



North Highland College  
University of the  
Highlands and Islands

**The North Highland College Report &  
Financial Statements for the year ended  
31 July 2012**

**SCOTTISH CHARITY NUMBER SC021215**

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### **NATURE, OBJECTIVES AND STRATEGIES**

#### **Legal Status**

The Corporation was established under the Further and Higher Education (Scotland) Act 1992 for the purposes of conducting the North Highland College. The college is a registered charity (Scottish Charity Number SC021215) for the purposes of the Charity and Trustee Investment (Scotland) Act 2005.

The Further and Higher Education (Scotland) Act 1992 transferred the statutory duty for Further Education from Local Authorities to the then Secretary of State for Scotland and is now the responsibility of the Scottish Ministers.

With effect from 1 July 1999 the Scottish Further Education Funding Council became responsible for funding further education in Scotland and was empowered by the 1992 Act. A new Scottish Funding Council was formally established on 3 October 2005. The Council has been established by the Further and Higher Education (Scotland) Act 2005 and replaces the Scottish Further Education Funding Council (SFEFC) and the Scottish Higher Education Funding Council (SHEFC). The Council is known as the Scottish Funding Council (SFC).

Approval was sought and received to alter the College name from Thurso College to the North Highland College on 1 December 1999. The name change reflects the enhanced mission of the College.

The College Board of Management is responsible for the affairs of the College, which include the management of strategic planning, property, finance and human resources; the College Principal as the Accountable Officer and the Board is obliged to discharge its duties in accordance with the Financial Memorandum and other Scottish Funding Council guidance.

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

The Financial Statements cover all activities of the College.

#### **Mission Statement**

The North Highland College will ensure that inclusive and accessible high quality vocational training, lifelong learning and research opportunities, relevant to the needs of learners, communities and employers, are available across the Highland area.

#### **Implementation of Strategic Plan**

The main achievements this past year in terms of delivering against the priorities of the College's Strategic Plan are as follows:

- The delivery, in partnership with West Highland College, of 5,669 WSUMS in the West Highland area for the year 2011-12; 2010-11 5,290 WSUMS. Activity for Argyll has increased from 9,256 WSUMS delivered in 2010-11, to 9,788 WSUMS in 2011-12.
- The Environmental Research Institute MaREE project is due to complete in the summer of 2013. Research staff are investigating and modelling the tidal flows in the Pentland Firth, with a view to further developing the environmental science around this renewable resource, which has such potential in terms of energy generation. The research staff involved in the MaREE project now operate out of this new Centre for Energy and the Environment facility.
- Building work for the Engineering, Technology and Energy Centre (ETEC) cost £8.8 million, and the capital costs were all externally grant supported. This was completed in the summer of 2011. Work involved in kitting out the building with FF&E was completed in the autumn/early winter of 2011. The facility went live for staff and students in the autumn of 2011. The ETEC provides a major facility in the North of Scotland for practical engineering skills using state of the art facilities and equipment. This is helping to provide a trained and talented workforce for the Caithness economy and beyond, for the change

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from Nuclear Power and decommissioning, to renewable power engineering and general engineering.

- There is work looking at the maintenance of the college estate on an on-going basis

The revised Strategic Aims of the College cover the years 2010-15. These were developed by the Board of Management after consultation with students, staff and other stakeholders and are as follows:

Aim 1: To achieve strong corporate governance and the promotion of continuous positive cultural change.

Aim 2: To achieve a clear communication of college vision, mission and corporate identity through Board interaction with staff, students and stake-holders.

Aim 3: To achieve financial sustainability through effective risk management, the efficient use of resources, and the development of new sources of income.

Aim 4: To achieve a high quality learning experience through effective learner engagement underpinned by responsive support services, which result in learners acquiring excellent vocational and research skills and academic achievement.

Aim 5: To achieve the delivery of a balanced curriculum, based on up-to-date learning theory, which promotes equality of opportunity, and provides learning opportunities at all levels of the Scottish Credit and Qualifications Framework in fit for purpose learning spaces.

Aim 6: To achieve success through strong and effective leadership, personal and professional development and the empowerment of teams.

Aim 7: To achieve effective stakeholder partnerships with external agencies in order to enhance our service to the community.

### **Financial Objectives**

Aim 3 of the College Strategic Plan 2010-15, *To achieve financial sustainability through effective risk management, the efficient use of resources, and the development of new sources of income*, incorporates the financial aim of the College, which is to remain financially secure and create appropriate financial reserves. In order to achieve this, the College addressed or is addressing the following:

- The College Recovery Plan approved by the College Board in June 2010 was updated, revised significantly and approved by the College Board in February 2011. The College sector sustained cuts of over 10% Revenue funding from the Scottish Funding Council for the year 2011-12, together with other cuts in its income. In order to meet the reduced funding for 2011-12 a significant restructuring took place covering senior management, middle management, teaching and non-teaching activities. A curriculum review was done in the autumn of 2010 to help inform teaching reductions. Once Board approval was given this was enacted without delay, and has helped the College to deliver a surplus position in 2011-12. There have been further cuts in 2012-13 but the College has managed to deliver a balanced budget without further redundancies. Further financial planning is on-going for 2013-14 and 2014-15 based on current predicted cuts in public spending.
- The ETEC project was delivered within the budget available.
- The successful delivery of the West Highland partnerships in respect of SFC objectives and appropriate financial management.
- Four new Europe projects were secured in the year 2011-12 – Digital Literacies; ESOL; Personal Empowerment Project; and Highland Energy Collaboration.
- Assisting all sections and research facilities in identifying further sources of income.

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### Performance Indicators and Activity Review

Further education activity amounted to 33,041 weighted sums (WSUMs) in 2011-12, compared to 32,505 WSUMs in academic year 2010-11. Activity was delivered under the collaborative further education arrangements with Argyll College and West Highland College. WSUMs were as follows:

	2012 Nos	2011 Nos
North Highland College	17,584	17,959
Argyll College	9,788	9,256
West Highland College	<u>5,669</u>	<u>5,290</u>
	<u>33,041</u>	<u>32,505</u>

Higher Education activity as measured by full time equivalents (FTE's) amounted to 456 FTEs compared with 426 FTEs in 2010-11.

### Student Activity Indicators

The trend of College enrolments and student activity is as set out below. Higher education activity is reported separately and funded through UHI Millennium Institute.

Analysis of College Further Education Enrolments 2007-08 to 2011-12					
Year	2007-08	2008-09	2009-10	2010-11	2011-12
Mode of attendance	Count	Count	Count	Count	Count
Full-time	422	524	604	716	686
Part-time	9,239	10,123	10,003	8,140	6,354
	9,661	10,647	10,607	8,856	7,040
Weighted SUMs Delivered	25,194	30,096	31,570	32,505	33,041

Analysis of North Highland College Further Education Enrolments 2010-11 and 2011-12 (please note figures prior to this are not currently available)		
Year	2010-11	2011-12
Mode of attendance	Count	Count
Full-time	384	368
Part-time	2,715	2,574
	3,099	2,942
Weighted SUMs delivery	17,959	17,584

Further Education remains the core function for The North Highland College. However for 2011-12 the WSUMS funding from the SFC has been reduced. A curriculum review was done in the winter of 2010-11 and some courses ceased in order to meet the reduced funding for 2011-12.

Analysis of College Higher Education Enrolments 2007-08 to 2011-12					
Year	2007-08	2008-09	2009-10	2010-11	2011-12
Mode of attendance	Count	Count	Count	Count	Count
Full-time	201	240	251	289	316
Part-time	782	627	664	472	520
Total enrolments	983	867	915	761	836
Total FTEs	519	503	524	426	456

### **Continuous Professional Development of Staff**

#### **NHC Policy on Professional Development Programmes**

The college's staff development priorities (as confirmed in its Staff Development Strategy) are;

- To maintain a healthy and safe work environment for staff and students alike.
- To contribute to the on-going development of UHI as Scotland's newest University.
- To assist academic staff to develop their professional practice in order to enrich and enhance the quality of the learner experience.
- To assist support staff to develop their professional practice in order to improve the quality and range of services provided to both prospective and current clients of North Highland College.
- To assist staff to develop the skills necessary to identify and take advantage of opportunities to secure alternative sources of income.
- To assist, where possible and practicable, all staff in achieving their personal development aspirations.

