

University of the Highlands and Islands

Report and Financial Statements For the year ended 31 July 2024

A limited company registered in Scotland No. SC148203. Registered Charity No. SC022228

Registered Office: UHI House, Old Perth Road, Inverness IV2 3JH

Contents

Report of the University Court	2 - 21
Corporate Governance and Internal Control	22 – 36
Statement of the Responsibilities of the University Court	37
Independent Auditor’s Report to the Court of the University of the Highlands	38-42
Consolidated and Institution Statement of Comprehensive Income	43
Consolidated and Institution Statement of Changes in Reserves	44
Consolidated and University Statement of Financial Position	45
Consolidated Cash Flow	46
Statement of Accounting Policies	47-53
Notes to the financial statements	54-75

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Nature, Objectives and Strategy of the University

The UHI Court is the accountable body for both higher and further education performance in line with a single regional outcome agreement with the Scottish Funding Council (SFC). The University Court drives the strategic direction of the UHI partnership underpinning the transformation of the economic, social, and cultural life of our region by delivering a university for the region with national and international ambitions.

UHI is a globally recognised tertiary institution, and we are proud to celebrate our exceptional partnership of colleges, internationally recognised research institutions and specialist teaching centres. UHI is more than a traditional university and we pride ourselves on delivering further education, higher education, and world class research to over 36,000 students per year, across our campus of 70 teaching and learning centres.

The Post 16 Education (Scotland) Act 2013 identified the University of the Highlands and Islands as a regional strategic body with responsibilities for planning, delivery, monitoring, and efficiency savings in further education across our operating area. The main provisions of this Act came into force on 1 August 2014 and further education for the region has been funded through UHI from that date.

In 2023 the University launched its new 2030 Strategy 'Where learning means more' which was approved by the University Court in June 2023. Our 2030 strategy builds on our success to date and takes our ambition forward across five key strategic themes: teaching, learning and student support; research and innovation impact; enterprise and growth; environmental sustainability; and operational excellence. During the lifetime of this strategy, we will think, plan and act as one institution in delivering our mission and vision, and our strategic themes will be underpinned by significant transformation across our institution to deliver.

Each year, we contribute £560 million to the region, indirectly supporting 6,200 jobs. As a multiplier effect, UHI puts back at least £4 for every £1 spent into the economies of the Highlands and Islands, Moray, and Perthshire. Our philosophy is based on our founding values of creating sustainable education for students of all ages and abilities. This ethos is underpinned by our mission to have a transformational impact on our people, communities, and economy. We care passionately about our regions, and we demonstrate our commitment through our excellent student experience and by offering flexible and supported learning from access level to PhD, delivering direct skills and apprenticeship programmes linked to workforce demand, all within the same institution.

A fundamental part of our mission is to drive co-created education and research, enhanced by our unique landscape, heritage, and cultures, ensuring that learning outcomes are second to none. We are also committed to affirming all the languages, dialects and cultures throughout our regions, including Gaelic language and culture. Across the UHI operating area we have centres of excellence and worldclass thinking that are pushing the boundaries of academic and applied knowledge, where staff, students, industry, and communities are collaborating to drive innovation and new ways of thinking.

In the Research Excellence Framework (REF) for 2021, 72% of the UHI research was recognised as excellent or world leading.

Students are at the heart of what we do. We take time to help our students find their unique learner journey. We care passionately not just about our students and staff but also our region, its people, communities, and future prosperity. UHI achieved an overall student satisfaction rate of 81.2%, which

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

is above the benchmark of 80.7% in 2023 and this year's Scottish sector average of 78.1%. This places UHI 6th in Scotland for overall student satisfaction and 1st in Scotland for taught post graduate satisfaction.

In accordance with the Act, further education funding is distributed by UHI to seven assigned colleges. The academic partners who were designated as assigned colleges are UHI Moray, UHI Perth, UHI Inverness, UHI North West and Hebrides, UHI Shetland, Orkney College UHI and UHI Argyll. On the 1st of August 2023, UHI North Highland, UHI Outer Hebrides and UHI West Highland merged into a single college to become UHI North West and Hebrides.

Strategic Report - Current and Future Development and Performance

There were many developments across the University of the Highlands and Islands partnership during the 2023-24 academic year.

During 2023 to March 2024, UHI had appointed Mrs Vicki Nairn as Interim Principal and Vice Chancellor. In March 2024, after a fully competitive external recruitment process, University Court appointed Mrs Vicki Nairn as UHI's fourth Principal and Vice Chancellor. Following the appointment of the Vice Chancellor, a new senior leadership team was announced in May 2024 and a move to focus on financial sustainability including a streamlining and reprofile of the workforce during 2023/24 as part of its move to be a fully integrated, financially sustainable and people orientated organisation that delivers outstanding teaching, research, and knowledge exchange from a solid foundation of the very best professional services, systems, and processes. These changes were also made in response to a challenging external funding climate where core funding streams from the Scottish Government are decreasing year on year, whilst inflation and employment costs continue to increase. During 2023/24 student recruitment in higher education remained a challenging landscape with UHI slowly recovering its market share following the significant effects of the pandemic. Student recruitment in FE has recovered significantly post pandemic, and UHI has experienced a significant over demand for its FE provision and is currently requesting an increase of FE credit funding from the Scottish Government to meet economic demand across the regions which UHI serves.

Following the transformation work started in In 2022/23 the UHI partnership continued to progress change and transformation across a number of workstreams focused on curriculum review, data sharing, efficiency and effectiveness as outlined in the 2030 strategic plan, which details UHI's ambitions to our academic reputation, world-class research and our proud history of vocational training to join the world of learning to the world of work, integrating with business and industry and underpinned by our university values of collaboration, openness, respect and excellence.

During 2023/24, the University moved out of its legacy offices in Ness Walk to its flagship campus, UHI House, on the Raigmore health campus in Inverness, co locating with the NHS Highland, NHS Education for Scotland (and subsequently) the new Inverness and Cromarty Green Freeport. The move to UHI House has provided the University with a modern student focused facility which enables and promotes collaboration, innovation and provides an excellent facility for the provision of nursing, optometry and medical research facilities.

As the UHI regions continue to realise their economic potential, UHI remains a fundamental part of that regional success, developing and delivering a skilled workforce that supports the regional and islands economies, acting as an anchor institution for investment and growth.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

We pride ourselves on being a dynamic institution, focused on change, ambition and growth. Our UHI Strategic Plan 2030 has provided the platform to deliver our appetite for success, thinking globally and acting locally to deliver world class education, research and innovation. The UHI regions are one of the fastest growing areas of Scotland. A skilled population is fundamental to economic prosperity, to halting depopulation and creating sustainable communities. Over the next 10 years initiatives like the Inverness & Cromarty Green Freeport will create circa 10,000 new jobs in our regions, and an estimated £3billion of fresh investment, positioning UHI to maximise opportunities in the largest European hub for the development of the offshore wind industry and associated renewable energy technologies. Our university partnership is strongly focused on supporting the economy as part of the National Strategy for Economic Transformation which commits Scotland to “focus our activity on the transition to net zero, the digital revolution, and lifelong training making sure employers have the supply of skills they need”.

Our ethos is underpinned by our founding mission to have a transformational impact on our people, communities and economy, and our UHI Strategic Plan 2030 now commits us to thinking, planning and acting as one institution in delivering on our mission and vision.

Our university partnership outcomes to date are impressive. As outlined above, our students have voted UHI number one in Scotland for post graduate student satisfaction, sixth in Scotland for undergraduate satisfaction and 72% of our research is classed as world leading or internationally excellent. As a young university we are incredibly proud of our partnership achievements, however our ambitions are much greater, and we are now focused on the next chapter for the partnership as part of our institutional evolution.

We care passionately about our regions, our culture and our heritage, and especially our commitment to promoting and developing the Gaelic language. We actively demonstrate our commitment through offering flexible and supported learning from access level to PhD, including delivering direct skills and apprenticeship programmes linked to workforce demand.

In addition to our significant further and higher education presence, UHI hosts several world leading specialised research centres focused on key areas such as environmental and marine science, renewable energy, history, place-based archaeology, life sciences, and rural health to name a few.

These research centres contribute to cutting-edge place-based research and innovation, addressing regional issues and global challenges, supported by our innovative STEM partnerships with business and industry. UHI has a critical place in the regions it serves, and the reasons why UHI was founded as are critical today as they were at UHI’s inception, as the regions face unparalleled economic challenges and growth opportunities, combined with the need to link education, business, industry and innovation initiatives to deliver on Scotland’s growth ambitions.

As part of our evolution, the UHI partnership has agreed it must accelerate change to meet the ambition for a sustainable, successful and prosperous regional university. The latest census figures once again underline the decline in the working age population in many parts of the UHI regions. It is critical that UHI remains part of the solution, creating jobs and sustainable futures that will benefit the UHI regions for many years to come.

As part of our focus on economic development, UHI has continued to work with the Scotwind partners and whilst it will be a number of years before the projects start to come through, these projects will

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

need a highly skilled local workforce to enable delivery while maximising local value, with much of that potential future workforce still in both primary and secondary schools today. Recognising this, UHI engaged the West of Orkney Windfarm consortia of global businesses to anchor support for our STEM Outreach Programme, which had been tested with primary schools in the Highland region over the past six years. The aim of the programme is to ensure that every young person, across all communities in the north of Scotland, have the chance to be inspired by the opportunities in offshore wind, to be able to pursue their studies within UHI's regions, and to develop skills to achieve careers in the sector.

With a view on increasing the scale and impact of this programme, West of Orkney Windfarm took UHI's proposal to the wider Collaborative Framework and three further developers subsequently joined the funding partnership: Ossian, Thistle Wind Partners, and Buchan Offshore Wind. Together the four funding partners are now contributing £900k to the programme over three years.

This is the largest package of corporate giving UHI has received and industry and academia working together like this will undoubtedly make a significant difference to the region and the choices available to our young people now and in the future.

Leveraging wider industry support for UHI's priorities means more than £1.2m has now been secured and the programme now employs eight part-time and two full-time STEM coordinators. This funding has also enabled a substantial expansion of scope, to schools in Orkney, the Western Isles and Shetland, Argyll and Bute, Moray and Perthshire local authority areas, reaching over 400 schools and many thousands of children, helping to enthuse and empower them to follow a career path in offshore wind and connecting UHI to its future students.

Academic Developments

2023/24 has seen a continued challenge regarding the wider environment within which we operate. This has included a reduction in HE demand while a continued growth in FE. This reflects a wider set of sector trends, stemming from varied social shifts including the financial crisis and the impact on students. Our response to this has been at both structural and operational levels, including a redesign of our academic structures, and pursuit of a curriculum review.

