

Argyll College UHI Limited
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 July 2021

Registered Number SC172157

Scottish Charity Number SC026685

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Legal and administrative information

Charity name:	Argyll College UHI Ltd	
Registered office and operational address:	West Bay Dunoon PA23 7HP	
Charity registration number:	SC026685	
Company registration number:	SC172157	
Trustees:	Andrew Campbell	(Chair)
	Martin Jones	(Principal)
	John Colston	(Vice Chair resigned 11/12/20)
	Maggie Tierney	(Vice Chair appointed 11/12/20)
	Tony Dalgaty	
	James Findlay	
	Scott Matheson	(resigned 4/6/21)
	Jennifer Swanson	(resigned 26/11/21)
	Emilie Hassard	(appointed 1/7/21)
	Rosemary Alford	(appointed 5/5/20)
	Vicky Gunn	(appointed 5/5/20 resigned 4/10/21)
	Elodie Nowiski	(appointed 5/5/20)
	Faye Tudor	(appointed 28/2/20)
	Bettina Sizeland	(appointed 5/5/20)
	Billie Smith	(resigned 15/7/21)
	Filip Dabrowski	(resigned 30/6/21)
	David Clayton	(appointed 24/11/21)
	Paul Graham	(appointed 24/11/21)
	Iain Jurgensen	(appointed 24/11/21)
	Heather Stevenson	(appointed 24/11/21)
	Jonathan McCreadie	(appointed 24/11/21)
Secretary	Ailsa Close	
Senior management team	Martin Jones	Principal
	Elaine Munro	Depute Principal
	Ailsa Close	Finance Director
External auditors	Armstrong Watson Audit Limited 1 st Floor, 24 Blythswood Square Glasgow G2 4BG	
Internal auditors	Henderson Loggie LLP, Chartered Accountants The Vision Building, 20 Greenmarket Dundee, DD1 4QB	
Bankers	Bank of Scotland 78 Argyll Street Dunoon PA23 7NH	

Report of the trustees and strategic report for the year ended 31 July 2021

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 2021.

Legal Status

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

Scope of the Financial Statements

The financial statements cover all activities of Argyll College UHI, including the Statement of Comprehensive Income for the year ended 31st July 2021.

Our Vision and Mission

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

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

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

COVID

The College, like the rest of the country, went into lockdown on 23rd March 2020. All college centres and the college nursery were shut and all face to face teaching was suspended. A number of staff were furloughed (cleaning staff and reception staff), all other staff were asked to work from home. Laptops were provided to all staff and students who required one. A DSE assessment was carried out for all staff working from home and measures put in place for any additional requirements that this raised. All new staff were invited to carry out this assessment and a further questionnaire has gone out in September 2021 to all staff. Some face to face teaching resumed in Aug/Sep 2020, when some practical courses in schools were able to be delivered. Risk assessments were carried out for these courses, all staff were asked to complete a COVID Age questionnaire and any who identified as having high covid age had a discussion with HR/line manager as to their willingness or otherwise to return to f2f teaching/being in centres. A limited number of practical courses were able to be delivered in the college centres, again with risk assessments, social distancing and various other measures in place. All other teaching remained online. In January 2021, all f2f teaching in both the centres and schools again ceased, with all teaching returning to online delivery.

In August/September, practical courses have resumed for face to face teaching. Our centres are manned to allow those classes to resume in the buildings where possible. We are prioritising space in centres for students with connectivity issues, or those experiencing issues with studying from home.

Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2021*

COVID (cont'd)

In addition to the above, other COVID related measures going into the 21/22 Academic year include:

Staff wellbeing

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

Student wellbeing

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

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

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

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

Brexit

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

Report of the trustees and strategic report (cont'd) for the year ended 31 July 2021

Achievements & Performance

In 2020/21, the College did not meet its FE Credit target of 6701. We achieved a total of 5352 (2020 - 7543). In 2020/21, the HE target was 195.3 FTEs, down from a target of 201 FTEs in 2019/20. Our actual final HE FTE value for the year was 254 (2020 - 200). In addition to this, funded outwith the RAM, there were 17 PGDE teacher education students: 15 studying primary teaching and 2 secondary teaching; and 7 Early Education and Childcare Graduate Apprentices (GA).

