

Charity number: SC024193
Company number: SC153921

West Highland College UHI
(A company limited by guarantee)

Directors' report and financial statements

for the year ended 31 July 2020

West Highland College UHI
(A company limited by guarantee)

Contents

	Page
Legal and administrative information	1 – 2
Strategic report	3 – 8
Corporate Governance Statement	9– 15
Statement of the Board of Management's Responsibilities	16 – 17
Auditors' report to the directors	18 – 19
Statement of Comprehensive Income	20
Balance Sheet	21
Cash flow statement	22
Notes to the financial statements	23 - 37

West Highland College UHI
(A company limited by guarantee)

Legal and administrative information

Charity number SC024193

Company registration number SC153921

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

Directors	Derek Lewis - Chair	Appointed 27 March 2020
	Lydia Rohmer	Appointed 28 February 2012
	Duncan Ferguson	Appointed 1 July 2014
	Robert Kelly	Appointed 5 October 2016
	Christine MacKay	Retired 14 February 2020
	Hayley Lewis	Retired 7 January 2020
	Lisa McAndrew	Appointed 28 March 2018
	Nigel Patterson	Appointed 27 June 2018
	Deryck Nutley	Appointed 4 August 2018
	Dorothy Lynn	Appointed 18 December 2018
	Alan Sears	Appointed 18 December 2018
	Emma Lawson	Appointed 18 December 2018
	Katie Wrigglesworth	Retired 20 February 2020
	Charles McCrinmon	Appointed 27 March 2019
	Neil Hope	Appointed 24 June 2020
	Ciaran Gibson	Appointed 1 July 2020

Secretary	Paula Lister	Appointed 31 October 2019
------------------	--------------	---------------------------

Chief Executive	Lydia Rohmer
------------------------	--------------

West Highland College UHI
(A company limited by guarantee)

Legal and administrative information

External Auditors

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

Internal Auditors

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

Solicitors

McIntyre & Company
38 High Street
Fort William
PH33 6AT

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2020

OPERATING AND FINANCIAL REVIEW

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

Legal Status

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

Scope of the Financial Statements

The financial statements cover all activities of West Highland College UHI, including the Statement of Comprehensive Income for the year ended 31st July 2020.

Our Vision and Mission

The Board of Management's current strategic plan operates from 2016-2021. The Board annually reviews the strategic context of the College, and regularly reviews the risk register.

Vision

Our ambition is to be the education provider of choice in the West Highlands of Scotland, delivering excellence in learning, training and support for all students, businesses, and rural communities.

Mission

West Highland College UHI will act as a positive force for change in the development and prospects of this region, its people, and its communities.

Values

In the delivery of our mission, we will be:

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

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2020

Strategic Report for the year ended 31st July 2020

Achievements & Performance

During 2019/20 our Further Education (FE) activity was 7079 credits (7163 in 18/19), compared to a target of 6,828 Scottish Funding Council (SFC) funded credits and 270 ESF funded credits. The success KPI for full-time FE courses has not yet been confirmed due to late final outcomes of students affected by lock-down (72% in 18/19). FE activity target for 20/21 is comprised of 6,828 original core funded credits plus additional distribution of 124 credits bringing it to a total of 6952 credits. Higher Education (HE) activity for 19/20 was 230.4 FTE (242.8 in 18/19), compared to a target of 244. HE activity target for 20/21 is 277 FTE.

During the year, the College has continued to be well represented on the UHI and Highland STEM strategy groups and has continued to work with partners to develop a co-ordinated approach to STEM engagement and activity. In January we were delighted to host one of the Scottish heats in the Global LEGO league tournament at our Fort William campus. This global STEM challenge for 9-16-year olds gets pupils from local schools to put their STEM skills to the test by completing a series of problem-solving challenges using moving LEGO structures and robots.

In February, the college launched a new Countryside and Ranger qualification alongside the Nevis Landscape Partnership (NLP). The course includes practical skills training, conservation and visitor management tasks led by the NLP Volunteer Co-ordinator and landowning partners, giving opportunity for students to contribute to positive action in the local area. Theoretical work covers habitat studies, an understanding of visitor provision, recreation and access issues, and consideration of land use, management objectives and possible conflicts of interest.

Our Centre for Recreation and Tourism Research were very successful in securing funding for research on several significant projects including: -

- ‘Coast that Shaped the World’ project with a value of over £500,000 funded by Scottish Natural Heritage with match funding from both the college and Caledonian MacBrayne. This project will gather maritime stories from 20 destinations across the west coast – stories that shaped our coastal communities into what they are today, and which convey how our maritime cultural and natural heritage helped to shape the world.
- ‘SCITOUR’ project with an international consortium of partners is an EU funded project worth over €1m. Led by the Arctic Centre at the University of Lapland it is hoped that the two-year scientific tourism (SCITOUR) project will help small businesses and start-ups based in remote northern regions to create, promote and sell new products offering tourists an educational experience, and help to diversify local economies.
- EU Erasmus+ programme has funded a €445,000 initiative to develop vocational education and training and curriculum resources that will help tourism businesses gain the skills needed to successfully navigate through crises by providing them with the knowledge and actionable tools to analyse the specific extent of crisis impact and develop suitable countermeasures. The centre will work with both academic and business partners in Spain, Ireland, Germany, Denmark, and Iceland in a three-year transnational collaboration.