The primary vehicle for confirming staff development needs, in accordance with corporate development objectives, is the college's appraisal system. Needs are addressed through training and development activities incorporated into the annual college staff development programme (group sessions) and through the staff development fund for individual specialised requirements. In relation to learning and teaching, the college continues to provide its own SQA certificated programmes of teacher education to staff and this session, and has introduced a new externally facilitated programme entitled *The Motivated College*.

### **FINANCIAL POSITION**

#### **Financial Results**

In accordance with best practice, the College has implemented the requirements of Financial Reporting Standard 17: Retirement Benefits (FRS 17). Prior to adjustment the operating surplus was £439,000. After adjustment has been made for the requirements of FRS 17, the Income and Expenditure account for the year 2011-12 showed an operating surplus of £375,000. After adjusting for the effect of depreciation on revalued fixed assets, the historical cost surplus amounted to £427,000. The College Income and Expenditure Account and Designated Reserves Account including the FRS 17 pension liability amounts to a deficit of £1,931,000. Excluding FRS 17 pension liability, the College Income and Expenditure Reserve and Designated Reserves amounted to a surplus of £1,676,000. The College's difficult restructuring in 2010-11 has meant it has been able to deliver a satisfactory financial outcome for the year 2011-12.

Cash at bank and in hand at 31 July 12 amounted to £1,480,000 in credit.

#### **Charitable and Tax Status**

The College is registered with the Office of the Scottish Charities Regulator as a Scottish Charity and is exempt from Corporation and Capital Gains Tax. The College receives no similar exemption in respect of Value Added Tax.

### **Treasury Policies and Objectives/ Cash Flows**

The College's Treasury policy this past year has been to manage the estates projects and reclaim grant monies thereon as soon as possible. Now that these have completed, the College is using some term bonds to give some higher interest, although in the current economic climate such returns are limited.

### **Liquidity**

Prior to adjustment made for the requirements of FRS 17, the College generated an underlying surplus. This is welcome, and the College's underlying liquidity position continues to improve. The College Board's Recovery plan and its implementation, together with on-going financial planning, demonstrates the Board's determination to ensure the financial health of the College.

### **Creditor Payment Policy**

It is the policy of North Highland College to pay invoices promptly and within one month. Monthly runs of purchase payments are made. There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998. Year-end creditors represented 2.25% (2011 2.25%) of the aggregate purchases invoiced during the year.

## **CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE**

### **Curriculum Developments**

The College is a tertiary education provider and makes extensive use of the Scottish Certification and Qualification Framework (SCQF) at all levels from 1-12. This ensures that all learners from school age to those on post-graduate programmes receive recognition for their education and training, including relevant work-based activity. Recent curriculum developments have been heavily focussed on meeting the needs of the north highland area's key employment sectors; engineering and tourism in particular. The college has entered into a training partnership agreement with the Nigg Skills Academy and new apprenticeship programmes have been introduced in both the Engineering Technology & Energy Centre (ETEC) and Burghfield Training Hotel. These programmes have been supplemented by new UHI degree courses in Electrical and Mechanical Engineering with Energy and Tourism & Hospitality Practice led by NHC. The college's Environmental Research Institute (ERI) also introduced two new post graduate programmes with energy themes; MSc Developing Low Carbon Communities and MSc Sustainable Energy Solutions. In other key areas, a number of new college access programmes have been started along with new vocational qualifications in Community and Health studies and a new degree in Equine Business Management. With respect to the development of learner capacities through the Curriculum for Excellence, a number of cross college initiatives have been introduced including a Health & Well-being programme and interdisciplinary projects to enhance Essential Skills.

Education Scotland published a positive report on the further education provision of the College in May 2012 following its visit in February / March 2012. The report gave four clear confidence statements with no caveats. It also identified a number of strengths and two examples of excellent practice in relation to the community learning environment offered through the operation of Burghfield House Hotel and employer engagement and partnership working evidenced through the operation of the Engineering, Technology and Energy Centre.

Some areas of Strength emerging from QA/QE processes are:

- Early student retention and student retention on FE programmes remains consistently high.
- Most programmes demonstrate good learner progress and outcomes and high post course success ratios, with half of full time programmes showing an increase in outcome success from 2010/11.
- Flexible and accessible programme delivery and effective programme design is

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responsive to the needs of diverse groups of learners, employers and the community. The annual curriculum review has resulted in several new programmes being approved

for delivery in 2012/13. Through the assistance of European Social Funding, the college has been able to provide further opportunities for young people in Engineering and Technology by doubling the number of places on the college SPA/NPA Engineering and Construction programme and launching the North Highland College Engineering Apprenticeship programme. In Service Industries, three new programmes have been approved which target “hard to reach” learners with diverse, challenging backgrounds.

- Excellent partnerships and strong links with industry, schools, community and employers exist, particularly in engineering, hospitality, land based and care industries. The college was also recently highly commended at the Scotland’s Colleges Annual awards for its partnership working with the Pultney Peoples Project in providing the Personal Empowerment programme.

### *Subject/Programme Areas Reviewed*

A total of 21 SQA External Verification events and 11 visits from other awarding bodies including ECITB, BCS, RCVS, British Horse Society, DMQ and ILM took place in 2011/12, all with successful outcomes. Feedback from EV visits overall was positive, with useful development points and areas of good practice being identified in a number of areas.

The college participated in the Education Scotland subject aspect review for Land Based Industries and received very positive feedback with many strengths identified. The college was named in the report for one specific area of good practice relating to learner participation in the Wild Deer Best Practice event.

Looking ahead to the future, our curriculum development priorities will reflect regional requirements. They will build on recent developments attuned to the needs of our key sectors at both HE and FE level, strengthen our provision for the Curriculum for Excellence senior phase (in association with schools partners) and promote flexible and remote access to learning through our Digital Literacies project.

The University of the Highlands and Islands ceased giving approval to Ballet West (Taynuilt, Argyll) students being awarded UHI degrees. As a result of this the partnership agreement between North Highland College and Ballet West ceased at the end of 2011-12.

### **Post Balance Sheet Events**

The North Highland College Board of Management is aware of the current difficult situation regarding public sector finance and the possible implications this may have on College funding in the future. The sector faces further cuts in funding in the years 2013-14 and 2014-15. Further Recovery Plan actions may be required and the Principal and his Executive Management Team will seek to address this.

### **Future Developments**

The Board of Management have been committed to a substantial investment programme to widen participation in both Further & Higher Education. This strategy has resulted in a number of projects, chiefly the Estates projects on the Thurso campus, Centre for Energy and the Environment and the Engineering, Technology and Energy Centre. This together with further development of ICT supported delivery of the curriculum and infrastructure across the rural Highlands will be provided to ensure delivery to hitherto excluded learners as well as greater engagement with school pupils studying on vocational pathways.

The delivery of further education pathways to advanced programmes, is central to the corporate vision and development strategy for the College. Within the Highlands & Islands the past decade has seen a general decline in unemployment levels as a result of substantial investment within the area, which has been made possible by the EU structural programmes. However, the average GDP for the area is still substantially lower than that of the rest of the country, with



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much of the workforce in low paid sectors. This informed the decision by the European Commission to include the area within the Structural Programme for Convergence with the EU Accession states. The College has made considerable use of its experience to date in accessing these funds for curriculum and estate developments to widen participation to all learners.

The decision to decommission Dounreay will result in the potential loss of over 2,500 jobs in Caithness alone over the coming 10-20 years. The under-representation of 18-35 year olds is expected to increase. It is important that attractive employment opportunities are created to encourage them to remain in the area and to encourage immigration. It is imperative to establish a knowledge based economy as competition increases from both within the expanded European Union and the rest of the world.