Academic Restructuring: The University of the Highlands and Islands (UHI) has undergone significant structural reforms over the past year aimed at enhancing efficiency and academic coherence while fostering collaboration across further education, higher education, research, and knowledge exchange. These changes reflect a commitment to building an integrated tertiary structure aligned with UHI's strategic goals and regional impact.

Key structural changes included the creation of two tertiary faculties:

- Science, Health and the Environment
- Arts, Humanities, Business, and Education

This new structure replaces existing faculties and integrates the School of Health, Social Care, and Life Sciences. To streamline operations, education provision has been repositioned to the

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Science, Health and the Environment faculty, aligning key public service disciplines like teaching and nursing under one umbrella.

Each faculty hosts tertiary cognate subject groups (CSGs) that consolidate further education, higher education, and research activities. Six CSGs have been created, balancing interdisciplinarity with academic cohesion, while delivering cost savings of approximately £200,000 annually. These CSGs are designed to provide clear, collaborative leadership, replacing the less externally recognizable “subject network” model. Each is now led by an associate dean, replacing the former subject network leads.

Research clusters and knowledge exchange sector groups have been aligned with the faculties to enhance collaboration and impact. For example, the Net-Zero Carbon Hub will drive interdisciplinary efforts in education, research, and innovation related to climate change, leveraging UHI’s geographic and academic strengths.

Faculty Deans and Heads of School now lead strategy development, curriculum planning, and quality assurance, ensuring alignment with UHI’s 2030 strategy and other institutional priorities. These structural changes position UHI for sustainable growth, fostering a cohesive academic community while driving efficiencies and regional engagement.

Curriculum Review: UHI commissioned an external company, SMRS, to conduct a review of our HE curriculum across the partnership. This examined existing strengths including market share, external indicators of potential growth, alongside existing student numbers and trajectories. This review was supplemented by financial data from a common costing model. The review led to partner wide conversations and a rationalisation of some of the curriculum. In addition, it highlighted challenges in our curriculum planning processes and the need to review procedures and enhance our ability to make data-informed judgments and decisions in regard to curriculum planning. This learning will be fed into ongoing reviews of our planning processes.

Despite ongoing challenges opportunities and achievements remain. We have continued to develop the business cases for several growth deals which have the capacity to lead to significant local investment and support economic growth. Key among these have been the Business Enterprise Hub based in Moray, and the Talented programme (focussing on work-based learning) and Shell-Volution both part of the Islands growth deal.

**University of the Highlands and Islands
Report of the University Court for the year ended 31 July 2024**

SFC Outcome Agreement performance HE and FE

Colleges and universities in Scotland are required to complete outcome agreements to demonstrate their contribution to SFC priorities and provide assurance and accountability for the use of allocated funding and investment. The Highlands and Islands regional outcome agreement shares outcomes between the two funding streams and underpins the tertiary nature of the institution. The 2023-24 outcome agreement is the last in this format and is being replaced from 2024-25 with a new outcome framework and accountability model.

HE measures (*measures focus on Scottish domiciled undergraduate entrants (SDUE), rather than funded FTEs which are the basis for the SFC targets*).

	2023-24*	2022-23	Variance	2021-22	2020-21
Number of SDUE	2541	2,463	3.2%	2,689	3,235
SIMD20 FT first degree	13.6%	11.8%	1.8	12.2%	9.3%
Care experienced	2.7%	1.8%	0.9%	1.5%	1.8%

The shift between 2022-23 and 2020-21 highlights the different impacts on student behaviour and external environment during the Covid-19 pandemic, impacts of Brexit on our region and the cost-of-living crisis.

*From 2022-23, significant changes have occurred in the data model for the Higher Education Statistics Agency (HESA) student data return from which these measures are derived. For 2023-24, the HESA return will not be signed-off until November and the SFC outcome agreement self-evaluation which includes reporting on these measures is not due until 1 December. Therefore, the figures provided are interim.

FE credits (*measures focus on credits, for 2023-24 the total credits delivered subject to final SFC audit were*):

RSB regional summary 2023-24	SFC minimum threshold	Delivered	Variance	%
SFC minimum threshold	101,632	108,367	6,735	6.6%

Key Performance Indicators

Higher Education student numbers

Total	2023/24	2022/23	2021/22	2020/21
Heads	10,035	10,051	10,847	11,082
Full-time equivalents	6,618	6,674	7,263	7,876

These figures again highlight the impact and longer-term influence of the pandemic, Brexit and cost-of-living on higher education student choices.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Scottish Funding Council fundable students

The university has targets for higher education non-controlled subjects and controlled subjects (nursing and initial teacher education). From 2021-22, funding for new entrants to graduate apprenticeships moved from SDS to SFC and are now subsumed within the non-controlled subject target.

	Non-controlled fundable				Controlled fundable		
	Actual undergraduate FTEs	Actual PGT FTEs*	Target	2% tolerance target	Actual FTEs	Target	3% tolerance target
2023-24	4,827	311	5,703	5,588	507	603	585
2022-23	4,862	273	5,879	5,761	608	724	702
2021-22	5,392	339	5,950	5,831	636	678	658
2020-21	6,161	373	5,683	-	593	608	590

*Fundable PGT are included in any clawback calculations.

For further education, the 2023-24 regional position highlights the impact of the SFC reduced credit funding on UHI's ability to meet identified and growing demand in the region, especially with recovery in full-time study. SFC moved to minimum thresholds from 2023-24 which included foundation apprenticeships. Previously core targets plus specific FA targets had been set:

Academic year	SFC target		RSB Actual	Variance
	Target/minimum threshold	Deferred*		
2023-24	101,632	-	108,367	6.6%
2022-23	112,925	-	115,842	2.6%
2021-22	112,382	2,981	107,729	-6.6%
2020-21	112,382		95,937	-14.6%

*Linked to COVID impacts

Student success/retention

The Higher Education Statistics Agency has published annual UK university performance indicators for many years. One of these was a measure of full-time student non-continuation from year of entry with calculated sector benchmarks for each institution. However, the last release of this performance indicator was in March 2022 for entrants starting in 2019-20. A review of performance indicators by HESA has not yet been completed or reported.

The Scottish Funding Council publishes college sector performance indicators including student outcomes. 2023-24 performance indicators will be published in 2025. The latest available data for full-time FE students at RSB level is:

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Percentage of full-time further education students successfully completing their studies:

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Students completing studies	67.2%	63.9%	63.4%	69.3%
Benchmark	63.7%	59.0%	60.9%	66.0%

Outcomes for students in recent years will have been impacted by Covid-19 across the sector.

Student satisfaction

Taught postgraduate:

- UHI students once again rated their experience as the best in Scotland in the 2024 Postgraduate Taught Experience Survey (PTES). UHI received a score of 88% student satisfaction, the highest rating of any Scottish university, with a UK ranking of 15 out of the 107 participating institutions.

Undergraduate:

- The 2024 National Student Survey results consolidated UHI's strong performance over recent years. Overall student satisfaction was 81.2%, above our benchmark of 80.7% and the Scottish sector average of 78.1%. The results placed UHI sixth in Scotland, the same position as 2023.

Further Education

- The 2023-24 Scottish Funding Council Student Satisfaction and Engagement Survey results will be published in November 2024. The latest data for FE students at an RSB level is:

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2018-19</u>
UHI overall student satisfaction	94.9%	93.9%	89.7%	94.3%
Scottish figure	94.9%	93.1%	89.2%	93.4%

(Source: SFC) 2019-20 survey was cancelled due to COVID.

Graduate destinations

The Higher Education Statistics Agency conducts an annual survey of graduate destinations. The current Graduate Outcome survey was introduced for 2017-18 leavers and collects destinations 15 months after graduation. The latest data is for 2021-22 leavers, HESA publishes this data in a series of interactive tables on their website. Currently HESA has not developed a specific performance indicator for graduate employment.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Comparative data from the Graduate Outcome survey:

	2021-22 leavers		2020-21 leavers		2019-20 leavers		2018-19 leavers	
	UHI	Scotland	UHI	Scotland	UHI	Scotland	UHI	Scotland
Graduate destinations								
In work or further study	90%	90%	89%	91%	88%	90%	84%	88%
Other including travel, caring for someone, or retired	8%	5%	8%	5%	7%	5%	10%	5%
Unemployed	2%	5%	3%	5%	5%	5%	6%	7%

The Scottish Funding Council also publishes results of the college leavers' destinations survey. Results for 2022-23 leavers will be available in December 2024. The latest results for our regions' FE leavers are:

Proportion of leavers in a positive destination, 3 – 6 months after qualifying:

	2021-22 leavers	2020-21 leavers	2019-20 leavers	2018-19 leavers
UHI FE qualifiers	95.3%	94.9%	91.8%	93.8%
Scottish figure	93.7%	95.8%	93.9%	95.2%

(Source: SFC)

Research and Knowledge Exchange

Over the past year, financial challenges across the partnership have resulted in the loss of researchers and research time in a number of academic domains. We recognise that the sector is entering a new environment within which research funding will be tighter and a great focus on the strategic use of funding and staff research time is essential. However, despite these challenges the University of the Highlands and Islands (UHI) has demonstrated resilience and innovation in research, achieving notable milestones and launching impactful initiatives. This summary highlights some of the achievements and exciting developments shaping UHI's research environment.

Research Achievements

UHI researchers have continued to deliver groundbreaking work that addresses regional and global challenges:

- **Lung Cancer Diagnosis Innovation:** Associate Professor Antonia Pritchard's team, supported by Asthma and Lung UK, is exploring non-invasive diagnostic methods for lung cancer using cell-free DNA. This project represents a collaboration with NHS Highlands and leading universities, showcasing UHI's strength in translational research.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

- **Marine Technology Research:** PhD student Chloe Turner-Dockey is advancing environmental monitoring techniques for offshore renewable energy, supported by Sonardyne. Her work aims to quantify the impact of large-scale energy projects on marine ecosystems, contributing to sustainable energy policy development.
- **Environmental Archaeology in Orkney:** The UHI Archaeology Institute secured £1.6 million to establish a world-class centre for environmental archaeology, underscoring UHI's leadership in cultural heritage research.