Our students continue to represent the College well with the following highlights: -

- Two former students received awards from the Highland Youth Arts Hub which supports emerging artists.
- Professional Cookery student won the Skye Beef Recipe Award 2019

During the COVID crisis lockdown, our staff continued to provide outstanding support to both our existing students and potential future students in a range of virtual and online events. As the college has 10 years’ experience of delivering courses using a combination of online teaching technologies and video conferencing that connects students and allows them to study from all over the Highlands, we were well placed to move the vast majority of our courses fully online in March when the national lockdown was introduced. This culminated in an online showcase, featuring art and design, photography, fashion, textiles, and music celebrating the work of our creative students.

Through lockdown we held ‘Virtual Open Days’ for the first time. Applicants from across Scotland and the UK were offered the chance to switch to Skype to find out more from the college’s course tutors about a wide range of subjects including Fashion, Digital Media, Childcare, Computing and Professional Cookery. Some applicants had online interviews for admission to our national School of Adventure Studies, with its unique specialist BA (Hons) degrees in Adventure Tourism Management, Adventure Education, Marine and Coastal Tourism and Adventure Performance and Coaching.

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2020

The college was delighted to receive funding for a major project to help businesses in the West Highlands and the wider Highland area. As part of the national 'Advancing Manufacturing Challenge Fund', the project is a partnership between the Scottish Government, Scottish Enterprise, and Highlands and Islands Enterprise. It is part funded by the 2014-2020 European Structural and Investment Fund. The project will target support for SMEs and micro businesses involved in manufacturing across different industry sectors, including Food and Drink, Construction, Aquaculture, Metals and Timber Products. The multi-sector approach will give local businesses access to new advanced manufacturing equipment and specialist expertise to help inform their adoption of new technology, processes and products leading to improved productivity. A new specialist advanced manufacturing hub for the West Highlands will be created, giving opportunities for industry-led knowledge exchange, and supporting collaboration amongst businesses. It will also serve as a local point of contact for industry bodies, academic institutions, and wider networks, which is not currently available locally to the businesses in the West Highlands. The 'Advancing Manufacturing in the West Highlands' project also forms a core part of the college's plans to build an innovative new Centre for Science, Technology, Engineering and Health in Fort William.

Financial Results

The surplus on continuing operations, after depreciation charges, for the financial year ended 31 July 2020 was £307,039 (2019 £372,643). Income increased to £6,249k (2019 £5,683k) due to increased grant funding to meet the costs of national pay bargaining for lecturing staff. Expenditure increased to £5,942k (2019 £5,311k) due to the increased staff costs associated with the implementation of national bargaining. Other operating costs decreased in the financial year as a result of the pandemic lockdowns imposed during March 2020. The surplus position reflects continued prudent control over spending and investment during an unprecedented period.

The College ended the 2020 financial year with an accumulated General Reserve surplus of £1,750,024, an increase of £307,039 on the reserves of £1,442,985 brought forward from 2019. The financial year 2020/21 brings continued disruption of college activities due to the pandemic and therefore a strong reserves position means the College is in a better place to undertake changes that will inevitably be required, investment priorities and deal with future uncertainties and financial pressures.

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

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

	2019-20 £'000	2018-19 (restated in agreement with SFC) £'000
Surplus/(deficit) before other gains and losses	307	373
Add back:		
- Depreciation (net of deferred capital grant release) on both government funded and privately funded assets	0	0
- Exceptional non-restructuring costs - impairment	0	0
- Pension Adjustment – Net service cost	0	0
- Pension adjustment – Net interest cost	0	0
- Pensions adjustment – Early retirement provision	0	0
Deduct:		
- Non-government capital grants	0	0
- Exceptional income – insurance claim	0	0
Adjusted operating surplus	307	373

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2020

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, investment, and borrowings.

Cash Flows

The College had a net cash inflow of £291,368 in the year to 31st July 2020 compared with a net cash outflow of £106,971 in the prior year.

Liquidity

The College had cash balances of £872,659 at the year end, compared with net cash balances of £581,291 at the end of 2020.

Creditor Payment Policy

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

The College's average creditor payment period has decreased from 10 days in 2019 to 6 days at the end of July 2020. Trade Creditors were £95,115 at 31st July 2020 compared with £135,050 at 31st July 2019. The College did not pay any interest during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

Future Developments

The Estates Strategy was refreshed and approved by the board in 2016/17. There are 3 key projects that will continue to move through different stages in the coming year.

Centre for Science, Technology, Health & Engineering in Fort William - a full business case has been submitted for consideration to SFC and discussions on funding have continued throughout the year. The outbreak of the pandemic has undoubtedly delayed progress, but the college remains committed to securing funding with the support of the local business community.

Mallaig Learning Centre - as part of the Mallaig Harbour Masterplan we have identified a site to develop a new centre in Mallaig. This will improve student experience and provide increased space to facilitate growth in the area. We have planning permission for the centre and continue to explore all avenues for funding.