In the year, in FE we taught 1681 (headcount) (2020 - 2370) or 383 (2020 - 540) FTE students. In HE, we taught 394 (2020 - 285) (headcount) or 254 (2020 - 199.6) FTE students.

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

Work continued on our Maritime Industry Training Centre, with a full-time staff member seconded to this project. We continue to engage heavily with Argyll & Bute Council, which currently funds this secondment, and whose support is greatly appreciated. HIE are also heavily involved in assisting in progressing the idea.

Over the summer months we began recruiting for a number of centre positions which had been vacated and not filled over the past year. These new staff have now either started work with us or are due to over the next month. We were also successful in recruiting to a new position of Head of HR and OD, and the new person will commence work with us in November 2021.

We do not underestimate the achievement of all of our staff in continuing to provide the services they have to all of our students, or for our students achieving their qualifications during such an extraordinarily difficult year, and would offer our thanks and praise to them all.

Financial Results

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

	2020-21 £'000	2019-20 £'000
Surplus/(deficit) before other gains and losses	966	1,208
Add back:		
Exceptional non-restructuring costs – impairment	6	-
Pension Adjustment – Net service cost	283	168
Pension adjustment – Net interest cost	32	19
Adjusted operating surplus/(deficit)	1,287	1,395

Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2021*

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 £1,665k in the year to 31st July 2021 compared with a net cash inflow of £1,624k in the prior year.

Liquidity

The College had cash balances of £4,991k at the year end, compared with net cash balances of £3,326k at the end of 2020.

Creditor Payment Policy

The College aims to pay its suppliers within 30 days.

The College's average creditor payment period has increased from 21 days in 2020 to 31 days at the end of July 2021. Trade Creditors were £183,664 at 31st July 2021 compared with £55,891 at 31st July 2020. The College did not pay any interest during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

Future Developments

The College continues to emphasise the need for its built environment to be improved, with Dunoon remaining a priority for a new centre. We have a number of developments in progress at start of 2021/22 academic year in a number of our centres. The requirement for a suitable space for engineering and construction particularly for school students has been a particular need for some years. Work has now started on premises based in MACCbase at Machrahanish. We will lease this building (former bowling alley) from MACCbase, a social enterprise, and look forward to developing links with this organisation beyond just being a tenant of theirs.

We are in the process of mapping our Curriculum Lead posts to Promoted Lecturer posts and this is currently with the National Joint Negotiating Committee. We hope to conclude these negotiations to provide additional management of the curriculum.

The college is currently undertaking job evaluation for all our support staff in line with national bargaining agreements.

We continue to work collaboratively with a number of our UHI partners and are looking to develop this further in future years, though we have declined at this point to join in the proposed merger with WHC, NHC and LCC.

Report of the trustees and strategic report (cont'd) for the year ended 31 July 2021

UHI is currently undertaking a curriculum review and we will be considering this in due course along with our own continued review of our curriculum offering.

Principal Risk & uncertainties

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

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

Trade Unions

Under the Trade Union Act 2016, Trade Union (Facility Time Publication Requirements) Regulations 2017, we have published the following on our website : Facilities Time Publication 1 October 2020 - 31 March 2021

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

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
6	3.36

Report of the trustees and strategic report (cont'd)
for the year ended 31 July 2021

Table 2 Percentage of time spent on facility time

Percentage of Time	Number of employees
0%	0
1-50%	6
51-99%	0
100%	0

Table 3 Percentage of pay bill spent on facility time

First Column	Figures
Provide the total cost of facility time	£852
Provide the total pay bill	£1,071,010
Provide the percentage of the total pay bill spent on facility time, calculated as (total cost of facility time/total pay bill) x 100	0.08%

Table 4 Paid trade union activities

<p>Time spent on paid trade union activities as a percentage of total paid facility time hours as calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period/total paid facility time hours) x 100</p>	<p>Total paid facility time hours– 38 Total paid activity hours – n/a Total Paid duty hours – 38 % of paid facility time = 100%</p>
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Report of the trustees and strategic report (cont'd) *for the year ended 31 July 2021*