To support the establishment and growth of SMEs for the future within the area both the currency of skills and the associated competence level of the workforce must be raised to at least level III/IV supported by an appropriate educational programme at HNC/SCQF Level 7.

It is essential that all learners however remote are well advised with respect to career opportunities, and how they may access the skills necessary to fulfil their personal career aspirations. It is important that all businesses of the area are confident that they will have an adequate supply of employees with the appropriate skills, generic “employability skills”, and attitudinal skills, commitment to lifelong learning, innovation, entrepreneurship, etc., which may be utilised for business development. The College has secured Scottish Funding Council and European funding to provide an enterprise component in all its full-time and many of its part-time programmes. Thus, they should be assured that opportunities for continual development of these skills are embedded in all programmes offered at all levels. It will be the College’s job to see this is delivered in revised and enhanced curriculum and skills training programmes, coordinating this with our UHI partners and others where relevant. This has required us to undertake a review of provision followed by a curriculum development plan with strategic fit to the area’s needs together with a delivery strategy which will make the curriculum accessible to all learners.

### *Key Development Activities*

- To assist all sections and research facilities in identifying further sources of income

It is anticipated that research activity may get more difficult to secure due to the state of the public finances, and therefore current research must be delivered to high quality standards and outputs to ensure good reputation in an increasingly competitive environment.

The ERI has an increasing focus on renewable energy science with funding secured through SUPERGEN and MaREE projects.

These developments are in line with UHI Millennium Institute’s strategic objective for research and knowledge transfer, including increasing critical mass through the appointment of key staff in specific fields and strengthening the equipment base. The overarching objectives remain as previously stated; to invest in research quality, sustain applied research, sustain capacity, and to develop niche specialities.

- Successful delivery of the West Highland partnerships in respect of SFC objectives and appropriate financial management

West Highland College became a SFC fundable college in its own right on 1 August 2012. This will see it being responsible to the SFC for managing its own affairs in entirety, although now under the overarching control of a Regional Board.

North Highland College continues to work with Argyll College to ensure the necessary delivery of its WSUMS allocation from the SFC, and to provide the necessary resources in terms of educational support.

- Further work is being done with progressing public procurement strategies.

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### **Regionalisation**

North Highland College is now part of a shadow regional Highlands and Islands college board which was introduced by the Scottish Government and the Scottish Funding Council towards the end of 2011-12. How regionalisation will apply to the North Highland College is still being discussed and has still to be legislated for. However, it is likely that the College will cease to be a fundable body at the point that the regional board for FE is formed.

### **RESOURCES**

The Board of Management in its Financial Recovery Plan agreed to plan for the closure of various college properties which it considers the College can no longer sustain in the current financial climate: Barrogill Hall; Unit 3 (formerly Solaglas), Thurso; Wick College is viewed as either a lease or sell opportunity; there is work being done to look at the Dornoch estate.

### **Landbased Sector**

The College vacated the premises of Achavrole, Halkirk at the end of July 2012, and has now leased a new purpose-built facility at Dale Farm, Halkirk. It is anticipated that this new facility will provide first rate facilities for those equestrian students studying at either FE or HE level.

### **PRINCIPAL RISKS AND UNCERTAINTY**

The main financial risks to North Highland College's long-term financial stability are cut backs in SFC funding. The College's financial recovery plan and its implementation was intended to address the cuts in funding for 2011-12 and 2012-13, although the sector faces further financial challenges in the years beyond that.

### **STAKEHOLDERS RELATIONSHIPS**

The following are North Highland College stakeholders:-

UHI Executive Office  
UHI network of Colleges  
Highlands and Islands Enterprise  
Highland Council  
DSRL and its main contractors  
Nuclear Decommissioning Authority  
National Skills Academy (Nuclear) and partners in the Scottish hub  
The NPP network of pf partners  
The Rural Colleges Group  
The North Forum  
Caithness & North Sutherland Regeneration Partnership  
Chamber of Commerce  
Furuhedss Kolan Kalix Komman (Sweden)  
Berufs Kolleg Brilon (Germany)

### **EQUAL OPPORTINUITIES AND EMPLOYMENT OF DISABLED PERSONS**

The North Highland College believes that access to education and training is a right for all. The College will actively work towards offering equality of opportunity to all. 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. Anyone who considers that he or she has been unfairly discriminated against, by, or within The North Highland College, shall have a right to raise a complaint through established procedures.

The College is committed to providing all college users under eighteen with a safe, supportive environment within which they can prosper and that protects them from harm, abuse and exploitation.

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The College is equally committed to providing staff with an environment in which they can work together to encourage and develop an ethos which embraces difference and diversity and respects the rights of children, young people and adults.

All College Staff Policies and Procedures are reviewed and updated where necessary, to take account of new or emerging legislation.

### DISCLOSURE OF INFORMATION TO AUDITORS

The Board members who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information of which the College's Auditors are unaware; and each Board member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's Auditors are aware of that information.

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



**D MacBeath**  
**Vice Principal**



**N Smith**  
**Chairman**

## **INTRODUCTION**

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 UK Corporate Governance Code' (June 2010 version), the purpose being to help the reader of the financial statements understand how the principles have been applied.

## **STATEMENT OF FULL COMBINED CODE COMPLIANCE**

In the opinion of the Board of Management, the College complies with all provisions of the 'The UK Corporate Governance Code' (June 2010 version), in so far as they apply to the further education and charitable sectors and it has complied throughout the year ended 31<sup>st</sup> July 2012.

## **BOARD OF MANAGEMENT**

The College's Board of Management meets at least four times per year and has several committees; Audit & Risk Management Committee, Finance & General Purposes Committee, Nominations Committee, Remuneration Committee, Learning, Teaching and Research Committee, Human Resources Committee, and Inclusive Engagement Committee. In addition, the Board of Management holds development planning days and training events during the course of the year for the purposes of training, self-evaluation and development. The role of the Board of Management is the strategic overview of the College.

The Audit & Risk Management Committee normally meets no less than four times a year, with the College's external and internal auditors invited to attend all meetings.

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 the senior management team and the Audit & Risk Management Committee. The Senior Management team is responsible for the implementation of agreed audit recommendations and Internal Auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. 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. It also receives and considers reports from the Scottish Funding Council as they affect the College's business and monitors adherence to the regulatory requirements.

Whilst Senior Management may attend meetings of the Audit & Risk Management Committee as necessary, they are not members of the Committee and once a year the Committee meets the External Auditors on their own for independent discussions.

## **TRANSPARENCY ARRANGEMENTS**

The Board of Management conducts its business through a number of committees. Each committee has formally constituted Terms of Reference. Minutes of all full Board of Management meetings are available from the Secretary to the Board at:

The North Highland College  
Ormlie Road  
Thurso  
Caithness  
KW14 7EE

The Secretary to the Board also maintains a register of financial and personal interests of the members of the Board of Management. The register is available for inspection at the above address or on the College website at [www.nhcscotland.com](http://www.nhcscotland.com)

### MEMBERS OF THE BOARD OF MANAGEMENT

The Members who served on the Board of Management during the year 1<sup>st</sup> August 2011 to 31<sup>st</sup> July 2012 were as follows:

Name	Status of appointment	Date of appointment	Date of resignation	Committees served	Board/ Committee attendance
Willie Bruce	Independent Member	September 2007		Finance & General Purposes; Learning Teaching & Research; Nominations	BoM - 5/5 LT&R- 2/3 F&GP- 4/4
Donald Buntain	Independent Member	April 2009		Chair: Inclusive Engagement; Audit; Nominations; Remuneration	BoM- 3/5 A&RM- 4/4 IE- 2/2
Bryan Dods	Independent Member	December 2011		Human Resources; Inclusive Engagement	BoM – 3/3 HR – 0/0 IE – 1/2
Gordon Jenkins	Principal	January 2010		Finance & General Purposes; Human Resources; Learning Teaching & Research; Inclusive Engagement	BoM- 5/5 HR- 3/3 LT&R- 3/3 IE- 2/2 F&GP- 4/4
Trevor Jones	Independent Member	December 2010		Vice Chair: Board; Chair: Remuneration Finance & General Purposes; Audit	BoM- 4/5 A&RM- 3/4 F&GP- 4/4
Student Rep	Student Member	N/A	N/A	Learning, Teaching & Research	N/A
Paul Monaghan	Independent Member	September 2007		Chair: Audit; Inclusive Engagement; Nominations; Remuneration	BoM- 3/5 A&RM- 4/4 IE- 2/2
James Munro	Teaching Staff Member	June 2008	May 2012	Finance & General Purposes; Learning Teaching & Research	BoM- 0/5 LT&R- 2/3
Linda Munro	Independent Member	July 2009		Nil	BoM- 0/5
Anna MacConnell	Independent Member	November 2006		Chair: Nominations; Learning Teaching & Research	BoM- 2/5 LT&R- 0/3
Alastair MacDonald	Independent Member	December 2010		Chair: Finance & General Purposes; Chair: Human Resources; Remuneration	BoM- 3/5 HR- 3/3 F&GP- 4/4
Ken Nicol	Independent Member	May 2012		Learning Teaching & Research; Inclusive Engagement	BoM- 1/1 LT&R- 0 IE- 0

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## STATEMENT OF CORPORATE GOVERNANCE

David Shaw	Teaching Staff Member	June 2012		Learning Teaching & Research, Human Resources	BoM – 0/1 HR- 0
Niall Smith	Independent Member	July 2010		Chair: Board Finance & General Purposes; Human Resources; Nominations; Remuneration	BoM- 4/5 HR- 3/3 F&GP- 4/4
Anna Swanson	Support Staff Member	March 2005		Human Resources; Learning Teaching & Research, Inclusive Engagement	BoM- 5/5 HR- 3/3 LT&R- 3/3 IE- 2/2

M E Rose is the Secretary to the Board of Management.

### THE BOARD OF MANAGEMENT AND ITS COMMITTEES

The full roles and responsibilities of the Board of Management committees is at appendix 1.

### CORPORATE STRATEGY

In respect of its strategic and development responsibilities, the full Board of Management meets at least annually to consider establishment of the College's strategic plan, with monitoring against targets undertaken throughout the planning period.

### BOARD'S STATEMENT ON INTERNAL CONTROL

The College's Board of Management 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.

In the opinion of the Board of Management, the College is committed to implementing all provisions of the Combined Code on Corporate Governance, in so far as they apply to the further education and charitable sectors. As at the date of approval of the annual report and financial statements, the College's system of internal control is regularly subjected to scrutiny and review by the Audit and Risk Management Committee reporting to the Board of Management in a manner consistent with the internal control guidance for directors on the Combined Code on Corporate Governance.


The senior management team and the Audit & Risk Management Committee also receive regular reports from the internal audit function, which includes recommendations for improvement.

The Audit & Risk Management Committee's role in this area is confined to a high level review of the arrangements for internal control. The Board of Management's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit & Risk Management Committee.

### GOING CONCERN

The Board of Management considers that the College has adequate resources to continue in operational existence for the foreseeable future.

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



**D MacBeath**  
Vice Principal



**N Smith**  
Chairman

### Statement of responsibilities of the Board of Management

In accordance with the provisions of the Further and Higher Education (Scotland) Act 1992 (the Act) the Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of financial control, and is required to present audited financial statements for each financial year.

The Board of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Act, the Statement of Recommended Practice on 'Accounting in Further and Higher Education Institutions' and other relevant accounting standards. In addition, within the terms of the Financial Memorandum between the Scottish Funding Council (SFC) and the Board of Management, the Board is required to prepare financial statements for each reporting period that give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that period.

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 causing the financial statements to be prepared, the Board of Management has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgement and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Board is satisfied that it has adequate resources to continue in operation for the foreseeable future: 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 are used only for the purposes that they have been given and in accordance with the Financial Memorandum with the SFC and any other conditions that the SFC 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; and
- 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, that is designed to discharge the responsibilities set out above, include the following:

- clear definitions of responsibilities of, and the authority delegated to, College management;
- a comprehensive planning process supplemented by detailed annual income, expenditure, and capital budgets;
- regular reviews of key performance indicators and business risks and monthly financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to review according to approval levels set by the Board of Management;
- comprehensive Financial Regulations, detailing financial controls and procedures approved by the Finance Committee; and
- a professional internal audit service whose annual programme is established by the Audit & Risk Management Committee and endorsed by the Board of Management with a report on

# The North Highland College

## STATEMENT OF RESPONSIBILITIES OF THE BOARD OF MANAGEMENT

internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control.

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 on and signed on its behalf by:



**D MacBeath**  
**Vice Principal**



**N Smith**  
**Chairman**



# The North Highland College

INDEPENDENT AUDITORS REPORT TO THE BOARD OF MANAGEMENT, THE AUDITOR GENERAL AND THE SCOTTISH PARLIAMENT

## **Independent auditor's report to the members of the Board of Management of North Highland College, the Auditor General for Scotland and the Scottish Parliament**

We have audited the financial statements of North Highland College for the year ended 31 July 2012 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Income and Expenditure Account, Statement of Historical Cost Surpluses and Deficits, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Board of Management and auditor**

As explained more fully in the Statement of Responsibilities of the Board of Management, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and income in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies I consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the body's affairs as at 31 July 2012 and of its 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 Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006.

# The North Highland College

## INDEPENDENT AUDITORS REPORT TO THE BOARD OF MANAGEMENT, THE AUDITOR GENERAL AND THE SCOTTISH PARLIAMENT

### **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

### **Opinion on other prescribed matters**

In our opinion 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.

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

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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.

We have nothing to report in respect of these matters.

Henderson Loggie  
Statutory Auditor  
Royal Exchange  
Panmure Street  
Dundee  
DD1 1DZ

Date: .....

Henderson Loggie is eligible to act as an auditor in terms of Section 21 of the Public Finance and Accountability (Scotland) Act 2000.

**The North Highland College**  
**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
<b>INCOME</b>			
SFC Grants	2	8,957	9,957
UHIMI Grants	3	1,611	1,534
Education Contracts	4	109	196
Tuition Fees and Charges	5	879	808
Other Grant Income	6	2,339	2,181
Other Operating Income	7	615	665
Investment Income	8	10	(38)
		<u>14,520</u>	<u>15,303</u>
<b>EXPENDITURE</b>			
Staff Costs	9 & 11	5,654	6,642
Other Operating Expenses	11	7,277	8,073
Depreciation	11 & 15	1,111	530
Interest Payable	11 & 12	103	90
		<u>14,145</u>	<u>15,335</u>
<b>Surplus/(Deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets at Valuation and before Tax</b>			
		375	(32)
Taxation	13	<u>0</u>	<u>0</u>
<b>Surplus/(Deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets at Valuation and Tax</b>			
	14	<u><u>375</u></u>	<u><u>(32)</u></u>

The College has had no recognised gains and losses during this year and last other than the deficits for each of the years. The income and expenditure account is in respect of continuing activities.