Broadford Learning Centre – growing popularity of our full-time and part-time provision at the Broadford centre coupled with the requirements for social distancing have meant that additional space is required both in terms of classroom and storage. Work has started to purchase adjacent land to the current centre and design work for a temporary classroom and extensions to the current storage facility is underway.

A budget has been approved by the board for 20/21, which shows a surplus of £15k. As part of our planning for 20/21 and beyond, we are focused on the requirements for upskilling and retraining as a result of the economic environment related to the pandemic. This also includes continuing to develop our strategy for the STEM curriculum.

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2020

Principal Risks & Uncertainties

The board have assessed that the following constitute key risks to the college: -

- Reduction in Government funding being insufficient to cover the impacts of national pay bargaining and provision of a wide-ranging curriculum to support the West Highlands. Any reduction in funding level could make the college's current operations unsustainable.
- Reduction in income generating activities due to the extended effects of the pandemic.
- Failure to secure sufficient capital funding to provide necessary facilities for planned curriculum growth.
- Failure to meet planned student recruitment targets.
- Failure to secure reliable ICT infrastructure which supports the delivery and growth of our online course delivery.

The outbreak of the COVID-19 pandemic in 2020 caused significant disruption to College activities. In financial terms the impact was felt most keenly in areas of commercial income generation. With the closure of College buildings in March 2020, the two cafés were closed. The college donated food stock items with a limited shelf life to local food banks in support of local communities and ultimately café staff were supported through the UK Government furlough scheme to mitigate ongoing costs. The closure of the buildings and the cessation of face to face teaching also had an impact on short course provision. The team worked hard through lockdown to support existing trainers to move to online provision of courses and pro-actively sought out new courses and trainers. These online courses helped to mitigate lost income to the College during lockdown but also played a key role in keeping connections with the rural communities served by the College.

Whilst the college has a small number of students from the EU and undertakes research funded by the EU it continues to work with partners across the University of the Highlands and Islands to assess and mitigate the uncertainties and potential risks posed by Brexit on future recruitment and continued access to research funds.

Trade Unions

The College did not have any employees who were Trade Union officials during the year and therefore there is no further information to disclose under the Trade Union (Facility Time Publication Requirements) Regulations 2017. The College does not formally recognise or negotiate with trade unions. In order to engage with staff, the College operate a Staff Information and Consultation committee with elected staff representation

Statement as to disclosure of information to auditors

The board members who held office at the date of approval of this report confirm that there is no relevant audit information of which the Charitable Company's Auditors are unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Equal Opportunities Statement

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

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

West Highland College UHI 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.

West Highland College UHI
(A company limited by guarantee)

Report of the directors (incorporating the Strategic Report)
for the year ended 31 July 2020

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

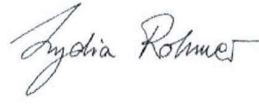
In line with the College's commitment to equal pay, the College operates a job evaluation scheme, and has completed a gender pay gap analysis in 2016/17. Since June 2015, when the College's Board resolved to become a living wage provider, the College has aligned its minimum wage annually with the living wage as determined by the UK Living Wage Foundation. The College has renewed its Investors in People accreditation in September 2018.

The College's policies in relation to Equalities and Diversity are published on the College's intranet and on the College website. The College along with UHI has reviewed its provisions in light of the Equality Act and refreshed and published an Equality, Diversity and Inclusivity Policy in 2019

Approved by order of the members of the Board on 21st December 2020 and signed on its behalf by:



Derek Lewis
Director and Chair



Lydia Rohmer
Principal & Chief Executive

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2020

CORPORATE GOVERNANCE STATEMENT

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

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

The Board is well informed of the national bargaining process and is broadly supportive of its aims. The Board formally reviewed its previous position in June 2019 and on balance decided that the College would sign up to the NRPA subject to being able to meet the necessary requirements. Work has continued in pursuance of meeting the support staff pension requirement throughout 2019/20.

The Board of Management

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

		DATE OF APPOINTMENT	MAXIMUM TERM OF OFFICE	DATE OF RETIREMENT	STATUS OF APPOINTMENT	COMMITTEE MEMBERSHIP (AT SOME POINT IN THE YEAR)
Lewis	Derek	27.3.20	8 years		Independent member, Chair	Finance & General Purposes;
Ferguson	Duncan	1.7.14	8 years		Senior Independent member	Audit; Search & Nominations;
Kelly	Robert	5.10.16	8 years		Independent member, Health & Safety champion	Audit; Health & Safety Champion
Lewis	Hayley	4.4.17	8 years	Retired 1 Jan 2020	Independent member, Senior Independent Person	Convenor of Finance & General Purposes; Convenor of Performance Review & Remuneration; Estates Project Group
Mackay	Christine	4.4.17	8 years	Retired 14 Feb 2020	Independent member, Vice Chair	Convenor of Audit; Estates Project Group
McAndrew	Lisa	28.3.18	8 years		Independent member	Finance & General Purposes; Estates Project Group
Nutley	Deryck	4.8.18	8 years		Independent member	Audit; Search & Nominations