New Initiatives to Enhance Research Capacity

UHI has introduced several initiatives aimed at building research capacity and fostering collaboration:

- **Research and Graduate School Hub:** The integration of the Graduate School with the Research Office has created a centralized hub to enhance research and postgraduate support. This reorganization is supported by leadership changes, including the appointment of a new Dean for Research and Innovation.
- **Sustainability and Net Zero Research:** UHI has joined the Scotland Beyond Net Zero coalition, fostering collaborations that address biodiversity, ecosystem health, and just societal transformation. This aligns with UHI's commitment to sustainability and environmental impact through innovative research.
- **Increased Postgraduate Opportunities:** Six new RPG-funded PhD studentships have been introduced, supporting long-term research goals and providing valuable opportunities for postgraduate students across UHI's network.

Strengthening Research Culture and Environment

UHI has made strides in cultivating a vibrant and inclusive research environment:

- **Researcher Training and Mentorship:** A comprehensive calendar of workshops and a mentoring program support researchers at all career stages, reflecting UHI's dedication to professional development and career growth.
- **Annual Research Forum:** This key event provided a platform for interdisciplinary collaboration and strategic discussions, with a focus on the evolving research ecosystem and alignment with UHI's institutional mission.
- **Staff and Student Research Conference:** Scheduled for January 2025, the conference will showcase research horizons and trajectories, fostering knowledge exchange across disciplines and partnerships.
- **One Health Research Cluster:** This interdisciplinary initiative integrates health, environment, and community-focused research. Supported by REG funding, it has enabled collaborations that address pressing challenges such as the impact of pharmaceuticals on aquatic environments.

Looking Ahead

UHI is entering a transformative phase with the appointment of Professor Nick Owens as Vice Principal for Research and Innovation. Plans for the coming year include identifying a new business model to

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

support research, launching interdisciplinary challenge-based initiatives, and further embedding sustainability into the research agenda.

Conclusion

Despite challenges in the sector, UHI continues to innovate and excel in research. By investing in its people, infrastructure, and partnerships, UHI is building a research ecosystem that delivers meaningful impact locally, nationally, and globally. These achievements reflect the university's unwavering commitment to excellence and its mission to serve the Highlands and Islands.

Staff Development

The university continued to prioritise staff development through the Learning and Teaching Enhancement Strategy (LTES), and through centrally and locally provided professional development provision, to embed a culture of scholarship and research across the partnership that will enhance our capacity to deliver a high-quality learner experience, while supporting staff with teaching and student related responsibilities to develop their practice in alignment with the learning and teaching enhancement values of the LTES and relevant internal and external professional standards for learning, teaching and assessment. These included Advance HE's newly revised Professional Standards Framework 2023 and the General Teaching Council for Scotland's Professional Standards for Lecturers in Scotland's Colleges.

Related to the above, 2023-24 also saw the production of the Learning and Teaching Academy's Academic Professional Development Plan for 2024/25 and the agreement to form what is now the UHI Staff Development Group. The latter has cross-partner representation, and has been established to foster closer collaborative working, and more co-ordinated planning, for staff development that spans both academic practice and organisational development. Both the Academic Professional Development Plan, and the UHI Staff Development Group, have arisen in direct response to one of our QAA Scotland ELIR (Enhancement Led Institutional Review) review recommendations in 2022 to develop further university-wide structures and provision for staff development.

Additionally, all staff can continue to use the performance development review process to reflect on and identify their personal development needs and can access a variety of development resources which we continue to develop in accordance with our strategic aims and objectives.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Strategic Report - Resources and Principal Risks

Risk Management

Risk Policy Statement

The University Court reviews its Risk Policy and Risk Appetite statements on an annual basis. The following policy statements were reviewed and re-approved November 2023 and again in November 2024.

Risk Policy - The University's general approach is to minimise its exposure to risk. It will seek to recognise risk and mitigate the adverse consequences. However, the University recognises that in pursuit of its mission and academic objectives it may choose to accept an increased level of risk. It will do so, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

Risk Appetite - The University will take a portfolio approach to risk management – i.e. whilst at any one time it may be carrying a high level of risks in one or more parts of its business, it will ensure that the number of areas exposed to high risk at any time are minimised and balanced with a low risk approach in other areas. The portfolio of risk will be regularly reviewed by the risk review group, senior executive team, Finance and General Purposes Committee and University Court. High risk areas will be very closely aligned to strategic priorities and aligned to high returns i.e. the university should not be exposed to high levels of risk if returns are likely to be minimal or if the activity is not business critical. The elapsed time over which the university is exposed to a high level of risk in any area should be minimised as much as possible.

Information security risk management

The Scottish Government requires all public bodies, including universities and colleges to hold Cyber Essentials Plus accreditation. Accreditation is subject to an annual external verification audit and the University achieved whole organisation certification on 22 March 2023.

The university is a partner in the Chief Information Security Officer (CISO) shared service, provided by HE/FE Shared Technology & Information Services (HEFESTIS), the same organisation that provides the university's data protection officer (DPO). The university has adopted HEFESTIS's information security risk management framework based on an information security maturity model of controls and a governance structure to manage those controls. This aligns with the Scottish Government's cyber resilience framework, that all public bodies in Scotland are required to comply with and report progress against.

There are three university partnership groups that meet regularly to consider and manage information security risk across the university:

Risk Review Group (RRG)

The Risk Review Group is authorised by the Finance and General Purposes committee to monitor and review all University and academic partner risk registers to ensure that an independent view can be fed back to risk register owners and to provide assurance for Court.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Information Risk Working Group (IRWG)

The IRWG comprises practitioners and senior managers with responsibility for identifying and implementing appropriate mitigation for identified information risks. This group is led by the Director of IT and Digital Infrastructure with the following key personnel in attendance: Chief Information Security Officer, Information Security Officer, University Data Protection Officer, University Director of Corporate Governance, University Archivist and Records Manager, and three academic partner staff representatives with similar roles and responsibilities.

Information Security Working Group (ISWG)

The ISWG is made up of ICT professionals from across the partnership with the aim of consistent implementation of technical controls to ensure best practice and compliance with relevant policies.

Section 172(1) Statement - Companies Act 2006

This statement sets out how the Directors of the University of the Highlands and Islands have applied and complied with Section 172(1) of the Companies Act 2006 in accordance with The Companies (Miscellaneous Reporting) Regulations 2018.

The Directors of the university, as those of all UK companies, must act in accordance with a set of general duties set out in section 172 of the Companies Act 2006 (the Act). The University Court consider, both individually and together, that they have acted in the way, in good faith, that would be most likely to promote the success of the university for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 July 2024.

Decision Making

The University Court's role is to behave responsibly and ensure that the business operates in a responsible manner with the aim of maintaining a reputation for high standards of business conduct and good governance.

The Court is collectively responsible for the long-term success of the University and, as part of their induction programme, directors are briefed on their duties under the Act. Directors also have access to ongoing training and development to provide them with the relevant skills and knowledge to conduct their duties as directors on the Board.

The directors fulfil their duties partly through a governance framework that facilitates delegation of day-to-day decision making to senior managers in the university. Delegation of all areas of the university's activities below Court level, as well as the financial parameters of authority, are set out in the scheme of delegation. This scheme ensures that unusual or material transactions are brought to the Court for approval.

The Court maintains oversight of the university's performance including financial reporting, risk management, governance and internal control processes through its regular meetings, its committee structures and meetings with senior managers.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Academic session 2022/23 saw the university develop a new Strategic Plan through to 2030, providing a more detailed and further developed strategy than the previously approved 2021-2025 Strategic Plan.

The need for a new Strategy had been identified through partnership conferences held in June and August 2022 for all partnership principals and chairs with some Court members and senior executive team. Arising from these events was a 'Strategy' workstream and this led to the new Strategic Plan being approved by Court in June 2023. Court had an opportunity prior to final approval, to discuss and provide comments on an earlier draft of the Plan.

Communication with staff

UHI employs a dual approach to internal communication with staff. This involves communication at both a regional and partnership level, reaching all staff, as well as through individual employers, who engage directly with their respective staff groups.

With a partnership encompassing approximately 2,500 staff, ensuring consistency in messaging from senior teams is crucial. This coordination is managed through partner communications practitioners' groups, allowing messages to be tailored and delivered at the local level in a manner that aligns with staff expectations.

To ensure staff across the partnership stay informed, UHI Corporate Communications provides daily updates on the UHI Partnership Staff and UHI Staff Hubs on SharePoint. These updates facilitate smooth and timely communication throughout the UHI network, covering news, events, and training opportunities. Contributions come from various departments across the partnership, including Gaelic; Human Resources; Equality, Diversity and Inclusion; Libraries, Research; and Student Experience.

In addition, the UHI Corporate Communications Team produces a weekly news digest email for university-employed staff and a fortnightly version for other partnership staff. These digests compile SharePoint news items, ensuring staff receive important information through multiple channels tailored to their preferences and needs.

By leveraging these tools and strategies, UHI can gain actionable insights into how news content performs, driving improved communication and engagement across the SharePoint environment. Engagement and online community is further reinforced through our internal social network Viva Engage, individual department SharePoint hubs and externally facing social media platforms.

At individual employer level this is enhanced by face-to-face briefings in person or via Microsoft Teams as well as individual departmental updates, institutional updates and team briefings.

To maintain a consistent and strategic approach, regular briefings from the Partnership Council are delivered to all staff. These briefings highlight key strategic initiatives and announcements and are cascaded by each of the 10 principals, including the university principal, to their respective staff groups.

Finally, UHI has adapted its communication strategies to respond to evolving priorities and staff needs, ensuring alignment with the dynamic nature of the partnership and its goals.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Communication with students

The COVID-19 pandemic highlighted the critical importance of clear, coordinated communication in delivering a positive and satisfying student experience. Effective communication remains a top priority as we strive to meet the evolving needs of our diverse student community.

We work closely with the Highlands and Islands Students' Association (HISA) to ensure strong engagement, meaningful feedback, and active participation from students. This collaboration plays a vital role in shaping the student experience and fostering a culture of inclusivity and responsiveness. HISA representatives hold seats on all major governance boards and committees across our partnership and at the institutional level, ensuring students have a strong voice in decision-making at the highest levels.

By maintaining open and transparent communication channels and actively involving students in governance, we continue to prioritise the integration of the student voice in shaping the partnership's future.

As with staff communication, student communication is coordinated across the partnership for key announcements and messaging. This coordination is crucial for keeping students informed, especially given our geographically dispersed student body and their diverse levels of engagement across further and higher education. Template messaging has been particularly effective, allowing messages to be tailored to specific audiences by campus or course.

Students also have access to a wide range of information online, including all partnership websites, social media, the student MyDay portal, newsletters, digital screens on campus, and directly through their course contacts via our virtual learning environment, Brightspace.