# The North Highland College

## STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS for the year ended 31 July 2012

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	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Surplus/(Deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets at Valuation and Tax	14	375	(32)
Difference between Historical Cost Depreciation and the actual Charge for the year calculated on the Revalued Amount	23	52	52
Historical Cost Surplus for the Year before Taxation		<u>427</u>	<u>20</u>
Historical Cost Surplus for the Year after Taxation		<u><b>427</b></u>	<u><b>20</b></u>

# The North Highland College

## STATEMENT OF THE TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 July 2012

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	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Surplus/(Deficit) on Continuing Operations after Depreciation of Tangible Fixed Assets at Valuation and Tax	14	375	(32)
Actuarial (Loss) Recognised		(168)	(639)
Restatement of FRSR Provision		16	(7)
Total Recognised Gains/(Losses) Relating to the Year		<hr/> 223	<hr/> (678)
Prior Year Adjustment		0	0
Total Recognised Gains/(Losses) since last Financial Statements		<hr/> <b>223</b>	<hr/> <b>(678)</b>
<b>Reconciliation</b>			
Opening Reserves as previously Reported		77	755
Total Recognised Gains/(Losses) for the Year		223	(678)
<b>Closing Reserves</b>		<hr/> <b>300</b>	<hr/> <b>77</b>

# The North Highland College

## BALANCE SHEET

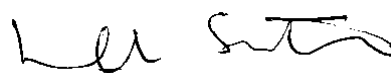
31 July 2012

	Note	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Tangible Assets	15	22,405	20,665
Investments	16	0	0
		<u>22,405</u>	<u>20,665</u>
<b>CURRENT ASSETS</b>			
Stock	17	4	4
Debtors	18	880	1,497
Cash at Bank and in Hand		1,480	1,185
		<u>2,364</u>	<u>2,686</u>
<b>CREDITORS</b>			
Amounts falling due within One Year	19	(1,473)	(2,446)
<b>NET CURRENT ASSETS</b>		<u>891</u>	<u>240</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		23,296	20,905
<b>CREDITORS</b>			
Amounts falling due after more than One Year	20	(1,580)	(1,620)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	21	(775)	(780)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>20,941</u>	<u>18,505</u>
<b>PENSION LIABILITY</b>		(3,605)	(3,373)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>17,336</u>	<u>15,132</u>
<b>RESERVES</b>			
Deferred Capital Grants	22	17,036	15,055
Revaluation Reserve	23	2,229	2,281
Income and Expenditure Account		1,676	
Pension Reserve		(3,605)	
Income and Expenditure Account including Pension Liability		(1,931)	(2,204)
Total Reserves		<u>300</u>	<u>77</u>
<b>TOTAL</b>		<u>17,336</u>	<u>15,132</u>

The financial statements on pages 26 to 49 were approved by the Board of Management on 19 December 2012 and signed on its behalf by:



**D MacBeath**  
Vice Principal



**N Smith**  
Chairman

# The North Highland College

## CASH FLOW STATEMENT for the year ended 31 July 2012

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	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	26	381	(232)
Returns on Investment and Servicing of Finance		(93)	(128)
Capital Grants/(Expenditure)		7	(49)
Financing		----	961
		<b>295</b>	<b>552</b>
<b>RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT</b>			
Increase in Cash in the year		295	552
Cashflow from decrease/(increase) in debt		1,038	(961)
		1,333	(409)
Net Funds at 1 August 2011		(1,473)	(1,064)
Net Funds at 31 July 2012		<b>(140)</b>	<b>(1,473)</b>

### 1. ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The Financial Statements are prepared in accordance with Further and Higher Education (Scotland) Act 1992 and the Accounts Directions issued thereunder by the Scottish Funding Council which requires compliance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007).

#### BASIS OF ACCOUNTING

The financial statements are prepared in accordance with the historical cost convention modified by revaluation of certain Fixed Assets.

#### RECOGNITION OF INCOME

The main annual recurrent allocation from SFC, which is intended to meet recurrent costs, is credited direct to the Income and Expenditure Account.

Income from research grants, contracts and other services rendered is recognised in the Income and Expenditure account in proportion to the extent of completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Non-recurrent grants from the SFC or any other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

All income from short-term deposits is credited to the Income and Expenditure Account in the period in which it is earned.

#### PENSION SCHEMES

The College participates in two multi-employer defined benefit pension schemes.

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency (SPPS). The North Highland College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as required by FRS 17 'retirement benefits', accounts for its participation in the STSS as if it were a defined contribution scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations and are recognised in the accounting periods in which they arise.

The pension provision shown in the Balance Sheet relates to former employees who retired in the early 1990's and this provision has been calculated in accordance with instructions issued by the Scottish Funding Council, using an updated set of actuarial factors that reflect a trend of increased life expectancy. (Note 21)

Administrative and support staff may join the Local Government Pension Scheme (LGPS) which is administered by Highland Council. The fund is a defined benefit pension scheme, providing benefits based on final pensionable pay, which is contracted out of the State Earnings-Related Pension Fund. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method. (Note 25)



### TANGIBLE FIXED ASSETS

a. Land and Buildings

The transitional rules set out in FRS15 'Tangible Fixed Assets' have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Land and Buildings inherited from the Local Authority are stated in the Balance Sheet at a Valuation less amounts written off by way of Depreciation. They have been valued at Depreciated Replacement Cost on an existing use basis, which is considered to be equivalent to Open Market Value on an existing use basis. Freehold land is not depreciated.

Land and Buildings acquired since incorporation are included in the Balance Sheet at cost.

b. Plant and equipment

Plant and equipment costing less than £1,500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

c. Computer equipment and motor vehicles

Computer equipment and motor vehicles costing less than £1,500 per individual item is written off to the income and expenditure account in the period of acquisition. All other computers and vehicles are capitalised at cost.

Depreciation of Fixed Assets is charged by annual instalments commencing in the year of acquisition at rates estimated to write off their cost or valuation less any residual value over their expected useful lives, which are as follows:

Freehold Buildings	10 - 50 years
Plant and Equipment	2 - 5 years
Computer Equipment	3 years
Motor Vehicles	4 years

Where assets are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a Deferred Capital Grant Account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

### ASSETS UNDER CONSTRUCTION

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

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### SUBSEQUENT EXPENDITURE ON EXISTING FIXED ASSETS

Where significant expenditure is incurred on tangible fixed assets, it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the assets life beyond that conferred by repairs and maintenance

### LEASED ASSETS

Costs in respect of Operating Leases are charged on a straight line basis over the lease term.

### INVESTMENTS

Fixed Asset Investments are carried at historical cost less any provision for a permanent diminution in their value.

### STOCKS

Stocks are items held for resale and are stated at the lower of their cost and net realisable value.

### MAINTENANCE OF PREMISES

The cost of routine corrective maintenance is charged to the income and expenditure account in the period in which it is incurred.

### FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### TAXATION

As a registered charity the College benefits by being broadly exempt from Corporation Tax on income it receives from Tuition Fees, Interest and Rents.

The College is exempted from levying VAT on most of the services it provides to students. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased.

### PROVISIONS

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by the Scottish Funding Council.

Unfunded pensions are accounted for under FRS 12 as required by the Accounts Direction issued by the Scottish Funding Council.

# The North Highland College

## NOTES ON FINANCIAL STATEMENTS

31 July 2012 (continued)

### REVALUATION RESERVE

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

### AGENCY ARRANGEMENTS

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the Income and Expenditure Account, and movements have been disclosed in the notes to the accounts.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>2. SFC GRANTS</b>		
Recurrent Grant	7,887	8,355
Release of Deferred Capital Grants (SFC)	323	76
Estates Grant	209	475
Other SFC	538	1,051
	<b>8,957</b>	<b>9,957</b>
<b>3. UHIMI GRANTS</b>		
Recurrent Grant	1,289	1,168
Other UHIMI Grants	322	366
	<b>1,611</b>	<b>1,534</b>
<b>4. EDUCATION CONTRACTS</b>		
Other Non-SFC Funded Tuition	<b>109</b>	<b>196</b>
<b>5. TUITION FEES AND CHARGES</b>		
Further Education - Home and EU	208	185
Higher education - Home and EU	590	549
LEC Contracts	81	74
	<b>879</b>	<b>808</b>
<b>6. OTHER GRANT INCOME</b>		
European Funds	396	851
Other Funds	1,370	1,104
Student Allowances	19	16
Release of Deferred Capital Grants (Other)	554	210
	<b>2,339</b>	<b>2,181</b>

# The North Highland College

## NOTES ON FINANCIAL STATEMENTS

31 July 2012 (continued)

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### 7. OTHER OPERATING INCOME

	2012 £'000	2011 £'000
Residences and Catering	109	101
Other Income Generating Activities	196	268
Other Income	310	296
	<b>615</b>	<b>665</b>

### 8. INVESTMENT INCOME

Other Interest Receivable	4	1
Net return on pension asset/liability	6	(39)
	10	(38)
Total	<b>14,520</b>	<b>15,303</b>

### 9. STAFF

#### STAFF NUMBERS

The average monthly number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents, was as follows:

	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Senior Management	4	5
Teaching Staff	68	75
Teaching Support	15	16
Research	27	28
Administration and Central Services	32	35
Premises	13	15
Other Income Generating Activities	16	20
Catering and Residences	3	4
	<b>178</b>	<b>198</b>
Analysed as:		
Staff on Permanent Contracts	126	153
Staff on Temporary Contracts	52	45
	<b>178</b>	<b>198</b>
Staff costs for the above persons:		
	<b>£'000</b>	<b>£'000</b>
Wages and Salaries	4,647	5,500
Social Security Costs	329	397
Other Pension Costs	603	699
Adjustment re share in Highland Council Pension Fund	75	46
	<b>5,654</b>	<b>6,642</b>
Senior Management	311	433
Teaching Staff	2,668	3,052
Teaching Support and Research	1,279	1,476
Administration and Central Services	792	913
Premises	253	277
Other Income Generating Activities	238	385
Catering and Residences	38	60
Adjustment re share in Highland Council Pension Fund	75	46
	<b>5,654</b>	<b>6,642</b>
Analysed as:		
Staff on Permanent Contracts	4,354	5,100
Staff on Temporary Contracts	1,300	1,542
	<b>5,654</b>	<b>6,642</b>

**10. EMOLUMENTS OF BOARD MEMBERS AND HIGHER PAID STAFF**

**EMOLUMENTS OF THE BOARD OF MANAGEMENT**

Emoluments of the Board of Management including Pension contributions, benefits in kind and bonuses but excluding the salaries of Employee Board members for normal staff duties amounted to:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Travel and Subsistence paid to Board Members	1	4

The number of staff, including senior post holders and the Principal, who received emoluments in the following ranges were:

	2012		2011	
	Number Senior Post Holders	Number Other Staff	Number Senior Post Holders	Number Other Staff
£50,001 - £60,000	-	1	-	1
£60,001 - £70,000	1	-	3	-
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	1	-	1	-
£90,001 - £100,000	-	-	-	-

<b>Senior Post-holders emoluments</b>	<b>2012</b>	<b>2011</b>
	<b>Nos</b>	<b>Nos</b>
The number of senior post-holders, including the Principal was:	4	5

Senior post-holders' emoluments paid were as follows:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	239	404
Pension Contributions	45	69
<b>Total Emoluments</b>	<b>284</b>	<b>473</b>

The above emoluments include amounts payable to the College Principal, who is also the highest paid senior post-holder, of:

Salaries	88	84
Pension Contributions	13	13
<b>Total Emoluments</b>	<b>101</b>	<b>97</b>

The pension contributions in respect of the Principal and Senior Post-Holders are in respect of Employer's contributions to the Local Government Superannuation Scheme and Scottish Teacher Superannuation Scheme. The College's contribution to the Scottish Teacher Superannuation Scheme is paid at the same rate as for other members of staff. The College's contribution to the Local Government Superannuation Scheme is paid at a variable rate which increases according to pay-scale.

**11. ANALYSIS OF EXPENDITURE**

	Staff Costs £'000	Other Operating Expenses £'000	Depreciation/ Loss on Disposal £'000	Interest Payable £'000	2012 Total £'000	2011 Total £'000
Teaching Activities	2,668	6,034	596	0	9,298	10,005
Residences and Catering	38	82	0	0	120	120
Other Income Generating Activities	238	66	0	0	304	443
Premises	253	634	471	103	1,461	1,399
Administration	2,382	386	44	0	2,812	3,330
Other Expenses	0	75	0	0	75	87
Adjust share in HC pension	75	0	0	0	75	46
	<b>5,654</b>	<b>7,277</b>	<b>1,111</b>	<b>103</b>	<b>14,145</b>	<b>15,430</b>

Other Operating Expenses include:	2012 £'000	2011 £'000
- internal audit	13	20
- external audit	13	12
- external audit (other)	4	6
Hire of other Assets – operating leases	67	109

Included in Other Operating Expenses is an additional pension provision of £69,000 required in respect of future pension costs arising from early retirement. Details of the basis of this provision are given at Note 21.

**12. INTEREST PAYABLE**

On bank loans, overdrafts and other loans:

Repayable within 5 years by instalments	15	13
Repayable wholly or partly in more than five years	88	77
	<b>103</b>	<b>90</b>

**13. TAXATION**

The Board does not consider that the College was liable for any Corporation Tax arising out of its activities during the year.

**14. SURPLUS/(DEFICIT) ON CONTINUING OPERATIONS FOR THE YEAR**

Income and Expenditure Account	<b>375</b>	<b>(32)</b>
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### 15. TANGIBLE FIXED ASSETS

	Land & Buildings £'000	Computer Equipment £'000	Plant & Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost or Valuation</b>					
Balance Brought Forward	23,052	1,265	2,921	91	27,329
Additions	1,200	255	1,396	0	2,851
Disposal/Demolitions	0	0	(263)	0	(263)
At 31 July 2012	<b>24,252</b>	<b>1,520</b>	<b>4,054</b>	<b>91</b>	<b>29,917</b>
<b>Depreciation</b>					
Balance Brought Forward	3,377	1,149	2,049	89	6,664
Charge for Year	471	133	506	1	1,111
Disposal/Demolitions	0	0	(263)	0	(263)
At 31 July 2012	<b>3,848</b>	<b>1,282</b>	<b>2,292</b>	<b>90</b>	<b>7,512</b>
<b>Net Book Value</b>					
At 31 July 2012	<b>20,404</b>	<b>238</b>	<b>1,762</b>	<b>1</b>	<b>22,405</b>
At 31 July 2011	19,675	116	872	2	20,665
<b>Analysis</b>					
Inherited	2,521	0	0	0	2,521
Financed by Capital Grant	15,305	0	934	0	16,239
Other	2,578	238	828	1	3,645
At 31 July 2012	<b>20,404</b>	<b>238</b>	<b>1,762</b>	<b>1</b>	<b>22,405</b>

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values on implementation have been retained. Inherited land and buildings are valued at depreciated replacement cost on an existing use basis, which is considered to be equivalent to open market value on an existing use basis. Inherited land and buildings were valued by Montague Evans, Chartered Surveyors, for the purposes of the 1994 financial statements.

If inherited land and buildings had not been valued they would have been included at the following amounts:

	2012 £'000	2011 £'000
Cost	507	507
Aggregate depreciation based on cost	(215)	(209)
	<b>292</b>	<b>298</b>

Assets with a sales proceeds value of £500,000 or less can be disposed of without the prior approval of the Scottish Further Education Funding Council.



# The North Highland College

## NOTES ON FINANCIAL STATEMENTS

31 July 2012 (continued)

The depreciation charge for the year is analysed as follows:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation based on cost	1,046	465
Depreciation based on valuation	65	65
	<u>1,111</u>	<u>530</u>

### FUTURE CONTRACTED COMMITMENTS

Contracted for	<u>123</u>	<u>706</u>
Authorised but not contracted for	<u>360</u>	<u>1,613</u>

### 16. FIXED ASSETS INVESTMENTS

	<b>£'000</b>
	<b>Unlisted</b>
<b>INVESTMENT</b>	
<b>COST</b>	
31 July 2011 and 2012	<u>22</u>
<b>PROVISION FOR PERMANENT DIMINUTION IN VALUE</b>	
31 July 2011 and 2012	<u>(22)</u>
<b>NET BOOK VALUE</b>	
31 July 2011 and 2012	<u>0</u>

During the year the College continued its shareholding in Caithness Multi Media Limited, a company incorporated in Great Britain and registered in Scotland. The College has retained 22,000 ordinary £1 shares for investment potential out of a total share capital of £335,000.