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2020

Patterson	Nigel	27.6.18	4 years		Support staff member	Audit; Performance Review & Remuneration; Estates Project Group
Rohmer	Lydia	28.2.12	Term in office		Principal and Chief Executive	Finance & General Purposes; Estates Project Group; Search & Nominations
Lynn	Dorothy	18.12.18	8 years		Independent member	Convenor of Finance & General purposes; Estates Project Group
Sears	Alan	18.12.18	8 years		Independent member	Convenor of Audit; Performance Review & Remuneration
Lawson	Emma	18.12.18	8 years		Independent member	Audit; Performance Review & Remuneration; Search & Nominations
Wrigglesworth	Katie	7.1.19	3 years	Retired 20 Feb 2020	Student member	Finance & General Purposes; Search & Nominations; Performance Review & Remuneration
Mccrimmon	Charles	27.3.19	4 years		Teaching staff member	Finance & General Purposes; Search & Nominations
Hope	Neil	24.6.20	8 years		Independent member	Finance & General Purposes
Gibson	Ciaran	01.07.20	3 years		Student member	Finance & General Purposes; Search & Nominations; Performance Review & Remuneration

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2020

Attendance at meetings

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

Board meetings

Date of Meeting	Number of independent members present	Number of executive members present*	Whether quorate
2 Oct 2019	9	3	yes
17 Dec 2019	8	3	yes
27 Mar 2020	7	3	yes
27 Apr 2020	7	3	yes
24 Jun 2020	8	3	yes

Audit Committee meetings

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
10 Sept 2019	6	1	yes
27 Nov 2019	5	1	yes
5 Mar 2020	5	1	yes
8 Jun 2020	4	1	yes

Finance & General Purposes Committee meetings

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
18 Sept 2019	5	2	yes
27 Nov 2019	3	1	yes
15 Jun 2020	2	2	yes

Search & Nominations

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate
11 Nov 2019	4	2	yes

Performance Review & Remuneration

Date of Meeting	Number of independent members present	Number of executive members present	Whether quorate

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

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2020

Board of Management Responsibilities

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

The Board of Management is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Management meets at least four times a year; in 2019-20 it held five meetings.

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

In addition, the Board of Management holds development planning days and training sessions during the course of the year for the purposes of training, self-evaluation, and development. The Board is supported by an independent Secretary.

The Secretary to the Board maintains a register of financial and personal interests of the Board members. The Register is available for inspection at the West Highland College UHI - Fort William, Carmichael Way, Fort William PH33 6FF, or on the College website.

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

Formal agendas, papers and reports are supplied to Board members in a timely manner, prior to meetings. Briefings are also provided on an ad hoc basis.

The Board of Management has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Board of Management considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgment.

Board members are required to self-evaluate collectively as a Board and individually as Board members annually. The self-evaluation process includes consideration of the collective effectiveness of the Board of Management and its committees, and individual reflection on their adherence to the Seven Principles of Public Life, as well as the Code of Good Governance for Scotland's Colleges. In addition, the Board has evaluated the performance of its external auditors. Over the course of the year, the Board worked through the action points arising from the externally facilitated review of 2016-17. All items were addressed. Most of them have been entirely completed; one or two are part of an evolving improvement in Board practices and as such are on-going.

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

Appointments to the Board of Management

Any new appointments to the Board of Management are a matter for the consideration of the Board of Management as a whole. The Board of Management has a Search and Nominations Committee, consisting of at least three non-executive members of the Board of Management, which is responsible for the selection and nomination of any new member for the Board of Management's consideration. The Board of Management ensures that a process is in place to provide appropriate induction training to new Board of Management members and new Board members are expected to undertake induction training. The public procedures for appointing new Board members are available from the Secretary to the Board of Management. At every second AGM, the longest serving independent Members of the Board of Management vacate office as directors and, subject to a process approved by the Board, may be reappointed up to a maximum term of office of eight years.

West Highland College UHI

(A company limited by guarantee)

Corporate Governance Statement

Year ended 31 July 2020

Performance Review and Remuneration Committee

The Performance Review & Remuneration Committee comprises at least four non-executive members of the Board of Management, plus one of the staff members and the student member of the Board of Management. The committee is responsible for making recommendations to the Board on the remuneration and benefits of the Principal and other senior staff as appropriate.

Search and Nominations Committee

Membership of this Committee comprises the Chair of the Board, the staff representative member, the student representative member and at least three further members of the Board, not including the Principal.

Audit Committee

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

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

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

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

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

Finance and General Purposes Committee

The Finance and General Purposes Committee comprises not less than five members of the Board of Management, including the Principal, the teaching staff member and student member of the Board. The Committee operates in accordance with written terms of reference approved by the Board of Management. The Finance and General Purposes Committee meets a minimum of four times a year and, among other matters, recommends to the Board of Management the College's annual revenue and capital budgets and monitors performance in relation to approved budgets. It monitors the College's financial and business perspectives. It approves all key financial decisions, recommends the annual budget, considers the annual accounts, and recommends for approval, oversees the system of financial control and delegated authority. It also considers any other matters relevant to the financial duties of the Board. The Committee considers all staff and employment matters as well as estates development. The latter is considered in detail by a sub-committee, the Estates Project Board.