The Impact of the University on the Region

To align with the university celebrating its 10th anniversary of achieving university title in February 2021, the university commissioned an economic impact assessment to demonstrate what has been achieved in its formative stages. The report demonstrated:

- Our goal is to act as a force for good, reducing the outmigration of young people by fundamentally transforming the offering of post-school learning.
- We are helping to change the mindsets of young people about remaining in the area and have become a vehicle for enhancing key frontline services in the public sector.

The University offers infrastructure that is crucial in guiding the future economic and social direction of the Highlands and Islands, Moray and Perthshire by responding to the needs of business, industry and the wider community.

- We are deeply aligned with regional needs and have become a respected anchor institution within local communities.
- As well as its economic impact, the University has become a distinctive organisation with a tertiary education offering that reflects the region it has grown from, encompassing past heritage, current needs and future evolution.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

- We are a technology-rich organisation, built around connecting the region. Our virtual learning environment was ahead of its time when it was designed and allows the networked delivery of courses across an area which is equal to the size of Belgium. Our networked delivery has brought about a step change in the range of options available, particularly so for the most remote and rural parts of the region. Our reputation in this field has drawn interest from other countries that are interested in our delivery model.
- We are the only tertiary education provider in Scotland and able to offer qualifications at every level from NC and VQ qualifications up to Masters and PhDs.
- The curriculum offers a range of specialist courses that are grounded in the fabric of the region. While 89% of the University's students are from the Highlands and Islands, Moray and Perthshire, the remainder are drawn in by a growing range of specialist courses, particularly in higher education, such as those offered by the School of Adventure Studies at West Highland College, archaeology studies in Orkney, environmental science in Thurso and marine science in Oban.
- We are viewed as a strategic and operational partner in economic development as well as a service provider in education. The academic partners are heavily involved in delivering the Growth Deals for their areas and are active members in their local communities, strongly focused on delivering what their local economies need.
- In 2023-24 we have continued to develop on the impact described in the Biggar report.

Value for Money

The University of the Highlands and Islands has continued to deliver its Value for Money Strategy through improved procurement processes to reduce costs, rigorous budget challenge exercises and a number of initiatives to share services and costs across the partnership, whilst improving efficiency and reducing the projected operating deficit as part of a financial recovery plan.

Review of Financial Activities

Comprehensive Income

UHI's income decreased by £2.9m in 2023-24 compared to 2022-23, mainly due to the release of prior year HE SFC teaching grant (2021/22) in 2022/23 previously deferred for recovery. Staff costs decreased by £5.8m to £11.3m compared to the previous year, mainly due to a decrease in pension adjustments, and reduction in staffing complement following a compulsory redundancy exercise. Other operating expenses decreased by £2.7m compared to the previous year, due to a decrease in SFC grant payments to Academic Partners.

The outturn for the year ended 31 July 2024 was a surplus before other gains and losses of £4.6m, compared to a surplus of £0.7m in 2022/23. The improvement is down to a combination of a decrease in the USS pension adjustment and the impact of savings proposals generated during the academic year.

Total comprehensive income for the year was a surplus of £4.3m, compared to a surplus of £3.9m in 2022/23.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Statement of Financial Position

Overall, the Balance Sheet position has improved from the previous year, with total net assets of £10.7m (£6.3m 2022/23). The increase is mainly due to the decrease in the pension liability, from £4.2m to £nil.

Fixed Assets have decreased by £3.1m compared to the previous year, including an impairment adjustment of £2.3m against Freehold Land and Buildings.

UHI has cash balances of £17.1m and has a net current liability position of £2.8m, compared to net current liabilities of £5.4m in the previous year. The improving net current liability position is due to a combination of improved working capital management and release of compliance provisions related to funded programmes no longer required.

Payments to Suppliers

The University of the Highlands and Islands complies with the CBI Prompt Payment Code and has a policy of paying its suppliers at the end of the month following the month of invoice, or on the suppliers' terms, if earlier.

The effect of the University's policy is that its trade creditors at the year-end (excluding academic partner balances and transactions) represent 7 days purchases (2022/23 - 9 days) which is 1.91% of purchases (2022/23 – 2.49%). There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Public Sector Climate Change Duty

The university developed its first Sustainability Strategy 2023-30 and its first Sustainability Policy through extensive consultation with both internal and external stakeholders. These were both approved by the University Court in June 2023. They replaced the earlier documents. The new governance structure introduced during 2022/23 and 2024 strengthened the University's activities in this area.

These comprised:

- Sheena Stewart, University Secretary, was assigned as the accountable person for UHI's Carbon Emissions, and Sustainability activities now reside within her portfolio.
- A new Sustainability Strategy Implementation Group (SSIG) was formed in 2024 bringing together existing groups which oversaw strategy and policy drafting and development. Additional new members were added to the SSIG. This group has the responsibility to ensure compliance with policy and to drive strategy actions across the partnership to ensure strategy actions are progressed to meet objectives and targets.
- The GCN continues to exist as a virtual network and is accepting new members. Since losing its dedicated member of staff in October 2023 It is now used mainly as a communications network.
- 40 staff training places have been purchased from EAUC for senior UHI staff to undertake climate change literacy training.

The University has also established connections with other public sector bodies, NGOs and agencies, including Highlands and Islands Enterprise, NatureScot and Highland Council with a view to investigating and implementing regional approaches to sustainability and tackling climate change including adaptation and resilience and mitigation, alongside sharing resources and knowledge and experience from projects and research.

University of the Highlands and Islands Report of the University Court for the year ended 31 July 2024

UHI is a member of the Environmental Association for Universities and Colleges and submits its PBCCD completed template to Scottish Government via the Sustainable Scotland Network.

Energy Consumption and Efficiency Reporting

The university consumes electricity, gas, water and transport equivalents for its own use. Consumption figures have been computed from utility bills provided by providers. The energy consumption in kWh and other measurements for each category and the carbon footprint in tCO₂e, for the period April '23 - March '24, are disclosed as follows:

	2023/24	2023/24	2022/23	2022/23
Emission	Units	tCO₂e	Units	tCO₂e
Electricity	1,859,970 kWh	418.5	1,846,074 kWh	389.6
Natural Gas	1,867,230 kWh	341.6	1,515,467 kWh	276.6
Water Supply	929 m ³	0.1	2,246 m ³	0.2
Water Treatment	929 m ³	0.2	2,167 m ³	0.4
Car	66,234 km	17.8	63,080 km	10.8
Taxi	836 km	0.2	879 km	0.1
Flights	159,128 km	37.1	165,044 km	34.3
Rail	73,746 km	2.6	70,638 km	2.5
Mixed Recycling	38 tonnes	0.8	20 tonnes	0.4
Refuse – Landfill	1 tonne	0.0	12 tonnes	5.4
Homeworking Emissions	48%	63.2	63%	85.5
Total		882.1		805.8

Statement on Employment of Disabled Persons

The Equality, Diversity, and Inclusiveness Policy outlines the University's commitment and approach towards promoting equal opportunities for staff with protected characteristics, including disabled people.

The University is committed to promoting opportunities for current and prospective staff with disabilities and makes every reasonable effort to provide or arrange necessary support, adaptations, equipment and staff development in order to enable staff to fulfil their potential.

Our Equality Duty commitments, under the Public Sector Equality Duty and the Equality Act 2010, are reviewed bi-annually and this provides an effective focus for helping to evaluate, develop and improve our support to disabled staff, as well as reviewing the University's broader equality and diversity objectives and outcomes.

Our 2023 report on Public Sector Equality Duty – Mainstreaming and Outcomes is published on our website and available to view at the following [link](#).

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Facilities Time Data

The university recognised the University and Colleges Union on 14 February 2024. For this accounting period, no facilities time has been utilised, this is expected to change for future years.

Modern Slavery Act 2015

The University of the Highlands and Islands is committed to carrying out procurement of goods and services in an environmentally, socially, ethically and economically responsible manner and to entering into agreements and contracts with suppliers that share and adhere to this commitment.

Much of the university's procurement of goods and services is carried out through APUC (Advanced Procurement for Universities and Colleges) Ltd of which it is a member. APUC require all suppliers to sign a supply chain code of conduct to acknowledge their compliance with the code in respect of their organisation and their supply chain. The code of conduct includes confirmation that the supplier does not use forced, involuntary or underage labour, provides suitable working conditions and terms and treats employees fairly.

As part of APUC Ltd's standard template for supplier's tendering for the award of a contract a pass/fail question: "Does the supplier meet its obligations under the Modern Slavery Act?" requires to be answered. A further (non-mandatory) question allows the tender to be scored on a graded basis as part of the award criteria: "What measures will you take to ensure slavery and human trafficking is not taking place in your supply chains?"

The university uses the same supply chain code of conduct for suppliers who are sourced directly by the university and asks all potential suppliers to respond to the pass/fail question above.

Constitution

The University of the Highlands and Islands (previously UHI Millennium Institute) is a company limited by guarantee, incorporated on 24 December 1993 and has been established under the Further and Higher Education Act 1992. It is an exempt charity for the purposes of the Charities and Trustee Investment (Scotland) Act 2005. Under the terms of the Fundable Bodies (University of the Highlands and Islands) Order 2011, which came into effect in March 2011, the University of the Highlands and Islands was designated as an institution eligible to receive support from funds administered by the Scottish Funding Council (prior to March 2011, UHI Millennium Institute was designated as an institution eligible to receive support from funds administered by the Scottish Funding Council under the terms of the Designation of UHI Millennium Institute (Scotland) Order 2001).

Leadership

Alastair MacColl was appointed to the role of Chair of Court and Senior Lay member in accordance with the requirements of Section 7 of the Higher Education Governance (Scotland) Act 2016 with effect from 1st August 2021.

In March 2024 University Court appointed Mrs Vicki Nairn as UHI's fourth Principal and Vice Chancellor.

Fiona Mclean (former independent member and Vice Chair of Court) was re-elected to the role of Rector with effect from 1st August 2024. The Rector is an ex officio member of the University Court.

University of the Highlands and Islands

Report of the University Court for the year ended 31 July 2024

Court appointed Mr Angus Campbell as the new FE Regional Lead following an open recruitment process in October 2021.

Chancellor

The Chancellor of the University is HRH the Princess Royal. The announcement of the appointment was made in November 2011 and Her Royal Highness was installed as Chancellor in June 2012.

Equal Opportunities and Widening Participation

The University is focused on improving access to further and higher education opportunities for people living in dispersed and sparsely populated areas of the Highlands and Islands.

Our 2023 report on equality mainstreaming, equality outcomes, staff data and pay gaps is published on our website and available to view at the following [LINK](#).

