 | <hr/>                 |
| <b>Total</b>                                | <b>328</b>            | 339                   |
|                                             | <hr/>                 | <hr/>                 |
| <b>Amounts included in interest payable</b> |                       |                       |
| Net interest cost / (income)                | <b>3</b>              | (2)                   |
|                                             | <hr/>                 | <hr/>                 |
| <b>Total</b>                                | <b>3</b>              | (2)                   |
|                                             | <hr/>                 | <hr/>                 |

**Amounts recognised in other gains and losses**

|                                                                         |                |       |
|-------------------------------------------------------------------------|----------------|-------|
| Return on pension plan assets                                           | <b>264</b>     | 352   |
| Experience gains and losses on liabilities                              | <b>69</b>      | (904) |
| Changes in assumptions underlying the present value of plan liabilities | <b>955</b>     | 431   |
| Impact of asset ceiling                                                 | <b>(1,147)</b> | 72    |
|                                                                         | <hr/>          | <hr/> |
| <b>Amounts recognised in other gains and losses</b>                     | <b>141</b>     | (49)  |
|                                                                         | <hr/>          | <hr/> |

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

**17 Pension costs** *(continued)*

**Movement in net defined (liability)**

|                                                  | <b>2025</b><br><b>£'000</b> | <b>2024</b><br><b>£'000</b> |
|--------------------------------------------------|-----------------------------|-----------------------------|
| Net defined liability in scheme at 1 August 2023 | -                           | -                           |
| Movement in year:                                |                             |                             |
| Current service cost                             | (328)                       | (339)                       |
| Past service cost                                | -                           | -                           |
| Employer contributions                           | 190                         | 386                         |
| Net interest on the defined liability            | (3)                         | 2                           |
| Actuarial gain/(loss)                            | 1,288                       | (121)                       |
| Actuarial loss on asset ceiling                  | (1,147)                     | 72                          |
|                                                  | <hr/>                       | <hr/>                       |
| <b>Net defined liability at 31 July 2025</b>     | <b>-</b>                    | <b>-</b>                    |
|                                                  | <hr/> <hr/>                 | <hr/> <hr/>                 |

**Asset and liability reconciliation**

**2025**  
**£'000**

**2024**  
**£'000**

**Changes in the present value of defined benefit obligations**

|                                                            |              |              |
|------------------------------------------------------------|--------------|--------------|
| <b>Defined benefit obligations at start of year</b>        | <b>6,864</b> | <b>5,880</b> |
| Current service cost                                       | 328          | 339          |
| Past service cost                                          | -            | -            |
| Interest cost                                              | 349          | 304          |
| Contribution by scheme participants                        | 106          | 110          |
| Experience gains and losses on defined benefit obligations | -            | -            |
| Changes in financial assumptions                           | (975)        | (256)        |
| Changes on demographic assumptions                         | 20           | (175)        |
| Other experience                                           | (69)         | 838          |
| Estimated benefits paid                                    | (187)        | (176)        |
|                                                            | <hr/>        | <hr/>        |
| <b>Closing defined benefit obligation</b>                  | <b>6,436</b> | <b>6,864</b> |
|                                                            | <hr/> <hr/>  | <hr/> <hr/>  |

**Changes in fair value of plan assets**

**2025**  
**£'000**

**2024**  
**£'000**

|                                                   |               |              |
|---------------------------------------------------|---------------|--------------|
| <b>Fair value of plan assets at start of year</b> | <b>9,766</b>  | <b>8,711</b> |
| Interest on plan assets                           | 491           | 449          |
| Return on plan assets                             | 264           | 286          |
| Employer contributions                            | 190           | 386          |
| Other experience                                  | -             | -            |
| Contributions by scheme participants              | 106           | 110          |
| Estimated benefits paid                           | (187)         | (176)        |
|                                                   | <hr/>         | <hr/>        |
| <b>Closing fair value of employer assets</b>      | <b>10,630</b> | <b>9,766</b> |
|                                                   | <hr/> <hr/>   | <hr/> <hr/>  |

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

**18 Capital commitments**

At the end of the year there were capital commitments amounting to £116k for a new portakabin in Dunoon. These are contractual commitments.

**19 Lease commitments – as a lessee**

At 31 July 2025 the College had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

|                          | <b>Property<br/>2025<br/>£</b> | <b>Equipment<br/>2025<br/>£</b> | <b>Total<br/>2025<br/>£</b> | <b>Total<br/>2024<br/>£</b> |
|--------------------------|--------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Within one year          | <b>59,284</b>                  | <b>15,958</b>                   | <b>75,242</b>               | 75,524                      |
| Within two to five years | <b>106,270</b>                 | <b>19,443</b>                   | <b>125,713</b>              | 173,612                     |
| Over five years          | <b>97,103</b>                  | -                               | <b>97,103</b>               | 108,633                     |
|                          | <b>262,657</b>                 | <b>35,401</b>                   | <b>298,058</b>              | 357,769                     |

**Lease commitments – as a lessor**

At 31 July 2025 the College had future minimum lease receipts under non-cancellable operating leases for each of the following periods:

|                          | <b>Property<br/>2025<br/>£</b> | <b>Equipment<br/>2025<br/>£</b> | <b>Total<br/>2025<br/>£</b> | <b>Total<br/>2024<br/>£</b> |
|--------------------------|--------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Within one year          | <b>14,442</b>                  | -                               | <b>14,442</b>               | 14,040                      |
| Within two to five years | <b>32,442</b>                  | -                               | <b>32,442</b>               | 24,000                      |
| Over five years          | <b>6,000</b>                   | -                               | <b>6,000</b>                | 18,000                      |
|                          | <b>52,884</b>                  | -                               | <b>52,884</b>               | 56,040                      |

**20 Post-balance sheet events**

There are no post balance sheet events to note.

**Notes to the financial statements** *(continued)*  
**for the year ended 31 July 2025**

**21 Reconciliation of net income to net cash from operating activities**

|                                                                        | <b>2025</b>      | 2024        |
|------------------------------------------------------------------------|------------------|-------------|
|                                                                        | £                | £           |
| <b>Net movements in funds before other recognised gains and losses</b> | <b>322,242</b>   | (1,304,980) |
| Adjustments for:                                                       |                  |             |
| Interest received                                                      | <b>(139,408)</b> | (170,845)   |
| Interest paid                                                          | -                | -           |
| Deferred capital grants released                                       | <b>(143,033)</b> | (275,297)   |
| Depreciation charges                                                   | <b>175,005</b>   | 181,743     |
| Impairment charges                                                     | -                | 85,424      |
| Proceeds on disposal of assets                                         | <b>(27,124)</b>  | (12,629)    |
| Net cost of defined benefit pension                                    | <b>141,000</b>   | (49,000)    |
| (Increase) / decrease in debtors                                       | <b>90,370</b>    | (9,054)     |
| Increase / (decrease) in creditors                                     | <b>(457,644)</b> | 1,808,405   |
| <b>Net cash (used)/provided by operating activities</b>                | <b>(38,592)</b>  | 253,767     |

**22 Financial instruments**

|                                                 | <b>Total<br/>2025</b> | Total<br>2024 |
|-------------------------------------------------|-----------------------|---------------|
|                                                 | £                     | £             |
| <b>Carrying amount of financial assets</b>      |                       |               |
| Debt instruments measured at amortised cost     | <b>54,013</b>         | 149,703       |
| <b>Carrying amount of financial liabilities</b> |                       |               |
| Measured at amortised cost                      | <b>(480,233)</b>      | (1,263,687)   |
|                                                 | <b>(426,220)</b>      | (1,113,984)   |

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

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