Corporate Strategy

The Board of Management is responsible for the overall strategic development of the College and is the guardian of its vision and values. Strategic development takes place in variety of ways, with a session at least once a year reviewing the College's strategic context. In order to develop the strategic plan, the Board meets with the Executive Leadership Team and College stakeholders (Staff and student representatives) in a one-day event. The current Strategic Plan covers the period 2016-2021 and is underpinned by annual operational plans. Progress against the agreed strategic priorities in the plan is monitored by the appropriate Board committees on a regular basis. The Board reviews the key performance indicators for the College on an annual basis.

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2020

Risk Management and Internal Control

Scope of Responsibility

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

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Highland College UHI for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Board of Management has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board of Management.

The Risk and Control Framework

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

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

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

West Highland College UHI
(A company limited by guarantee)

Corporate Governance Statement
Year ended 31 July 2020

Review of Effectiveness

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

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

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

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

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

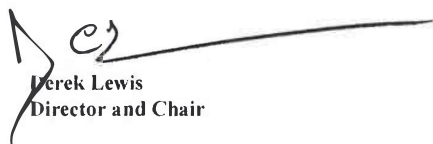
In October 2019, the Board held a training day on its risk management responsibilities, the day was led by the Head of MHA Henderson Loggie's Public Sector and Internal Audit team. It focused on Board members' role with regard to risk management, how to prioritise risk and an examination of what assurances it receives regarding the management of risk within the College. As part of the event, members also reviewed the risk appetite statement.


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

Going Concern

In preparing these financial statements, the Board of Directors have given careful consideration to current and anticipated future solvency requirements of the College and its ability to continue as a going concern for the foreseeable future. The directors have prepared the financial statements on a going concern basis, notwithstanding the COVID-19 virus and net current liabilities of £36,040 as at 31 July 2020. The directors have prepared cash flow forecasts for a period beyond 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downturns (i.e. removing commercial income), the College will have sufficient funds, through its operating cash flows, cash reserves and if required funding in advance from funding Partners to meet its liabilities as they fall due for that period.

Approved by order of the members of the Board of Management on 21st December 2020 and signed on its behalf by:


Derek Lewis
Director and Chair


Lydia Rohmer
Principal & Chief Executive

West Highland College UHI
(A company limited by guarantee)

Statement of the Board of Management's Responsibilities
Year ended 31 July 2020

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

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

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

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare financial statements on the 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.

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

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

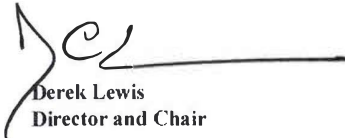
West Highland College UHI
(A company limited by guarantee)

Statement of the Board of Management's Responsibilities
Year ended 31 July 2020

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

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

Approved by order of the members of the Board of Management on 21st December 2020 and signed on its behalf by:



Derek Lewis
Director and Chair



Derek Nutley
Director

West Highland College UHI
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of West Highland College UHI (the 'charitable company') for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, Balance Sheets, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of the charitable company'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 Regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or

West Highland College UHI
(A company limited by guarantee)

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder

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

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

Use of our Report

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



Martin Johnston CA (Senior Statutory Auditor)
For and on behalf of Armstrong Watson Audit Limited
Chartered Accountants
Glasgow

Date: 6 January 2021

West Highland College UHI
(A company limited by guarantee)

Statement of Comprehensive Income
For the year ended 31st July 2020

		2020	2019
		£	£
	Notes		
Income			
SFC grants	2	4,220,472	3,649,922
UHI Grant		590,126	512,045
Tuition fees and education contracts	4	825,187	920,888
Other operating income	3	180,667	224,804
Research contract and grants		156,115	98,254
Release of deferred capital grant	19	270,815	274,961
Investment income		5,243	2,314
Total income		6,248,624	5,683,188
 Expenditure			
Staff costs	7	4,493,442	3,719,358
Other operating expenses	5	1,168,348	1,309,911
Interest payable and other charges		21,693	21,707
Depreciation		258,102	259,569
Total expenditure		5,941,585	5,310,545
 Surplus on continuing operations before and after tax		307,039	372,643
 Surplus for the year retained within general reserves		307,039	372,643

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

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

The notes on pages 23 to 37 form an integral part of these financial statements


West Highland College UHI
(A company limited by guarantee)

Balance Sheet
As at 31st July 2020

	Notes	2020 £	2019 £
Non-current Assets			
Tangible fixed assets	11	6,522,571	6,734,250
Current assets			
Stocks	12	2,225	2,151
Debtors	13	322,203	192,476
Cash at bank and in hand		<u>872,659</u>	<u>581,291</u>
		1,197,088	775,918
Creditors: amounts falling due within one year	14	<u>(1,233,128)</u>	<u>(1,216,191)</u>
Net current liabilities		<u>(36,040)</u>	<u>(440,273)</u>
Total assets less current liabilities		6,486,532	6,293,977
Creditors: amounts falling due after more than one year	15	(385,987)	(468,682)
Accruals and deferred income	16	<u>(4,350,521)</u>	<u>(4,382,310)</u>
Net assets		<u>1,750,024</u>	<u>1,442,985</u>
Reserves			
Opening Reserves		1,442,985	1,070,342
Surplus for the year retained within general reserves		307,039	372,643
Closing General Reserve - unrestricted		<u>1,750,024</u>	<u>1,442,985</u>
Total reserves		<u>1,750,024</u>	<u>1,442,985</u>