Elections

The company has elected to:

- (i) dispense with the laying of Accounts and Reports before the Company in general meeting in respect of the year ending 31 July 2003 and subsequent financial years.
- (ii) dispense with the holding of the Annual General Meeting for 2003 and subsequent years.
- (iii) dispense with the obligation to appoint Auditors annually.

Company Secretary

The University's Company Secretary is Sheena Stewart, who joined the University as the permanent University Secretary in March 22.

In signing this report, the University Court Members confirm that they have approved the Strategic Report in their capacity as Company Directors of the University of the Highlands and Islands.

Signed on behalf of the University



Mr Alastair Angus MacColl

Chairman

UHI House
Old Perth Road
INVERNESS
IV2 3JH

Date: 12 December 2024

University of the Highlands and Islands

Corporate Governance and Internal Control for the year ended 31 July 2024

Introduction

The University Court (Court) is the governing body of the University of the Highlands and Islands, and governs in accordance with the Articles of Association of the University of the Highlands and Islands (formerly UHI Millennium Institute), as amended by resolutions dated 6 March 1997, 21 September 1998, 23 March 2001, 4 November 2003, 23 June 2005, 27 March 2007, 22 September 2009, 15 February 2011, 8 July 2014 and 19th June 2019 pursuant to Sections 4 and 381A of the Companies Act 2006. The Court is committed to exhibiting best practice in all aspects of corporate governance. The Court is also the Board of Directors of the University of the Highlands and Islands.

A revised Scottish Code of Good Higher Education Governance was published in 2023 which replaced the 2017 Scottish Code of Good Higher Education Governance.

In the opinion of the Governing Body, the University complies with all the principles and provisions of the 2023 Scottish Code of Good Higher Education Governance.

As the Regional Strategic Body for further education in the Highlands and Islands, the University is also required to comply with the principles and guidelines set out in the Code of Good Governance for Scotland's Colleges, a revised version of which was published in September 2022.

The University complies as far as is possible with the Code of Good Governance for Scotland's Colleges. Areas of non-compliance with the FE Code are:

As a university it cannot comply with the collective agreements placed on it through national collective bargaining for colleges as staff terms and conditions are different in each sector.

The further education regional lead is appointed by the University Court in line with our constitution and not by Scottish Ministers as in other college regions in Scotland.

Structure

The Court is responsible for the strategic direction of the University, for the University's system of internal controls, approval of major developments and capital projects, health and safety, and human resources matters, and receives reports from senior managers on the operation of the day-to-day business of the University. The Court is expected to meet at least four times per year under the 2023 Code and met thirteen times in the period from 1 August 2023 – 31 July 2024: six times to discuss and transact normal business and five times for one-off special items (such as the appointment of the permanent Principal and Vice-Chancellor) plus two whole-day conferences. The meetings varied between entirely on-line and in-person with the option for members exceptionally to join the meeting on-line. There is a clear division of responsibility between the roles of the Chair and the Principal and Vice-Chancellor of the University. Under the Articles of Association, the University Court delegates academic business to the Academic Council.

Company Secretary

Sheena Stewart was appointed University Secretary from 28th March 2022.

All Court members have access to the University Secretary, who is also the Clerk to the Court. The University Secretary is responsible to the Court for ensuring that the Court complies with the

University of the Highlands and Islands Corporate Governance and Internal Control for the year ended 31 July 2024

requirements of the Scottish Funding Council, relevant legislation and sectoral norms for governance processes and procedures.

Training and Development of Court Members

All Court members are given induction training on joining the University and ongoing development sessions are held with Court members on topics of importance to the University and the higher education sector more widely.

Effectiveness Reviews

In accordance with the Scottish Code of Good Higher Education Governance, Court is expected to review its own effectiveness each year and to undertake an externally facilitated evaluation of its own effectiveness and that of its committees at least every five years. Consistent with this requirement the University conducted an externally facilitated effectiveness review in 2022. The Nominations Committee received regular reports from officers on the implementation of the recommendations of the effectiveness review, with the most recent report being considered in May 2024. The report showed that most of the recommendations had been implemented and were now business as usual. The next such review should take place by 2027.

University Court – Membership

The following table provides a summary of Court membership for the period 1 August 2023 to 31 July 2024 and any subsequent changes (correct at [15/10/2024]). The composition of the University Court is prescribed within Article 12.1 of the University's Articles of Association.

The Chair of Court is appointed for a period of three years, extendable by one further consecutive period of three years. Independent Governors are appointed for a period of three years and may each be re-appointed for two consecutive periods of three years.

No member of the Court other than ex officii members may hold appointment for more than ten years in total.

Category of membership	Period of office	Date appointed	NAME
<i>Independent Chair – elected in accordance with Higher Education Governance (Scotland) Act 2016.</i>	<i>3 years (renewable)</i>	<i>01/08/2021 Appointment renewed 01/08/2024</i>	<i>Mr Alastair MacColl</i>
<i>Principal and Vice-Chancellor</i>	<i>Ex officio</i>	<i>27/10/2022</i>	<i>Mrs Victoria Nairn</i>
<i>Rector - elected Rector by the UHI Foundation</i>	<i>Ex officio</i>	<i>01/08/2021 Appointment renewed 01/08/2024</i>	<i>Ms Fiona Combe Maclean</i>
<i>Staff member – elected by and from the staff</i>	<i>3 years</i>	<i>01/03/2021 Resigned 05/09/2024</i>	<i>Dr Mei-Li Roberts</i>

University of the Highlands and Islands
Corporate Governance and Internal Control for the year ended 31 July 2024

<i>Staff member – elected by and from the staff</i>	<i>3 years</i>	<i>05/09/2024</i>	<i>Dr Audrey Decou</i>
<i>Staff member - elected by and from the staff</i>	<i>3 years</i>	<i>15/09/2017</i> <i>Appointment renewed</i>	<i>Rosemary McCormack</i> <i>Re-elected for 3rd term</i> <i>30/08/2024</i>
<i>Student Governor – elected by the students</i>	<i>Ex officio</i>	<i>01/10/2023</i>	<i>Mr William Campbell</i> <i>Re-elected 01/07/2024</i>
<i>Student Governor – elected by the students</i>	<i>Ex officio</i>	<i>01/10/2023</i> <i>Resigned 30/06/2024</i>	<i>Mr Gary Souter</i>
<i>Student Governor – elected by the students</i>	<i>Ex officio</i>	<i>01/07/2024</i>	<i>Ms Shannon MacCallum</i>
<i>Appointed Governor - Academic Partner Chair</i>	<i>3 years (renewable)</i>	<i>10/04/2018</i>	<i>Mr David Sandison</i>
<i>Appointed Governor - Academic Partner Chair</i>	<i>3 years (renewable)</i>	<i>19/10/2022</i>	<i>Mr Derek Compton Lewis</i>
<i>Independent - FE Regional Lead</i>	<i>3 years (renewable)</i>	<i>09/09/2020</i>	<i>Mr Angus Campbell</i> <i>Originally appointed as</i> <i>Independent member by HIE</i> <i>to replace Mr Dodds.</i> <i>Appointed to FERL role</i> <i>25/10/2021</i>
<i>Independent – appointed by Court</i>	<i>3 years (renewable)</i>	<i>18/09/2017</i>	<i>Mrs Andrea Robertson</i> <i>Appointed Vice Chair 17th</i> <i>March 2021</i>
<i>Independent – appointed by the Chief Executives of each of the Local Authorities</i>	<i>3 years (renewable)</i>	<i>10/04/2020</i>	<i>Mr Malcolm Burr</i>
<i>Independent – appointed by Court</i>	<i>3 years (renewable)</i>	<i>09/02/2018</i> <i>Resigned 27/11/2024</i>	<i>Dr Poonam Malik</i>
<i>Independent – appointed by Highlands and Islands Enterprise</i>	<i>3 years (renewable)</i>	<i>05/01/2022</i>	<i>Mr Calum Ross</i>
<i>Independent – appointed by Court</i>	<i>3 years (renewable)</i>	<i>01/06/2023</i>	<i>Mr Allan Clow</i>
<i>Independent – appointed by Court</i>	<i>3 years (renewable)</i>	<i>01/06/2023</i>	<i>Mr Alex Paterson</i>
<i>Independent – appointed by Court</i>	<i>3 years (renewable)</i>	<i>17/07/2023</i>	<i>Ms Helen Macinnes</i>
<i>Independent – appointed by Court</i>	<i>3 years (renewable)</i>	<i>14/08/2023</i>	<i>Miss Heather Offord</i>
<i>Independent – appointed by Court</i>	<i>3 years (renewable)</i>	<i>28/08/2023</i>	<i>Mr Paul Travill</i>

**University of the Highlands and Islands
Corporate Governance and Internal Control for the year ended 31 July 2024**

<i>Trade Union Member</i>	<i>3 years (renewable)</i>	<i>16/12/2019 Resigned 21/06/2024</i>	<i>Sara O'Hagan Second term effective from 16/12/2022</i>
<i>Trade Union Member – nominated by and from UCU</i>	<i>3 years (renewable)</i>	<i>07/10/2024</i>	<i>Mr Jeremy Taylor</i>
<i>Trade Union Member -nominated by and from EIS-FELA</i>	<i>3 years (renewable)</i>	<i>TBC</i>	<i>TBC(Appointment pending - Karen Mackay)</i>
<i>Co-Opted Independent Committee members</i>			
<i>Audit</i>	<i>3 years (renewable)</i>	<i>From 09/2023</i>	<i>Liz Stewart</i>

Attendance at the University Court is recorded at each meeting. Generally, inadequate attendance is dealt with by self-regulation in discussion with the Chair and Secretary of the Court. The Court reviews its performance by periodic external scrutiny from UHI's internal auditors and by periodic measurement against national guidelines.

In common with most higher education institutions and other registered charities, there is no remuneration directly associated with membership of Court for ordinary members, however, the University does meet reasonable expenses incurred in connection with certain activities undertaken on behalf of the University and the Articles of Association also allow for reasonable remuneration or directors' fees to be paid to the Chair of the Court, the FE Regional Lead and the Vice Chair of Court for services rendered by them to the University.

The Court is committed to the Nolan Principles regarding standards to be adopted in public life. It maintains a Register of Interest of its members which is publicly available for inspection and current interests of members are published on the University's web site.

Committees of the University Court

The Court exercises its role with the support of several committees. The Court approves the remits and memberships of the committees. The decisions and recommendations of these committees are formally reported to the Court. The Committees comprise the Finance and General Purposes Committee, the Audit Committee, the Nominations Committee, the Remuneration Committee, the Honorary Awards Committee and Partnership Forum (formerly Regional Strategic Committee). The remit of each of the Court committees is set out below. A new committee, provisionally named 'People Committee' has been approved by Court and will be established during session 2024/25.