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 10 December 2021 and signed on its behalf by:

Andrew MG Campbell
Trustee and Chair

Martin Jones
Principal

Statement of corporate governance and internal control for the year ended 31 July 2021

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

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

The Board of Management

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

Board member	Date of Appointment	Date of Retirement	Committee Membership
Andrew Campbell	20/04/2010		L,T&E, F&GP, Noms
Martin Jones	05/11/2018		L,T&E, F&GP, HR&R, Noms
Tony Dalgaty	08/12/2017		Audit
James Findlay	24/11/2017		F&GP
Scott Matheson	08/12/2017	04/06/2021	Audit
Jennifer Swanson	08/12/2017	26/11/2021	HR&R
Faye Tudor	28/02/2020		L,T&E
Rosemary Alford	05/05/2020		L,T & E
Billie Smith	05/05/2020	15/07/2021	Audit
Elodie Nowiski	05/05/2020		L,T&E, Audit
Maggie Tierney	05/05/2020		F&GP, HR&R
Vicky Gunn	05/05/2020	04/10/2021	L,T&E
Bettina Sizeland	05/05/2020		F&GP
Filip Dabrowski	01/07/2020	30/06/2021	L,T&E
Emilie Hassard	01/07/2021		L,T&E
David Clayton	24/11/2021		Audit
Paul Graham	24/11/2021		To be agreed
Iain Jurgensen	24/11/2021		To be agreed
Heather Stevenson	24/11/2021		To be agreed
Jonathan McCreadie	24/11/2021		To be agreed

Statement of Corporate Governance and Internal Control (cont'd) for the year ended 31 July 2021

Attendance at meetings

Attendance at meetings of the Board of Management of Argyll College UHI in 2020-21

Board meetings

Member	Board	Audit	Finance & General	Learning, teaching & engagement	Nominations	Remuneration
Andrew Campbell	100%	N/A	75%	75%	100%	100%
Martin Jones	100%	N/A	75%	75%	100%	75%
Tony Dalgaty	75%	75%	N/A	N/A	N/A	N/A
James Findlay	100%	N/A	100%	N/A	N/A	N/A
Scott Matheson	50%	50%	N/A	N/A	N/A	N/A
Jennifer Swanson	100%	N/A	N/A	N/A	N/A	100%
Faye Tudor	100%	N/A	N/A	100%	N/A	N/A
Elodie Nowiski	75%	50%	N/A	75%	N/A	N/A
Billie Smith	50%	50%	N/A	N/A	N/A	50%
Maggie Tierney	100%	N/A	100%	N/A	N/A	100%
Rosemary Alford	100%	N/A	N/A	100%	N/A	N/A
Vicky Gunn	50%	N/A	N/A	50%	N/A	N/A
Bettina Sizeland	50%	N/A	50%	N/A	N/A	N/A

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

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

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

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

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

Statement of Corporate Governance and Internal Control (cont'd) **for the year ended 31 July 2021**

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

The Human Resources & Remuneration Committee comprises at least four non-executive members of the Board of Management. The committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and other senior staff as appropriate.

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

Due to COVID, all meetings in the period covered by these accounts have been held virtually, but there have been no other impacts arising from COVID on governance and effectiveness of control system.

Review of Effectiveness of internal control

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

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

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

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

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

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

Statement of Corporate Governance and Internal Control (cont'd) ***for the year ended 31 July 2021***

Going concern

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

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

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

Approved by the order of the members of the Board on 10 December 2021 and signed on its behalf by :

Andrew MG Campbell
Trustee and Chair

Martin Jones
Principal

Statement of Directors Responsibilities ***for the year ended 31 July 2021***

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 10 December 2021 and signed on its behalf by :

Andrew MG Campbell
Trustee and Chair

Martin Jones
Principal

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

Opinion

We have audited the financial statements of Argyll College UHI Ltd (the charitable company') for the year ended 31 July 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of the Colleges' surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

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

We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out on page 13, the directors (who are also the trustees of the charitable company for the purposes of charitable law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

We assessed the level of fraud risk and concluded that the areas most susceptible to fraud were revenue recognition and management override of internal controls.