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

The financial statements were approved by the board on 21st December 2020 and signed on its behalf by


Derek Lewis
Director and Chair


Derek Nutley
Director

The notes on pages 23 to 37 form an integral part of these financial statements

West Highland College UHI
(A company limited by guarantee)

Cash flow statement

For the year ended 31st July 2020

		2020		2019	
	Notes	£	£	£	£
Cash from operating activities	20		428,456		1,032,130
Cash flows from investing activities					
Investment income		5,243		2,314	
Interest payable		(21,693)		(21,707)	
Purchase of tangible assets		(46,424)		(1,049,309)	
Cash used in investing activities			<u>(62,874)</u>		<u>(1,068,702)</u>
Cash flows from financing activities					
Loan repayments			<u>(74,214)</u>		<u>(70,399)</u>
Increase/(decrease) in cash and cash equivalents in the year			291,368		(106,971)
Cash and cash equivalents at the beginning of the year			581,291		688,262
Total cash and cash equivalents at the end of the year			<u><u>872,659</u></u>		<u><u>581,291</u></u>

Analysis of Debt for year ended 31 July 2020

	At 1 August 2019	Cash flows	At 31 July 2020
	£	£	£
Cash at bank and in hand	581,291	291,368	872,659
Debt due after 1 year	(468,682)	82,695	(385,987)
Debt due within 1 year	(68,000)	(8,481)	(76,481)
	<u><u>44,609</u></u>	<u><u>365,582</u></u>	<u><u>410,191</u></u>

The notes on pages 23 to 37 form an integral part of these financial statements

**West Highland College UHI
(A company limited by guarantee)**

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

1. General Information and Accounting policies

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

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

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting for Further and Higher Education (2019)' and in accordance with Financial Reporting Standards FRS 102 and the Companies Act 2006.

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

1.2. Recognition of income

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

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

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

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

1.3. Recognition of expenditure

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

1.4. 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.

West Highland College UHI
(A company limited by guarantee)

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

1.5. Tangible fixed assets and depreciation

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

Land	Nil
Tenant's improvements	Over life of lease
Buildings	2% straight line
Plant and machinery	20% straight line
Fixtures, fittings and equipment	10% straight line
IT Equipment	33.3% straight line
Assets under construction	Nil

The Directors consider the above valuation method to not be materially different from depreciated replacement cost.

Land and buildings

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

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31st July 2020. They are not depreciated until they are brought into use.

Equipment

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

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

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

Impairment of assets

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

Maintenance of premises

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

1.6. Stock

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

West Highland College UHI
(A company limited by guarantee)

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

1.7. Defined benefit and defined contribution pension schemes

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

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

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the college is unable to identify its share of the underlying assets and liabilities of the scheme. The employer contribution rate for the period from 1 April 2019 is 17.2% increasing from 1 September to 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay. While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. The cost cap will be reconsidered once the final decision on a remedy and how this affects the Scottish Teachers' Pension Scheme is known and its impact fully assessed in relation to any additional costs to the scheme.

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

1.8. Agency arrangements

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

2. Scottish Funding Council Grants

		2020	2019
	Note	£	£
Scottish Funding Council Recurrent Grant		4,151,731	3,558,106
Release of deferred capital grant	19	68,741	91,816
		<u>4,220,472</u>	<u>3,649,922</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

3. Other operating income

	2020	2019
	Total	Total
	£	£
Other Income	57,242	42,070
Rental Income	58,388	57,200
Facilities Hire	10,309	19,343
Service Charges	4,614	41,427
Kitchen & Catering	50,113	64,764
	180,667	224,804

Bursary Income

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

	2019-20	2019-20	2019-20	2019-20	2018-19
	FE Bursary	EMAs	Other	Total	Total
	£	£	£	£	£
Balance b/fwd	-	-	-	-	-
Allocation received in year	43,381	-	-	43,381	30,243
Expenditure	(43,381)	-	-	(43,381)	(30,243)
Repaid to funding council as clawback	-	-	-	-	-
College contribution to funds	-	-	-	-	-
Balance c/fwd	-	-	-	-	-
Repayable to the funding council as clawback	-	-	-	-	-
Retained by college for students	-	-	-	-	-

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

4. Tuition Fees, Education & Employability Contracts

	2020	2019
	£	£
Further Education - student fees (UK)	42,953	35,051
Skills Development Scotland	160,394	212,620
Higher Education - student fees	403,717	454,511
Education and employability contracts	48,790	70,997
Other contracts & commercial fees	169,333	147,710
	<hr/>	<hr/>
Total	825,187	920,888
	<hr/>	<hr/>

5. Other Operating Costs

	2020	2019
	£	£
Academic Departments	321,494	420,262
Commercial & Employability Division	12,182	19,760
Central Administration & Academic Services	476,601	505,012
Premises costs	149,584	144,300
Planned maintenance	102,166	137,852
Other employee related costs	-	-
Research costs	55,051	38,818
Commercial activities - Kitchen	34,315	43,907
Bad Debts	16,956	-
	<hr/>	<hr/>
Total	1,168,348	1,309,911
	<hr/>	<hr/>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