**University of the Highlands and Islands
Corporate Governance and Internal Control for the year ended 31 July 2024**

Attendance Summary (1 August 2023 – 31 July 2024)

University Court and Senior Committees

	Court	Audit Committee	Finance & General Purposes Committee	Remuneration Committee	Partnership Forum	
Alastair MacColl*	13/13					Alastair MacColl*
Victoria Nairn**	13/13	5/5	6 /6		4/4	Victoria Nairn**
Fiona Maclean	12/13					Fiona Maclean
Mei-Li Roberts	11/13					Mei-Li Roberts
Rosemary McCormack	12/13				3/3	Rosemary McCormack
William Campbell	11/11				3/3	William Campbell
Gary Souter	10/11					Gary Souter
David Sandison	7/13				2/4	David Sandison
Derek Lewis	13/13		6/6		4/4	Derek Lewis
Angus Campbell	13/13		6/6	2/2	4/4	Angus Campbell
Andrea Robertson	12/13			2/2		Andrea Robertson
Malcolm Burr	8/13	2/5				Malcolm Burr
Poonam Malik	6/13		1/6	2/2		Poonam Malik
Calum Ross	8/13					Calum Ross
Allan Clow	12/13	5/5				Allan Clow
Alex Paterson	12/13		4/6	1/2		Alex Paterson
Sara O'Hagan	11/12					Sara O'Hagan
Helen Macinnes	9/13	3/5				Helen Macinnes
Heather Offord	10/13	1/5				Heather Offord
Paul Travill	12/12		5/6			Paul Travill
Audrey Decou ***						Audrey Decou ***
Jeremy Taylor ***						Jeremy Taylor ***
Shannon MacCallum ***						Shannon MacCallum ***
Liz Stewart		5/5				

* As the chair is an ex officii member of every committee of Court (other than the Audit Committee) his attendance at individual meetings has not been included within the above table. The Chair's attendance at committee meetings is recorded within the minutes of each meeting.

** The Principal and Vice Chancellor is in attendance at Audit Committee meetings but is not a member.

*** Appointed to Court after 31/08/2024

University of the Highlands and Islands

Corporate Governance and Internal Control for the year ended 31 July 2024

Audit Committee

The Audit Committee meets four times per annum and advises and reports to the Court on external and internal audit matters and keeps under review the effectiveness of the risk management, control and governance arrangements and in particular reviews the external auditor's management letter, the internal auditor's reports and management responses and the annual report of the internal auditor.

Finance and General Purposes Committee

The Finance and General Purposes Committee meets on a regular basis (usually once every eight weeks) to advise the Court on a range of financial and related matters, to oversee the system of financial control and administration, to recommend budgets, monitor progress against these, approves activities within its delegated authority from the Court and advises the Court on all employment, industrial relations, health and safety and equality and diversity issues.

Remuneration Committee

The Remuneration Committee is chaired by an independent member of Court. The Committee is delegated by the Court to implement the remuneration policy approved by the Court including setting the salaries of senior staff and approving any changes thereto. The Committee also approves any general movements in staff salaries e.g. annual inflationary rises. In respect of the former task the Committee commissions external advice drawn both from the university and college sector and elsewhere. In respect of the latter the Committee consider annual inflationary trends, national and local market forces and benchmarks including salary movements implemented by the University's academic partners.

Partnership Forum (formerly Regional Strategy Committee)

The primary role of the Partnership Forum is to bring together university court members and the chairs of the academic partners to ensure the university partnership delivers high quality tertiary education strategically across the university partnership. The remit and membership were amended during the 2021/22 session to (a) provide a more succinct remit; and (b) extend the membership to all of the chairs of the academic partners rather than a sub-set as there was previously. The change took effect from September 2022.

The functions of the forum include:

To advise on and monitor the implementation of the university's strategic plan across the region and report thereon to the University Court regarding priorities and the ways in which the Academic Partners are implementing it.

To advise the University Court, through the Finance and General Purposes Committee, on- the allocation of funding to the Academic Partners and the priorities for capital expenditure.

To ensure that funding and curriculum provision across the university ensures equality of access to education.

To ensure that strategy and resource allocation are based on future regional and national needs.

To oversee development of, and advise University Court on, the outcome agreement with the SFC, ensuring that each Academic Partner is accountable for its delivery.

University of the Highlands and Islands

Corporate Governance and Internal Control for the year ended 31 July 2024

To ensure that risks associated with the University's strategic plan are managed in line with the University's risk management policy.

To encourage collaboration, innovation, and sustainable development within the University.

To have oversight of effective communication with internal and external stakeholders and representative groups

Nominations Committee

The Nominations Committee is chaired by the Vice Chair of the Court. The Committee meets at least twice each year and as required to review the membership of the University Court, to seek new members when vacancies arise and to ensure that the committees of the Court are fully populated by members in line with their agreed remit and composition. In seeking new members of Court, the Nominations Committee draws up a specification of the balance of skills and professional expertise which is deemed useful to the Court and seeks to implement the University's policies in respect of equality and diversity. The terms of reference for this committee were reviewed and updated by Court in September 2021 and this committee now also has responsibility for ensuring that appropriate effectiveness reviews of Court and Committees of Court are completed in accordance with obligations contained within the Code of Good Governance. An externally facilitated effectiveness review of Court and Committees of Court was initiated during the session and reported back to University Court in December 2022. The Committee also acted as the steering group for the search and recruitment of the permanent Principal and Vice-Chancellor in 2024.

Honorary Awards Committee

The Honorary Awards Committee is chaired by the Chair of Court and meets on an "as required" basis to recommend potential recipients of University fellowships and honorary awards.

Foundation

Foundation, a body through which the people of the Highlands and Islands may influence and support the development of the University of the Highlands and Islands, is an important element in the constitution of the University. Foundation requires to be consulted on any proposal to amend the mission statement of the University and its approval is required for constitutional change and for changes to academic partner agreements. The Foundation is chaired by the Rector and meets at least three times a year, with one being held in combination with the University's annual public stakeholder's event.

Academic Council

The Academic Council is responsible for issues relating to research, scholarship, teaching and courses of the University, the development of academic activities and the granting and conferring of degrees and other academic awards.

University of the Highlands and Islands

Corporate Governance and Internal Control for the year ended 31 July 2024

Going Concern

In line with the Financial Reporting Council's guidance on going concern, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis. The Group's financial statements for 2023/24 have been prepared on a going concern basis.

In considering the position for 2023-24, the significant factors identified in 2022-23 have been reviewed and revisited to assess whether there have been any movements (positive or negative) in relation to UHI's going concern assessment.

The directors conclude that there are no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Economic Context

The key factors for the university in terms of financial sustainability are the forecast flat SFC funding, the increasing staffing costs, general cost inflationary pressures, a number of grant funding streams coming to an end. The most significant factor in driving grant income is the achievement of SFC student activity targets given the direct impact on grant income retained by UHI Ltd via the topslice calculation.

The uncertainty as to the future impact on the financial performance and cashflows, as a result of the current economic conditions and inflationary pressures, has been considered both as part of the Group's adoption of the going concern basis in these financial statements and in developing a sustainable financial recovery plan over the next three years to 2026-27.

Closing Financial Position 23/24

At 31 July 2024, the company has a surplus in its unrestricted fund of £9.0m, compared to a surplus of £4.5m in 2022/23. The university reported a surplus before other gains and losses of £4.6m, compared to a surplus of £0.7m in 2022/23 and overall, the group is reporting net assets of £10.6 million, compared to net assets of £6.3 million in 2022/23.

The improvement in the net asset position is mainly due to the pension liability being reduced to £nil at the end of 23/24. There has also been a decrease in net current liabilities, from £5.4 million in 2022/23 to a net current liability of £2.8 million in 2023/24, due to a combination of improved working capital management and release of compliance provisions for funded programmes no longer required.

Cash balances at the end of 23/24 are £17.2m, however £10.9m of reserves are restricted for confirmed commitments, leaving £6.3m unrestricted. Given the current financial climate, cashflow forecasts are regularly updated and reviewed by management and committee.

3 Year Outlook

An initial 3 year budget proposal was approved by University Court in June 2024, endorsing the medium financial strategy presented by management of achieving an operating cash break-even position by the end of academic year 2026/27 through a combination of operational efficiencies, investing for growth, growth and diversification of income streams, with a particular focus on commercial income, and an organisational redesign to better-fit our staffing resource to the strategic priorities and needs of the partnership during a period of transformational change. The 3-year financial recovery plan proposed to take £4.5m of net cost out of the operating budget, returning to a cash breakeven position in academic year 2025/26, with unrestricted cash reserves stabilising between £6m - £7m.

University of the Highlands and Islands Corporate Governance and Internal Control for the year ended 31 July 2024

An updated 3-year financial forecast was presented to University Court in September 2024, combining the original financial recovery plan with updated key drivers and underlying assumptions. The plan to take £4.5m of net cost out of the operation was retained but will now be spread over two years to reflect the anticipated timing of asset sales. This revision results in a reduced operating deficit in 2024-25 and returning to cash break-even by academic year 2026/27. Cash balances continue to be forecast at between £6m - £7m. The supporting cash flow forecast assumes an inflow of up to £3.3m over 2024-25 and 2025-26 from the sale of assets that will be used to fund one-off restructure costs relating to organisational re-design and maintain unrestricted cash reserves for operational liquidity cover in excess of 60 days.

Given the current funding climate, which is presenting the University and College sectors with unprecedented challenges to financial sustainability, there are some key financial challenges that will be a priority over the coming year, and these are set out below:

- Right size the operational cost base to fit both the funding envelope and strategic priorities.
- Student number growth, and academic financial contribution.
- Growth of commercial income and contribution.
- Investment for growth.
- Protection of unrestricted cash reserves.

UHI Partnership Financial Position and the role of the Regional Strategic Body (RSB)

In 2023/24, most UHI academic partners reported an operating cash deficit and several required additional liquidity support to cover both operating commitments and back-dated pay awards. The SFC, in its role as the national strategic funding body, provided additional funds in the form of both loans and advances of grant. UHI, in its role as the Regional Strategic Body (RSB), is not responsible for the supply of additional grant or loan funding over and above those awarded by the SFC.