To address the risk of fraud through incorrect revenue recognition, we:

- Performed substantive procedures across material revenue streams to ensure these amounts were recognised appropriately and
- Performed substantive tests of detail over revenue recognised at the year end.

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

- Tested journal entries recorded on the charitable 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.

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

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

Argyll College UHI Limited
(a company limited by guarantee)

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and directors those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members, as a body, and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Johnston CA (Senior Statutory Auditor)

for and on behalf of

Armstrong Watson Audit Limited

Statutory Auditor

Glasgow

Date:

Statement of comprehensive income
for the year ended 31 July 2021

	Note	Total 2021 £	Total 2020 £
Income			
SFC grants	3	4,208,670	4,132,379
UHI grants		985,259	720,854
Tuition fees and education contracts	5	763,822	844,850
Other operating income	4	3,853	183,051
Commercial training activity		9,855	33,974
Release of deferred capital grant		134,582	366,681
Investment income		588	5,036
		<hr/>	<hr/>
Total income		6,106,629	6,286,825
Expenditure			
Staff costs	7	4,007,249	3,844,507
Other operating expenses	6	893,705	1,038,960
Depreciation		200,357	176,414
Impairment		6,517	-
Interest and other finance costs		32,770	18,725
		<hr/>	<hr/>
Total expenditure		5,140,598	5,078,606
Surplus/(Deficit) before other gains and losses			
Actuarial gains/(losses) in respect of pension scheme	15	966,031	1,208,219
		891,000	(1,105,000)
		<hr/>	<hr/>
Total comprehensive income for the year		1,857,031	103,219
		<hr/> <hr/>	<hr/> <hr/>
Represented by:			
Unrestricted comprehensive income for the year		1,857,031	103,219
		<hr/> <hr/>	<hr/> <hr/>

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

Statement of changes in reserves
for the year ending 31 July 2021

	£
Balance at 31 July 2018	1,515,497
Deficit from the income and expenditure account	(37,388)
Other comprehensive income	(585,639)
	<hr/>
Balance at 31 July 2019	892,470
Surplus from the income and expenditure account	1,208,219
Other comprehensive income	(1,105,000)
	<hr/>
Balance at 31 July 2020	995,689
Surplus from the income and expenditure account	966,031
Other comprehensive income	891,000
	<hr/>
Balance at 31 July 2021	2,852,720
	<hr/> <hr/>

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

Balance sheet
at 31 July 2021

	Note	£	2021 £	£	2020 £
Non-current assets					
Fixed assets	10		3,571,770		3,653,298
Current assets					
Debtors	11	174,910		197,160	
Cash at bank and in hand		4,990,891		3,325,939	
			<u>5,165,801</u>	<u>3,523,099</u>	
Creditors					
Amounts falling due within one year	12	(1,715,589)		(1,032,131)	
				<u>(1,032,131)</u>	
Net current assets			3,450,212		2,490,968
Creditors: amounts falling due after more than one year	13		(2,638,262)		(3,041,577)
Net pension liability	15		(1,531,000)		(2,107,000)
			<u>2,852,720</u>		<u>995,689</u>
Net assets			2,852,720		995,689
Reserves					
Unrestricted reserves			2,852,720		995,689

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

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

The financial statements were approved by the Board of Trustees on 10th December 2021 and signed on its behalf by Andrew MG Campbell and Martin Jones

Name: Andrew MG Campbell

Name: Martin Jones

Statement of cash flows
for the year ended 31 July 2021

		2021	2020
	Note	£	£
Net cash provided by/(used in) operating activities	20	1,789,711	1,626,322
Cash flows from investing activities			
Interest received		588	9,000
Payments to purchase fixed assets	10	(125,347)	(81,816)
Proceeds from sale of assets		-	89,000
Net cash provided by/(used in) investing activities		(124,759)	16,184
Cash flows from investing activities:			
Bank loans repaid		-	(15,105)
Interest paid		-	(2,979)
Net cash provided by/(used in) financing activities		-	(18,084)
Change in cash and cash equivalents in the year		1,664,952	1,624,422
Cash and cash equivalents at 1 August 2020		3,325,939	1,701,517
Cash and cash equivalents carried forward		4,990,891	3,325,939