6. Net surplus for the year

	2020	2019
	£	£
Net surplus is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	258,102	259,569
Auditors' remuneration	12,027	18,042
	<hr/>	<hr/>
Analysis of auditors' remuneration		
External audit - audit fees	8,277	7,725
Internal audit	3,750	10,317
Total audit fees	12,027	18,042
	<hr/>	<hr/>

7. Employees

	2020	2019
	£	£
Staff Costs	3,689,552	3,158,466
Social Security Costs	345,308	283,730
Pension Costs	437,720	263,978
Other Costs & Training	20,863	13,184
	<hr/>	<hr/>
	4,493,442	3,719,358
	<hr/>	<hr/>

Analysed as:

Administration and central services	561,749	493,091
Premises	125,850	122,299
Research grants, contracts & commercial activity	278,684	241,804
Academic Teaching Depts	2,498,507	1,870,174
Academic Teaching Services	960,735	929,179
Catering Staff	67,917	62,811
	<hr/>	<hr/>
	4,493,442	3,719,358
	<hr/>	<hr/>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

7. Employees (Cont.)

Salary Bands - Staff receiving remuneration over £60,000

	2020	2019
	£	£
£60,000 - £69,999	0	1
£70,000 - £79,999	1	0
£80,000 - £89,999	1	1
Total employees	2	2

Number of Employees

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

	2020	2019
	Number	Number
Administration and central services	26.25	25.00
Premises	7.25	9.00
Research grants, contracts & commercial activity	10.75	11.00
Academic Teaching depts	95.75	88.50
Academic teaching services	43.25	45.00
Catering staff	4.25	3.75
	187.50	182.25
Full time equivalent	117.00	110.70

Directors' Emoluments

	2020	2019
	£	£
Remuneration	160,637	150,327
Pension	28,378	17,762
Recovery of expenses	4,411	7,567
	193,425	175,655

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

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

7. Employees (Cont.)

Principal remuneration disclosure

	2020	2019
	£	£
Gross Wages	84,534	83,294
Employers National Insurance	10,468	10,322
Employers pension contributions	18,627	14,312
	<u>113,628</u>	<u>107,928</u>

In April 2017, the Principal was seconded on a part-time basis to the role of Vice Principal – Tertiary for the University of the Highlands & Islands. This 0.5FTE role is funded by UHI and attracts a higher salary than the role with West Highland College UHI. In 2020 the salary paid to the Principal increased by 2% in line with the pay increase given to all support staff, the remainder of the increase is due to being in post with UHI for the full year.

Key Management Team remuneration disclosure

	2020	2019
	£	£
Gross Wages	196,077	182,239
Employers National Insurance	23,360	22,022
Employers pension contributions	23,730	25,346
	<u>243,166</u>	<u>229,607</u>

The key management team costs represent 3FTE in 2020 (2019: 3FTE).

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

8. Interest payable and similar charges

	2020	2019
	£	£
Interest Payable	<u>21,693</u>	<u>21,707</u>

9. Pension costs

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

The defined contribution workplace pension scheme is managed by the National Employment Savings Trust (NEST). The College joined the scheme in May 2014 and was set up to facilitate automatic enrolment as part of the Government's workplace pension's reform. The contributions made by the College amounted to £50,040 (2019: £93,347). Currently the College contributes 3% of the salaries of all eligible employees who have elected to join the scheme.

The College is a member of the Scottish Teachers Superannuation Scheme (STSS) for all Lecturing staff. The contributions made by the College amounted to £387,680 (2019: £170,631).

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

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. The cost cap will be reconsidered once the final decision on a remedy and how this affects the Scottish Teachers' Pension Scheme is known and its impact fully assessed in relation to any additional costs to the scheme.

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

10. Taxation

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

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

11. Tangible Fixed Assets

	Land	Buildings	Tenants Improvements	Plant and Machinery	Fixtures, Fittings and Equipment	Assets Under Construction	IT Equipment	TOTAL
	£	£	£	£	£	£	£	£
COST								
At 1st August 2019	264,348	6,885,065	40,596	1,061,390	582,032	1,067,577	441,512	10,342,521
Additions	-	16,494	-	31,443	-	8,904	30,896	87,736
Transfers						(41,312)		(41,312)
At 31st July 2020	264,348	6,901,559	40,596	1,092,833	582,032	1,035,169	472,408	10,388,944
DEPRECIATION								
At 1st August 2019	-	1,739,647	28,766	1,002,155	465,792	-	371,912	3,608,272
Charge	-	138,236	3,605	40,518	28,895	-	46,847	258,102
At 31st July 2020	-	1,877,883	32,371	1,042,673	494,687	-	418,759	3,866,373
NBV								
At 31st July 2020	264,348	5,023,676	8,225	50,160	87,345	1,035,169	53,649	6,522,571
At 31st July 2019	264,348	5,145,421	11,829	59,234	116,241	1,067,577	69,600	6,734,250

AUC Transfer relates to refunded costs previously capitalised.

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

12. Stocks

	2020	2019
	£	£
Raw materials	<u>2,225</u>	<u>2,151</u>

13. Debtors

	2020	2019
	£	£
Trade Debtors	41,610	18,325
Other Debtors	246,907	151,657
Prepayments	33,686	22,494
	<u>322,203</u>	<u>192,476</u>

14. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank Loan	76,481	68,000
Trade Creditors	95,115	135,050
Other Taxes and Social Security	110,365	88,450
Other Creditors	69,346	32,876
Accruals and deferred income	881,820	891,815
	<u>1,233,128</u>	<u>1,216,191</u>

The Bank of Scotland holds a Bond and Floating charge over the whole assets of the company and Standard Security over the property.