The purpose of the RSB is to distribute funds from the SFC for HE/FE and Research and to ensure that there is appropriate use of those funds in line with appropriate financial management and the regional outcome agreement in each of the Academic Partners. This is in line with the conditions of the Financial Memorandum in place between the RSB and the Partners, which is noted below:

- UHI – AP FM – Page 8, section 15 - What the College can expect from the Regional Strategic Body - The Regional Strategic Body will allocate and pay grant to the College in accordance with its current policies and procedures. The College will be consulted in advance and given reasonable notice of any significant change to these policies and procedures and of significant changes in overall funding levels.
- UHI-AP FM – Page 9 , section 17 - The Regional Strategic Body’s governance requirements of the College - The College plans and manages its activities to remain sustainable and financially viable. A College is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands.

The RSB is purely the statutory and regulatory funding mechanism, put in place by SFC and Scottish Government, in relation to the assigned academic partners. The RSB does not hold any funds or reserves

University of the Highlands and Islands Corporate Governance and Internal Control for the year ended 31 July 2024

of its own and therefore has no assets over and above what funding is distributed to the RSB by the SFC. Furthermore, it has no responsibility to provide funds to academic partners, unless it chooses to, via loan mechanisms.

For clarity, the role of the RSB should not be confused with the University (UHI Limited), and which trades in its own right as a higher education academic partner.

The University holds the degree and research awarding powers of the University together with also providing corporate governance and professional services to the UHI partnership which is reflected in the UHI legislation/Articles of Association.

In considering the position for 2023-24, the significant factors identified in 2022-23 have been reviewed and revisited to assess whether there have been any movements (positive or negative) in relation to UHI's going concern assessment.

Loans to New College – The loan approved by University Court to support both liquidity cover and VSS costs at the new merged college at NWH has been sourced from restricted SFC funds after the SFC waived clawback of 21/22 teaching grants and approved the use of funds in this manner. There has been a further loan to UHI Shetland in 23/24 (£0.6m), which has been sourced from an 'additional' loan from the SFC to the RSB.

MAATIC – This project is no longer being supported and therefore the previous commitment for £5 million of working capital is no longer relevant.

Current Financial Position – Compared to the approved budget in 23/24, the outturn financial position is significantly better both in terms of operating cash deficit (+£1.9m) and net current assets, after the release of accrued liabilities no longer required. Unrestricted cash reserves, excluding asset sale proceeds, are also better than the approved budget (+£1.6m), mainly due to the improved operating deficit. Court considered a budget paper on 3 September covering the three-year period from 2024-25 to 2026-27 demonstrating a trajectory to both cash and operating breakeven whilst maintaining available cash balances in excess of £6 million.

Funding Support to Academic Partners Agreed during 2023-24 – In line with the position previously set out to Court in December 2023, the RSB has engaged with SFC on behalf of a number of Academic Partners with regard to financial support, recognising that the RSB is not the lender of last resort and that the significant restricted cash reserves held by the RSB relate to potential clawback from prior years due to the SFC for under delivery against HE Student targets. In essence these are SFC funds held pending any decision on recovery by SFC. In 2023-24 UHI Moray in particular required additional support. The arrangements put in place to support UHI Moray illustrate and reinforce the principle set out that UHI is not the lender of last resort. In order to support UHI Moray the SFC agreed to provide liquidity support of £2 million which is essentially an advance of grant in aid to support cash flow. As part of their recovery plan SFC have also provided £990,000 of additional loan funding to UHI Moray (via the RSB) for the specific purpose of supporting a voluntary severance scheme.

Approach to Further Financial Support to Academic Partners - Further discussions have taken place with SFC with regard to access to restricted funds to support strategic investment (operating model) and where any further loans to partners are required. Essentially SFC giving agreement to access their funds for defined purposes. Those conversations continue.

University of the Highlands and Islands Corporate Governance and Internal Control for the year ended 31 July 2024

Whilst discussions with the SFC to date have made it clear that UHI cannot fund the ongoing financial problems arising in some Academic Partners, as the RSB it can and does strongly support its Academic Partners within funds available and in furtherance of the delivery of the mission of the University. It does so by, for example, use of loan mechanisms or other forms of support such as provision of staff resources for key projects.

UHI has and will continue to represent the interests of Academic Partners by putting forward cases for funding to the SFC and to Scottish Government in relation to those partners in financial distress as part of recovery plans.

The Role of the Regional Strategic Body - The RSB is the statutory funding mechanism, put in place by SFC and Scottish Government, in relation to the assigned Academic Partners. The purpose of the RSB is to distribute funds from the SFC on behalf of the SFC and Scottish Government for HE/FE and Research and to ensure that there is appropriate use of these funds by each of the Academic Partners in line with relevant financial management and with the regional outcome agreement. The RSB has no legal responsibility to provide funds to Academic Partners over and above the funding provided by the SFC and does not hold any funds or reserves of its own and therefore has no assets. It is therefore not in a position to fund Academic Partners.

For clarity, the RSB responsibilities should not be confused with the University (UHI, the company), which trades as a higher education academic partner, and which holds the degree and research awarding powers together with also providing several 'central' services to Academic Partners. The University Court has responsibility for discharging the responsibilities of UHI Ltd and the RSB to deliver the strategic priorities of our University Partnership and on behalf of the students and communities we serve.

This includes obligations to administer the funds provided by SFC and to monitor the performance of assigned colleges and their financial affairs. Each of the colleges is a separate legal entity, with a board of management responsible for ongoing financial sustainability.

The formal relationship between UHI and the Scottish Funding Council (SFC) and UHI and its' Academic Partners is set out in financial memoranda between the respective bodies. The key provisions of these memoranda which describe the Regional Strategic Body and UHI's responsibilities are set out below for reference.

- UHI – AP Financial Memorandum (FM) – Page 8, section 15 - What the College can expect from the Regional Strategic Body - *The Regional Strategic Body will allocate and pay grant to the College in accordance with its current policies and procedures. The College will be consulted in advance and given reasonable notice of any significant change to these policies and procedures and of significant changes in overall funding levels.*
- UHI-AP FM – Page 9, section 17 - The Regional Strategic Body's governance requirements of the College - *The College plans and manages its activities to remain sustainable and financially viable. A College is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and*

University of the Highlands and Islands Corporate Governance and Internal Control for the year ended 31 July 2024

intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands.

- UHI-AP FM – Page 10, Part 2, section 2 - *It is a term and condition of grant payment from the Regional Strategic Body that the governing body of the College and its designated officers comply with the requirements set out in this FM.*
- SFC_UHI FM – Page 6, section 1 - Responsibilities of the Scottish Funding Council - SFC is the national, strategic body with responsibility for funding further and higher education, research and other activities in Scotland's colleges, universities and other HEIs. Its funding decisions support the Scottish Government's national priorities.
- SFC-UHI FM – Page 8, section 17 - SFC requires the governing body to comply with the principles of good governance set out in the Scottish Code of Good HE Governance. SFC also requires the governing body to ensure that public funds are used in accordance with relevant legislation, the requirements of this FM and only for the purpose(s) for which they were given. Strategic, Capital or other grant funding must only be used for the purpose for which it is provided by SFC.
- SFC-UHI FM – Page 9, section 18 - As well as being accountable directly to the governing body for the proper conduct of the institution's affairs, the chief executive officer is also accountable directly to SFC's Accountable Officer for the institution's proper use of funds deriving from the Scottish Ministers and its compliance with the requirements of this FM.

Key risks

The impact of The United Kingdom leaving the European has compounded the impact of the Covid-19 pandemic. Because EU students are no longer eligible for free university undergraduate provision, the places available for Scottish domiciled students has expanded. In addition, the ending of Labour mobility seems to have created a very tight labour market in our region. Taken together, with the impact of the pandemic, these have created significant challenges to the University's recruitment which create a risk to future funding. We are mitigating these risks with recruitment activity, our curriculum review and engagement with the SFC. The current general UK and Scottish operating environment has increased the likelihood of some of our agreed common risks occurring. The risk of financial failures resulting from economic pressures including inflation, a diminishing Unit of Resource, failure to achieve core HE student numbers and risks associated with the loss of key staff via compulsory and voluntary redundancy schemes are high on the University's risk register and a wide range of mitigating actions are in place.

Long term sustainability

The University Court's framework for long term sustainability primarily consists of provisions set out in its Articles of Association, which include restricting the activities of the university "to carry on and conduct the activities of a further and higher education institution", that "the income and property of the

University of the Highlands and Islands Corporate Governance and Internal Control for the year ended 31 July 2024

University shall be applied solely towards promotion of its objects” and require that true accounts shall be kept of the sums of money received and expended by the University.

The Strategic Plan for the University 2020-2025 forms part of the framework, as one of three enabling strategies identified is financial sustainability and states that “the financial strength of the university and our academic partners is vital if we are to achieve our overarching vision, achieve global reach and become a distinctive, world-class institution. Financial sustainability requires us to secure a fair share of public funding for both our further and higher education, including for research. Importantly, however, it will require us to further supplement our core public funding through improved grant capture and increased philanthropic and commercial income, the latter including from self and employer-funded students. It also requires us to further enhance the economy, effectiveness and efficiency of our activities, whilst maintaining a broad range of geographically dispersed activity, including teaching, research and support functions, across our university partnership. Our approach to risk and how this is managed and applied to the breadth of our research, commercial and teaching activities across our diverse partnership underpins financial sustainability.

This requires an increasingly collective and collaborative approach to the strategic management of our university partnership and activities, but one which is sensitive to the diversity within the partnership and the need to remain responsive to local and sub-regional needs. Greater financial independence and sustainability will enhance our institutional confidence and staff morale, as well as allowing a longer-term strategic view to be taken. This will maximise the use of resources across the university partnership. Financial sustainability will allow us to grow, make strategic investments, move to the next phase in our development and be agile and responsive to the opportunities which arise.”

The Court monitors the long-term sustainability of the institution as follows:

- Setting a critical performance indicator on level of annual surplus achieved across the partnership, and key performance indicators on achievement of non-public sector income and philanthropic giving and monitoring against these.
- Setting a financial strategy to reduce dependency on public sector funding
- Review and challenge of 3-year financial forecasts, annual budgets and quarterly performance against budget.
- Annual assessment of the organisation as a going concern.

Key figures in relation to partnership are noted below:

- CPI - Consolidated partnership surplus – target is surplus of 1% of turnover – actual for 2022/23 was a consolidated deficit of 3% (2021/22 – consolidated deficit of 12%)
- KPI – consolidated non SFC income – target is to increase 3% on 2016/17 baseline (£57.9 million) – actual for 2022/23 was £64.5 million, a 2% decrease compared to 2021/22 (£65.6 million).
- KPI – philanthropic funding – target of £250,000 – actual for 2022/23 was £554,000 (2021/22 - £1,095,000).