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

Analysis of net debt
for the year ended 31 July 2021

Analysis of net debt

	At 1 August 2020	Cash flows	At 31 July 2021
	£	£	£
Cash at bank and in hand	3,325,939	1,664,952	4,990,891
Debt due within 1 year	-	-	-
	<hr/>	<hr/>	<hr/>
	3,325,939	1,664,952	4,990,891
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the financial statements for the year ended 31 July 2021

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Basis of accounting

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

Going concern

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

Recognition of income

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

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

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

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

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

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

2 Accounting policies

a) Fixed assets and depreciation

• **Land and buildings**

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

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

• **Equipment**

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

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

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

b) Operating leases

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

c) Pension scheme

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

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

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

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 2021

3 Scottish Funding Council grants

	2021 Total £	2020 Total £
Scottish Funding Council Recurrent Grant	4,208,670	4,132,379

4 Other operating income

	2021 Total £	2020 Total £
Nursery income	-	153,095
Rental income	-	3,959
Facilities hire	-	2,314
Vending machine income	-	1,114
Hairdressing income	-	6,915
Catering income	-	5,670
Feed-In tariff	2,417	8,271
Other income	1,437	1,713
	3,853	183,051

5 Tuition fees and education contracts

	2021 Total £	2020 Total £
Further Education – Student fees	65,522	93,577
Higher Education – Student fees	73,881	50,703
SAAS income	324,292	278,469
ILA income	600	6,471
Government programmes	168,123	293,266
Bursary income	10,963	63,133
Other PPE reimbursement	5,613	-
Other grants	114,828	59,231
	763,822	844,850

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

6 Analysis of other operating expenses

	2021	2020
	£	£
Payments to awarding bodies	58,458	77,389
Property costs	373,634	406,851
Company vehicle costs	53,363	16,822
Office costs	78,797	97,606
Professional fees	79,685	52,444
Student support payments	4,224	39,869
Governance costs	344	1,060
Other expenses	245,201	346,919
	893,705	1,038,960

	2021	2020
	£	£
Other operating expenses include:		
External auditors' remuneration - audit fees	11,400	10,830
External auditors' remuneration - non audit services	-	-
Internal audit fees	8,966	8,966
Operating lease payments	132,720	151,596

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

7 Staff costs

	2021	2020
	£	£
Wages and salaries	2,898,275	2,857,529
Social security costs	255,018	203,871
Other pension costs	534,989	470,118
Other costs	32,958	133,478
	3,721,240	3,664,996
<u>Exceptional staff costs:</u>		
Redundancy payments	3,009	11,511
FRS102 adjustment	283,000	168,000
	4,007,249	3,844,507
Analysed as:		
	£000	£000
Administrative & central services	778	763
Premises	295	300
Research grants and contracts	110	62
Academic Teaching	406	398
Academic Services	2,132	1,927
Catering staff/other	-	215
	3,721	3,665

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

	2021	2020
	No.	No.
Teaching	40	43
Other staff	44	48
	84	91

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

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:

	2021		2020	
	Senior Post-Holders	Other Staff	Senior Post-Holders	Other Staff
	No.	No.	No.	No.
£70,000 - £79,999	1	-	1	-
			2021	2020
			£	£
Senior post-holder emoluments				
Principal's emoluments – Martin Jones				
Salary			74,338	70,944
Pension			18,280	15,324
Employer's NI			9,043	8,592
			101,661	94,680

The total remuneration for the senior management team as noted on page 1 of these accounts was £250,565 (2019/20 - £220,800).

9 Trustees' remuneration and related party transactions

The Board of Management received £Nil (2020 - £81) in the year for reimbursement of travel expenses.

Faye Tudor is a salaried employee of the College but received no remuneration in respect of their role as director.