### 17. STOCK

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Consumables	<u>4</u>	<u>4</u>

### 18. DEBTORS

Amounts falling due within one year:

Trade Debtors	128	226
Other Debtors	0	1
Prepayments and Accrued Income	752	1,270
	<u>880</u>	<u>1,497</u>

# The North Highland College

## NOTES ON FINANCIAL STATEMENTS

31 July 2012 (continued)

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>19. CREDITORS</b>		
Amounts falling due within one year:		
Bank Loans and Overdrafts (See Note 20)	40	1,038
Trade Creditors	160	206
Other Taxation and Social Security	115	113
Accruals and Deferred Income	939	843
Other Creditors	219	246
	<b>1,473</b>	<b>2,446</b>

### 20. CREDITORS

Amounts falling due after more than one year:

Bank Loans	1,580	1,620
	<b>1,580</b>	<b>1,620</b>
Bank loans, other loans and other creditors are repayable as follows:		
In one year or less (See Note 19)	40	1,038
Between one and two years	43	40
Between two and five years	146	137
In five years or more	1,390	1,443
	<b>1,621</b>	<b>2,658</b>

The term loan is held with Lloyds TSB Bank. The principal sum will be repaid in monthly instalments over a twenty five year period at a fixed rate of interest, with interest calculated monthly. There is no security given over assets, but covenants have been agreed.

### 21. PROVISION FOR LIABILITIES AND CHARGES

Future Pension Costs arising from early retirement including Scottish Teachers' Superannuation Scheme

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Opening Provision	780	771
Additional Provision	69	59
	849	830
Charged to Provision in Year	(58)	(57)
Transfer of unfunded LGSS liability to Pension (liability)/ assets (note 25)	(16)	7
Closing Provision	<b>775</b>	<b>780</b>

The Pension Provision has been revalued using actuarial tables provided by the SFC. The net interest applied was 1.5%. An additional provision of £69,000 has been made. The additional provision has been charged against other operating costs.

**22. DEFERRED CAPITAL GRANTS**

	<b>SFC £'000</b>	<b>Other Grants £'000</b>	<b>Total £'000</b>
As at 1 August 2011	5,154	9,594	14,748
Land and Buildings	96	211	307
Equipment	5,250	9,805	15,055
Grants Receivable			
Land and Buildings	395	493	888
Equipment	928	1,042	1,970
	1,323	1,535	2,858
Released to Income and Expenditure Account			
Land and Buildings	95	236	331
Equipment	228	318	546
	323	554	877
As at 31 July 2012			
Land and Buildings	5,454	9,851	15,305
Equipment	796	935	1,731
	<b>6,250</b>	<b>10,786</b>	<b>17,036</b>

**23. RESERVES**

	<b>Revaluation Reserve £'000</b>	<b>Income &amp; Expenditure Account £'000</b>	<b>Estate &amp; Other Designated Reserves £'000</b>	<b>Pension Reserve £'000</b>	<b>Total £'000</b>
Balance Brought Forward	2,281	1,169	0	(3,373)	77
Transfer from Revaluation Reserve to Income and Expenditure Account	(52)	52	0	0	0
Surplus/(Deficit) on continuing activities after depreciation of Tangible Fixed Assets at valuation and tax	0	375	0	0	375
Actuarial Gain/(Loss) recognised in STRGL	0	0	0	(168)	(168)
Adjust re Provision for Liabilities and Charges Movement	0	16	0	0	16
Transfer re Designated Reserve	0	64	0	(64)	0
At 31 July 12	0	(320)	320	0	0
	<b>2,229</b>	<b>1,356</b>	<b>320</b>	<b>(3,605)</b>	<b>300</b>
		<b>1,676</b>			

**24. FINANCIAL COMMITMENTS**

At 31 July 2012, annual commitments under non-cancellable operating leases were as follows:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Land and Buildings		
Expiring within one year	4	33
Expiring within two and five years inclusive	0	0
Expiring in over five years	0	0
	<b>4</b>	<b>33</b>
Other		
Expiring within one year	56	33
Expiring within two and five years inclusive	35	49
Expiring in over five years	0	0
	<b>91</b>	<b>82</b>

**25. PENSION AND SIMILAR OBLIGATIONS**

The College's employees belong to two principal pension schemes, the Scottish Teachers' Superannuation Scheme (STSS) and the Local Government Superannuation Scheme (LGSS), which are Defined Benefit Schemes. The STSS is administered by the Scottish Public Pensions Agency. The total pension cost for the period was £596,000 (£2011 - £699,000)

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Total pension cost for the year:		
STSS - Contributions paid	260	332
LGSS - Charge to Income and Expenditure Account	336	367
	<b>596</b>	<b>699</b>

**SCOTTISH TEACHERS' SUPERANNUATION SCHEME**

The STSS scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates.

Under the definitions set out in Financial Reporting Standard 17 'Retirement Benefits', the STSS is a multi-employer Pension Scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has accounted for its contributions as if it were a Defined Contribution Scheme.

**LOCAL GOVERNMENT SUPERANNUATION SCHEME**

The Highland Council Pension Fund is a funded Defined Benefits Scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 July 2012 were £461,000 (2011 - £502,000) of which Employer's contributions totalled £336,000 (2011 - £367,000) and Employees' contributions totalled £125,000 (2011 - £135,000). The agreed contribution rates for future years are variable rates for both employees and employer based on salary ranges.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2012 by a qualified independent actuary.

**Principal Actuarial assumptions at the Balance Sheet Date (expressed as weighted averages):**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
RPI	2.60%	3.50%	3.20%	3.60%	3.90%
CPI	1.80%	2.70%	2.70%	N/A	N/A
Rate of increase in salaries	4.10%	5.00%	4.70%	5.10%	5.40%
Rate of increase in pensions	1.80%	2.70%	2.70%	3.60%	3.90%
Discount rate for liabilities	3.90%	5.30%	5.40%	6.00%	6.40%

**Life expectancy from age 65 (years)**

	Last valuation as at 31 March 2008	Previous valuation as at 31 March 2005	
<i>Retiring Today</i>		Manuals	Officers (& post 98)
Males	21.30	17.64	19.35
Females	23.5	18.49	22.32
<i>Pensioners</i>			
Males	22.6	17.64	19.35
Females	25.1	18.49	22.32

**Employee Benefit Obligations**

The amounts recognised in the Balance Sheet are as follows:

Net Pension Assets as at:	<b>31 Jul 12</b>	<b>31 Jul 11</b>	<b>31 Jul 10</b>	<b>31 Jul 09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present Value of Funded Obligation	(13,005)	(11,737)	(9,949)	(8,543)
Fair Value of Scheme Assets	9,475	8,423	7,394	5,890
	(3,530)	(3,314)	(2,555)	(2,653)
Present Value of Unfunded Obligation	(75)	(59)	(66)	(73)
	<b>(3,605)</b>	<b>(3,373)</b>	<b>(2,621)</b>	<b>(2,726)</b>
Net Liability in Balance Sheet	<b>(3,605)</b>	<b>(3,373)</b>	<b>(2,621)</b>	<b>(2,726)</b>

**Amounts recognised in the Income and Expenditure Account**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Current Service Cost	439	427
Interest on Obligation	581	551
Expected Return on Scheme Assets	(587)	(512)
Losses/(gains) on curtailments and settlements	0	33
	<b>433</b>	<b>499</b>
Actual Return on Scheme Assets	<b>299</b>	<b>702</b>

**Changes in the present value of the Defined Benefit Obligation**

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Opening Defined Benefit Obligation	11,796	10,015
Service Cost	439	427
Interest Cost	581	551
Actuarial Losses/(Gains)	384	829
Losses/(Gains) on Curtailments	---	33
Estimated Benefits Paid (Net Transfers In)	(239)	(193)
Contributions by Scheme Participants	124	139
Unfunded Pension Payments	(5)	(5)
Closing Defined Benefit Obligation	<u>13,080</u>	<u>11,796</u>

**Reconciliation of Opening and Closing of the Fair Value of Scheme Assets**

Opening Fair Value of Scheme Assets	8,423	7,394
Expected Return on Scheme Assets	587	512
Actuarial Gains/(Losses)	216	190
Contributions by Employer	369	386
Contributions by Scheme Participants	124	139
Estimated Benefits Paid	(244)	(198)
	<u>9,475</u>	<u>8,423</u>