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 July 2020

15. Creditors: amounts falling due after one year

	2020	2019
	£	£
Amounts Repayable 2-5 years	305,925	272,000
Amounts Repayable >5 years	80,062	196,682
	<hr/>	<hr/>
Bank Loan	<u>385,987</u>	<u>468,682</u>

The loans towards the construction cost of the extension and the loan drawn to finance the kitchen refurbishment are secured by a standard security over the property and a bond and floating charge over the whole of the Company's assets. The loans are payable in instalments and interest rates are 1.75% over base for the extension and 2.65% over base for the kitchen refurbishment.

16. Accruals and deferred income > 1 year

	2020	2019
	£	£
Grants received		
at 1st August 2019	(4,690,985)	(4,454,540)
Received in year	<u>(281,249)</u>	<u>(603,222)</u>
	<u>(4,972,234)</u>	<u>(5,057,762)</u>
 Released in year	 <u>339,556</u>	 <u>366,777</u>
Total deferred grants as at 31 July 2020	<u>(4,632,678)</u>	<u>(4,690,985)</u>
 Grants under 1 year	 <u>(282,157)</u>	 <u>(308,675)</u>
Deferred grants greater than 1 year	<u>(4,350,521)</u>	<u>(4,382,310)</u>

West Highland College UHI
(A company limited by guarantee)

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

17. Operating Leases

Lessee

	Buildings		Other		Total	
	2020	2019	2020	2019	2020	2019
Less than one year	29,831	27,610	34,352	49,519	64,183	77,129
2-5 Years	19,416	10,800	12,094	55,379	31,510	66,179
Over 5 Years						
	<u>49,247</u>	<u>38,410</u>	<u>46,446</u>	<u>104,898</u>	<u>95,693</u>	<u>143,308</u>

Lessor

	2019				Total	
	2020	(Restated)	2020	2019	2020	(Restated)
Less than one year	30,141	30,141	-	-	30,141	30,141
2-5 Years	-	-	-	-	-	-
Over 5 Years						
	<u>30,141</u>	<u>30,141</u>	<u>-</u>	<u>-</u>	<u>30,141</u>	<u>30,141</u>

During review of the terms of all leases held as a lessor it was identified that leases held in the prior year incorporated thirty day notice periods, the College has therefore determined that no commitments beyond this notice period existed at 31/07/2019. The prior year comparative figures in this note have been restated to reflect this. This restatement reduces commitments due under operating leases as a lessor by £21,872 for amounts due in within one year, and £130,995 for amounts due between two and five years. There is no impact on the prior year reported surplus or the brought forward reserves position.

18. Capital Commitments

As at 31 July 2020 the company did not have any contracted capital commitments (31/7/19: Nil).

West Highland College UHI
(A company limited by guarantee)

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

19. Deferred Capital Grants

	SFC	Other	Total
	£	£	£
At July 2019	2,001,842	2,689,143	4,690,985
Grants received in year			
Buildings	16,494	98,915	115,409
Equipment	135,291	0	135,291
Repairing	30,549	0	30,549
	<u>182,334</u>	<u>98,915</u>	<u>281,249</u>
Release to Statement of Comprehensive Income			
Buildings	27,667	191,486	219,153
Equipment	10,525	79,329	89,854
Repairing	30,549	0	30,549
	<u>68,741</u>	<u>270,815</u>	<u>339,556</u>
Balance at 31 July 2020	<u>2,115,435</u>	<u>2,517,243</u>	<u>4,632,678</u>

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

	2020	2019
	£	£
Surplus for the year	307,039	372,643
Add back depreciation	258,102	259,569
Deduct interest income shown in investing activities	(5,243)	(2,314)
Add interest payable	21,693	21,707
(Increase)/Decrease in stock	(74)	521
(Increase)/Decrease in debtors	(129,727)	124,422
Increase/(Decrease) in creditors - excluding grants	34,974	19,137
(Decrease)/Increase in deferred income	<u>(58,307)</u>	<u>236,445</u>
Net cash from Operating Activities	<u>428,456</u>	<u>1,032,130</u>

West Highland College UHI
(A company limited by guarantee)

Notes to financial statements for the
year ended 31 July 2020

21. Related party transactions

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

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

Organisation	Member	Income 2019/20 £	Expenditure 2019/20 £	Balance due from at 31 July 2020 £	Balance due to at 31 July 2020 £
The Nevis Partnership	Lydia Rohmer	95	8,955	-	2,650
Highland HR	Alan Sears	-	1,107	-	-
Lochaber Housing Association	Nigel Patterson	2,700	-	-	-

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

Lydia Rohmer
Nigel Patterson
Charles Mccrimmon

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

22. Company limited by guarantee

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

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

23. Post Balance Sheet Events

The College continues to operate a restricted blended learning environment for students and control access to college premises. The impact of COVID-19 and the College's response has been outlined in the Strategic Report.