During the year the College transacted with Argyll & Bute Council of which £268 (2020 - £1,266) was due from Argyll & Bute Council and £3,040 (2020 - £Nil) was due to Argyll & Bute Council. During the year, the College made purchases of £11,382 (2020 - £66,979) and sales of £27,463 (2020 - £17,045) excluding pre-5 Nursery funding. James Findlay is a Councillor on Argyll & Bute Council.

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

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

Argyll College UHI Limited is a constituent partner of the University of the Highlands and Islands (UHI). During the year the College transacted with UHI of which £31,065 (2020 - £122) was due from UHI and £Nil (2020 - £Nil) was due to UHI. During the year income of £590k was received in relation to higher education activities, £4,209k was received in relation to the provision of education and costs of £26k was paid to UHI.

10 Fixed assets

	Leasehold improve- ments	Land & Buildings Freehold	Plant & Equipment	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2020	2,268,640	3,051,868	513,242	61,669	84,221	5,979,640
Additions	2,019	12,454	4,704	106,170	-	125,347
At 31 July 2021	2,270,659	3,064,321	517,946	167,839	84,221	6,104,987
Depreciation						
At 1 August 2020	1,169,980	671,063	364,175	61,669	59,455	2,326,342
Charge for year	68,120	61,286	26,729	35,390	8,832	200,357
Impairment chg	-	-	6,517	-	-	6,517
At 31 July 2021	1,238,100	732,349	397,421	97,059	68,287	2,533,216
Net book value						
At 31 July 2021	1,032,559	2,331,972	120,525	70,780	15,934	3,571,770
At 1 August 2020	1,098,660	2,380,805	149,067	-	24,766	3,653,298

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

11	Debtors	2021	2020
		£	£
	Trade debtors	91,671	2,521
	Prepayments and accrued income	83,239	194,639
		<u>174,910</u>	<u>197,160</u>
12	Creditors: Amounts falling due within one year	2021	2020
		£	£
	Trade creditors	183,664	55,891
	Taxes and social security costs	70,872	60,266
	Other creditors	69,204	48,321
	Accruals and deferred income	870,715	628,533
	Deferred grants (note 14)	521,134	239,120
		<u>1,715,589</u>	<u>1,032,131</u>
13	Creditors: Amounts falling due after one year	2021	2020
		Total	Total
		£	£
	Deferred grants (note 14)	2,638,262	3,041,577
		<u>2,638,262</u>	<u>3,041,577</u>
14	Deferred grants	2021	2020
		£	£
	Balance as at 1 August 2020	3,280,697	3,171,082
	Income received	224,180	679,379
	Deferred capital grants released to the SOCI	(134,582)	(366,681)
	Other deferred grants released to the SOCI	(210,899)	(203,083)
		<u>3,159,396</u>	<u>3,280,697</u>

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

15 Pension costs

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

	31 July 2021 £000	31 July 2020 £000
NEST: Contributions paid	9	14
SPPA: Contributions paid	281	259
SPF scheme:		
Contributions paid	246	197
FRS102 charge	283	168
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	819	638
	<hr/>	<hr/>
Total pension cost for the year within staff costs	819	638
	<hr/> <hr/>	<hr/> <hr/>

NEST

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

SPPA – Teachers Pension

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

Strathclyde Pension Fund (SPF)

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

The total contributions made for the year ended 31 July 2021 were £312k of which employer's contributions totalled £246k and employees' contributions totalled £66k. The agreed contribution rates for future years are 21.6% for employers up until 31 March 2021 when it increased to 29.9%, and from 5.5% up to 8.7% for employees.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 July 2021 by a qualified independent actuary.