**Statement of Total Recognised Gains and Losses (STRGL)**

Actual Return less Expected Return on Pension Scheme Assets	(288)	190
Experience Gains and Losses	1,169	7
Changes in Assumptions Underlying the present value of the Scheme Liabilities	(1,049)	(836)
<b>Actuarial Gain/(Loss) in Pension Scheme</b>	<b>(168)</b>	<b>(639)</b>
Increase/(Decrease) in Irrecoverable Surplus from Membership Fall and other Factors	---	---
<b>Actuarial Gain/(Loss) recognised in STRGL</b>	<b>(168)</b>	<b>(639)</b>

Reconciliation of Opening and Closing Surplus/(deficit)

Surplus/(Deficit) at Beginning of Year	(3,373)	(2,621)
Current Service Cost	(439)	(427)
Employer Contributions	364	381
Unfunded Pension Payments	5	5
Other Finance Income	6	(39)
Settlements/Curtailments	0	(33)
Actuarial Gain/(Loss)	(168)	(639)
Surplus/(Deficit) at End of the Year	<u>(3,605)</u>	<u>(3,373)</u>

# The North Highland College

## NOTES ON FINANCIAL STATEMENTS

31 July 2012 (continued)

### Amounts for the Current and Previous Periods

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined Benefit Obligation	(13,080)	(11,796)	(10,015)	(8,616)	(7,680)
Scheme Assets	9,475	8,423	7,394	5,890	6,553
Surplus/(Deficit)	(3,605)	(3,373)	(2,621)	(2,726)	(1,127)
Experience Adjustments on Scheme Assets	216	190	136	(1,620)	(1,141)
Percent of Assets	2.3%	2.3%	1.8%	-27.5%	-17.4%
Experience Adjustments on Scheme Liabilities	665	7	4	281	---
Percent of Liabilities	5.1%	0.1%	---	3.3%	---
Cumulative Actuarial Gains and Losses	(2,792)	(2,624)	(1,985)	(1,669)	(149)

### Sensitivity Analysis

The following table sets out the impact of a +/-1% change in the discount rates on the Funded Obligation and Projected Service Cost along with a +/-1 year age rating adjustment to the mortality assumption.

Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligations	12,737	13,080	13,433
Projected service costs	498	518	538
Adjustment to Mortality Age Rating Assumptions	+1 year	None	-1 Year
Present value of total obligations	12,597	13,080	13,568
Projected service costs	495	518	542

## 26. RECONCILIATION OF OPERATING SURPLUS TO NET CASH

FLOW FROM OPERATING ACTIVITIES	2012 £'000	2011 £'000
Surplus/(Deficit) on Continuing Operations after depreciation of Assets Valuation and Tax	375	(32)
Other non-cash movement	40	106
Depreciation (Note 15)	1,111	530
Deferred Grants Released to Income (Note 22)	(877)	(285)
Decrease/(Increase) in Debtors	618	(215)
(Decrease) in Creditors	(974)	(473)
(Decrease)/Increase in Provisions	(5)	9
Interest Receivable	(10)	38
Interest Payable	103	90
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	381	(232)

**27. ANALYSIS OF GROSS CASH FLOW FOR HEADINGS  
NETTED IN CASH FLOW STATEMENT**

RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2012 £'000	2011 £'000
Interest Received	10	(38)
Interest Paid	(103)	(90)
	<u>(93)</u>	<u>(128)</u>

CAPITAL EXPENDITURE

Payments to acquire Tangible Fixed Assets	(2,851)	(7,730)
Capital Grants Received	2,858	7,681
	<u>7</u>	<u>(49)</u>

FINANCING

Repayment of Loans	(38)	(39)
Funding from SFC	(1,000)	1,000
	<u>(1,038)</u>	<u>961</u>

**28. ANALYSIS OF CASH MOVEMENT**

	Open Balance £'000	Cash Flows £'000	Other Non- Cash Changes £'000	Closing Balance £'000
Cash	1,185	295	0	1,480
Debt due within One Year	(1,038)	998	0	(40)
Debt due after One Year	(1,620)	40	0	(1,580)
	<u>(1,473)</u>	<u>1,333</u>	<u>0</u>	<u>(140)</u>

**29. LOSSES AND SPECIAL PAYMENTS**

There were no amounts written off during the year in respect of losses and special payments.

**30. POST BALANCE SHEET EVENTS**

There are no post Balance sheet events to disclose.

**31. RELATED PARTY TRANSACTIONS**

Due to the nature of the College's operations and the composition of its Board of Management (being drawn from local and private sector organisations), it is possible that transactions may take place with organisations in which a member of the College Board may have an interest. All transactions involving organisations in which a member of the Board of Management or a key Manager of the College may have a material interest are conducted at arm's length in accordance with normal project and procurement procedures, and subject to the College's Conflict of Interest procedures.

The College had transactions during the year or worked in partnership with the following publicly funded or representative bodies in which members of the Board of Management hold official positions.



# The North Highland College

## NOTES ON FINANCIAL STATEMENTS

31 July 2012 (continued)

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### Member

### Organisation

A MacDonald

Babcock International Group

Income transactions totalling £5,168 and expenditure transactions totalling £0 were made with Babcock International Group.

L Munro

Highland Council

Income transactions totalling £12,550 and expenditure transactions totalling £70,205 were made with Highland Council.

K Nicol

DSRL

Income transactions totalling £97,665 and expenditure transactions totalling £0 were made with DSRL.

All Board of Management members receive no emoluments other than attendance allowances. The volume of voluntary commitment made was considerable and is greatly appreciated.

The Board of Management of North Highland College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 sponsored by the Scottish Funding Council (SFC). SFC is regarded as a related party. During the period North Highland College had various material transactions with SFC and with other entities for which SFC is regarded as the sponsor department e.g, Student Awards Agency for Scotland.

During the period the College had various material transactions with the University of the Highlands & Islands Millennium Institute (UHI). UHI was designated a higher education institute in April 2001 and received funding from the Scottish Funding Council from 1 July 2002. UHI received university Title on 2<sup>nd</sup> February 2011. The College receives funding for higher education activity through UHI EO.

During the period the College also had material transactions with Argyll College and West Highland College. This is a collaborative partnership between North Highland College and the partners in the West. The Scottish Funding Council provides North Highland College with funding for Further Education delivery for the three Partners and accounts to the SFC for the fundable WSUMS activity. At 1 August 2012 West Highland College became a fundable body in its own right.

The College continues to hold a minority shareholding in Caithness Multi Media limited as detailed in Note 16.

### 32. BURSARY AND OTHER STUDENT SUPPORT

	FE Bursary £'000	FE Hardship £'000	EMAs £'000	Other £'000	Total 2011 £'000	Total 2011 £'000
Balance b/f	7	37	2	8	54	8
Funds Receivable in Year	1,172	117	87	37	1,413	1,314
Virement in Year	166	(37)	0	2	132	86
Expenditure	(1,299)	(113)	(94)	(32)	(1,538)	(1,354)
Repaid to UHI in Year	(20)	0	0	(10)	(30)	0
Balance c/f	<b>26</b>	<b>4</b>	<b>(5)</b>	<b>5</b>	<b>30</b>	<b>54</b>

Represented by:

Repayable to SFC as clawback	26	4	0	5	35
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Retained by College for Students	0	0	(5)	0	(5)
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#### FE Childcare Funds

Balance b/f	117	130
Funds Receivable in Year	189	161
Virement in Year	(136)	(78)
Expenditure	(63)	(96)
Repaid to SFC in Year	0	0
Balance c/f	<b>107</b>	<b>117</b>

Represented by:

Repayable to SFC as clawback	107	0
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Retained by College for Students	0	117
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These Funding Council Grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore now excluded from the income and expenditure account with any unspent balance being included as a creditor in the Balance Sheet.

During the year funds were transferred from the SFC Childcare allocation to augment the Hardship Funds available for further education students.

The sums shown as other funds relate to Higher Education Hardship Funds administered on behalf of The University of the Highlands and Islands (UHI)