	31 July 2021	31 July 2020
Rate of increase in salaries	3.55%	3.30%
Future pension increases	2.85%	2.20%
Discount rate for scheme liabilities	1.60%	1.40%
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

15 Pension costs *(continued)*

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

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

	At 31 July 2021	At 31 July 2020
Current pensioners		
- Males	19.8	20.7
- Females	22.6	22.9
Future pensioners		
- Males	21.2	22.2
- Females	24.7	24.6

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

	Estimated split of assets at 31 July 2021	Fair value at 31 July 2021 £'000	Estimated split of assets at 31 July 2020	Fair value at 31 July 2020 £'000
Equities	66%	5,168	63%	4,007
Bonds	24%	1,879	25%	1,590
Property	9%	705	11%	699
Other	1%	79	1%	64
Total fair value of plan assets		7,831		6,360
Weighted average expected long term rate of return		22%		1.5%
Actual return on plan assets		1,330		(287)

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

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Fair value of plan assets	7,831	6,360
Present value of plan liabilities	(9,362)	(8,467)
Net pensions liability	(1,531)	(2,107)

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

15 Pension costs *(continued)*

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	522	447
Past service cost	-	(68)
Total	<u>522</u>	<u>379</u>
Amounts included in interest payable		
Net interest cost / (income)	32	19
Total	<u>32</u>	<u>19</u>
Amounts recognised in other gains and losses		
Return on pension plan assets	1,330	(287)
Experience gains and losses on liabilities	226	-
Changes in assumptions underlying the present value of plan liabilities	(665)	(818)
Amounts recognised in other gains and losses	<u>891</u>	<u>(1,105)</u>
Movement in net defined (liability)		
	2021 £'000	2020 £'000
Net defined liability in scheme at 1 August	(2,107)	(815)
Movement in year:		
Current service cost	(522)	(447)
Past service cost	-	(68)
Employer contributions	239	211
Net interest on the defined liability	(32)	(19)
Actuarial gain/(loss)	891	(1,105)
Net defined liability at 31 July 2021	<u>(1,531)</u>	<u>(2,107)</u>

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

15 Pension costs *(continued)*

Asset and liability reconciliation	2021	2020
	£'000	£'000
<u>Changes in the present value of defined benefit obligations</u>		
Defined benefit obligations at start of year	8,467	7,138
Current service cost	522	447
Past service cost	-	(68)
Interest cost	122	154
Contribution by scheme participants	72	69
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	754	851
Changes on demographic assumptions	(89)	-
Other experience	(331)	(33)
Estimated benefits paid	(155)	(91)
	<hr/>	<hr/>
Closing defined benefit obligation	9,362	8,467
	<hr/> <hr/>	<hr/> <hr/>
<u>Changes in fair value of plan assets</u>		
	2021	2020
	£'000	£'000
Fair value of plan assets at start of year	6,360	6,323
Interest on plan assets	90	135
Return on plan assets	1,330	(287)
Employer contributions	239	211
Other experience	(105)	-
Contributions by scheme participants	72	69
Estimated benefits paid	(155)	(91)
	<hr/>	<hr/>
Closing fair value of employer assets	7,831	6,360
	<hr/> <hr/>	<hr/> <hr/>

16 Capital commitments

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

17 Lease commitments

At 31 July 2021 the College had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Property	Equipment	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Within one year	41,756	68,559	110,315	100,910
Within two to five years	167,024	3,083	170,107	177,564
Over five years	172,602	-	172,602	193,551
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	381,382	71,642	453,024	472,025
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*
for the year ended 31 July 2021

18 Contingent liability

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

19 Post-balance sheet events

There are no post balance sheet events to note.

20 Reconciliation of net income to net cash from operating activities

	2021	2020
	£	£
Net movements in funds before other recognised gains and losses	966,031	1,208,219
Adjustments for:		
Interest received	(588)	(9,000)
Interest paid	-	2,979
Deferred capital grants released	(134,582)	(366,681)
Depreciation charges	200,357	176,414
Impairment charges	6,517	-
Net cost of defined benefit pension	315,000	187,000
(Increase) / decrease in debtors	22,250	(48,242)
Increase / (Decrease) in creditors	414,726	475,633
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Net cash (used)/provided by operating activities	1,789,711	1,626,322
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21 Financial instruments

	Total 2021	Total 2020
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	285,664	146,130
Carrying amount of financial liabilities		
Measured at amortised cost	(1,190,411)	(791,530)
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	(904,747)	645,400
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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.