Disclosure of information to Auditor

The members of the University Court who were members at the time of approving the accounts are listed on pages 22 to 23. Having made enquiries of fellow University Court members and the University’s auditor, each of these Court members confirms that:

University of the Highlands and Islands Corporate Governance and Internal Control for the year ended 31 July 2024

- to the best of each Court member's knowledge and belief, there is no information relevant to the preparation of their report of which the University's auditor is unaware; and
- each Court member has taken all the steps a member might reasonably be expected to have taken to be aware of relevant audit information and to establish that the University's auditor is aware of that information.

Statement on the System of Internal Control

The University Court is responsible for the System of Internal Control and for reviewing its effectiveness. It is the responsibility of the Director of Finance to ensure that an effective system of internal financial control is maintained and operated by the University of the Highlands and Islands. 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 that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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 University Court;
- regular reviews by the University Court of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines where appropriate.

The University of the Highlands and Islands has an internal audit process, which operates in accordance with the requirements of the Scottish Funding Council. The work of the internal audit function is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the University Court on the recommendation of the Audit Committee. At least annually, the Internal Auditors provide the University Court with a report on internal audit activity in the University. The report includes the Internal Auditors' independent opinion on the adequacy and effectiveness of the University's system of Risk Management, Control and Governance.

There is a process for identifying, evaluating and managing the University's significant risks. The risk management policy has been approved by the University Court and the high-level risk register of the University is regularly reviewed by a Risk Review Group, the Audit Committee and approved by the University Court.

UHI's review of the effectiveness of the system of internal control is informed by a number of factors: (i) the work of the internal auditor; (ii) the Audit Committee which oversees the work of internal audit and external auditor; (iii) the executive managers within the University who have responsibility for the development and maintenance of the internal control framework; and (iv) the work of the University's external auditor.

On the basis of the work carried out since 1 August 2023, the Internal Auditors conclude that where scope to improve controls was identified management actions have been agreed to address these. There is sufficient

University of the Highlands and Islands Corporate Governance and Internal Control for the year ended 31 July 2024

evidence of controls and procedures to provide reasonable assurance that the University has adequate and effective arrangements for risk management, control and governance.

On the basis of the work carried out since 1 August 2023, the Internal Auditors conclude that the University has in place a Value for Money Policy and Procedures which confirms the University's commitment to achieving value for money from all of its activities, regardless of the method of funding. It further defines the scope, responsibilities, concept of value for money and approaches to assessing value for money to help promote and secure value for money within the University.

There is sufficient evidence (subject to compliance with the Value for Money Policy and Procedures and the provision of appropriate assurances from Academic Partners) that there are processes and procedures to provide reasonable assurance that the University has adequate and effective arrangements to promote economy, efficiency and effectiveness (value for money).

Signed on behalf of the University



**Alastair MacColl
Chair of University Court**

Date: 12 December 2024



**Victoria Nairn
Principal and Vice-Chancellor**

Date: 12 December 2024

University of the Highlands and Islands

Statement of the Responsibilities of the University Court for the year ended 31 July 2024

The Court of the University of the Highlands and Islands is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Court of the University of the Highlands and Islands is required to present audited financial statements for each financial year. Within the terms and conditions of the Financial Memorandum agreed between the Scottish Funding Council and the University of the Highlands and Islands, the University, through its Principal and Vice-Chancellor, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions – and which give a true and fair view of the state of affairs of the University and the result for that year.

In preparing the financial statements, the University is required to:

- select suitable accounting policies and 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 University will continue in operation.

The University of the Highlands and Islands is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the University. The University must ensure that the financial statements are prepared in accordance with the relevant legislation of the company and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the University and to prevent and detect fraud and other irregularities.

The University Court is responsible for ensuring that funds from the Scottish Funding Council are used only in accordance with the Financial Memorandum with the Council and any other conditions that the Council may from time to time prescribe. The University Court must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, the University Court is responsible for securing economical, efficient and effective management of the University's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Council are not put at risk.

Signed on behalf of the University



Alastair MacColl
Chairman

Date: 12 December 2024



Victoria Nairn
Principal and Vice-Chancellor

Date: 12 December 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY COURT OF THE UNIVERSITY OF THE HIGHLANDS AND ISLANDS

Opinion

We have audited the financial statements of the University of the Highlands and Islands ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2024 which comprise the Statement of Principal Accounting Policies, Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 31, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting for further and higher education 2019.

In our opinion, the financial statements:

- give a true and fair view of the group's and of the University's state of affairs as at 31 July 2024 and of the group and University's income and expenditure, recognised gains and losses, and statement of cash flow for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Emphasis of matter

We draw attention to note 2 "Going concern", on page 46 of the financial statements which outlines the economic uncertainties faced by the University. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY COURT OF THE UNIVERSITY OF THE HIGHLANDS AND ISLANDS

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 University Court's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the University Court has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent institution'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 other information comprises the information included in the annual report set out on pages 2 - 37, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Scottish Funding Council's Financial Memorandum with Higher Education Institutions

In our opinion, in all material respects:

- the requirements of the Scottish Funding Council's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been applied properly to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions attached to them; and
- funds provided by Scottish Funding Council have been applied in accordance with the requirements of the Scottish Funding Council Financial Memorandum with Higher Education Institutions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY COURT OF THE UNIVERSITY OF THE HIGHLANDS AND ISLANDS

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the parent institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the University Court

As explained more fully in the Statement of the University Court's Responsibilities set out on page 37, the University Court is 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 University Court 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 University Court is responsible for assessing the group's and the parent institution'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 University Court either intend to liquidate the group or the parent institution 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 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.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and knowledge of the University to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the University through discussions with directors and other management and review of appropriate industry knowledge. Key laws and regulations we identified during the audit were FRS 102, the Statement of Recommended Practice: Accounting for Further and Higher

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY COURT OF THE UNIVERSITY OF THE HIGHLANDS AND ISLANDS

education 2019, the Scottish Funding Council Accounts Direction, the Companies Act 2006, UK Tax Legislation, Health and Safety legislation, and Data Protection regulations;

- we assessed the extent of compliance with the laws and regulations identified above by making enquiries of management and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries recorded on the Company's finance system to identify unusual transactions that may indicate override of controls;
- reviewed key judgements and estimates for any evidence of management bias.
- reviewed the application of accounting policies with focus on those with heightened estimation uncertainty.

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

- Agreeing financial statement disclosures to underlying supporting documentation; and
- Enquiring of management to identify actual and potential litigation and claims.

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

We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE UNIVERSITY COURT OF THE UNIVERSITY OF THE HIGHLANDS AND ISLANDS

Use of our report

This report is made solely to the University Court of the University of the Highlands and Islands, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court 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 University of the Highlands and Islands and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Johnston CA (Senior statutory auditor)

Armstrong Watson Audit Limited
Armstrong Watson Audit Limited (Dec 18, 2024 14:32 GMT)

For and on behalf of

Armstrong Watson Audit Limited

Statutory Auditor

Glasgow

Date: **18/12/2024**

University of the Highlands and Islands
Consolidated and Institution Statement of Comprehensive Income
for the year ended 31 July 2024

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	13,120	13,120	12,614	12,614
Funding body grants	2	103,738	103,738	108,680	108,680
Research grants and contracts	3	4,350	4,350	4,266	4,266
Other income	4	12,798	13,035	11,721	11,888
Investment income	5	766	766	465	464
Gain on revaluation of investment	13	87	87	-	-
Total income before endowments and donations		134,859	135,096	137,745	137,912
Donations and endowments	6	469	469	476	476
Total Income		135,328	135,565	138,221	138,387
Expenditure					
Staff costs	7	11,334	11,334	17,102	17,102
Other operating expenses	9	115,700	116,023	118,351	118,631
Depreciation	10	1,561	1,515	1,480	1,434
Impairment of fixed assets	10	2,289	1,936	-	-
Impairment of investment	13	-	-	21	21
Interest and other finance costs	8	(184)	(237)	540	417
Total Expenditure		130,700	130,571	137,493	137,605
Surplus/(deficit) before other gains/losses		4,628	4,994	728	782
Gain/(Loss) on revaluation of investment property	10	-	-	(520)	(520)
Surplus/(deficit) before tax		4,628	4,994	207	261
Taxation		(16)	-	(22)	-
Surplus/(deficit) for the year		4,612	4,994	185	261
Actuarial gain in respect of pension schemes	29	(307)	(307)	3,691	3,691
Total comprehensive income for the year		4,305	4,687	3,876	3,952
Represented by:					
Restricted comprehensive income/ (expense) for the year		(266)	(266)	58	58
Unrestricted comprehensive income for the year		4,570	4,953	3,818	3,894
Total Expenditure		4,305	4,687	3,876	3,952
Surplus/(deficit) for the year attributable to:					
Institution		4,612	4,994	185	261
Total Comprehensive income for the year attributable to:					
Institution		4,305	4,687	3,876	3,952

University of the Highlands and Islands
Consolidated and Institution Statement of Changes in Reserve
for the year ended 31 July 2024

Consolidated

	Income and expenditure account		
	Restricted	Unrestricted	Total
	£'000	£'000	£'000
Balance at 31 August 2022	1,833	634	2,467
Deficit from the income and expenditure statement	58	127	185
Other comprehensive income	-	3,691	3,691
Release of restricted funds spent in year	-	-	-
Total comprehensive income for the year	58	3,818	3,876
Balance at 1 August 2023	1,891	4,452	6,343
Surplus from the income and expenditure statement	(266)	4,878	4,612
Other comprehensive income	-	(307)	(307)
Total comprehensive income for the year	(266)	4,571	4,305
Balance at 31 July 2024	1,625	9,023	10,648

University of the Highlands and Islands
Consolidated and Institution Statement of Financial Position
for the year ended 31 July 2024

	Notes	As at 31 July 2024		As at 31 July 2023	
		Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	10	42,369	41,389	45,539	44,160
Investments	13	1,065	1,065	978	978
Investment in Subsidiary Companies	11	-	869	-	869
		<u>43,434</u>	<u>43,323</u>	<u>46,517</u>	<u>46,007</u>
Current assets					
Trade and other receivables	12	13,893	14,213	11,660	11,854
Amounts due from subsidiaries		-	4,774	-	2,472
Deferred tax asset		-	-	-	-
Investments	13	-	-	6,000	6,000
Cash and cash equivalents	19	17,266	17,124	15,779	15,715
		<u>31,159</u>	<u>36,111</u>	<u>33,439</u>	<u>36,041</u>
Less: Creditors: amounts falling due within one year	14	<u>(33,970)</u>	<u>(33,908)</u>	<u>(38,885)</u>	<u>(36,457)</u>
Net current(liabilities)/assets		(2,811)	2,203	(5,446)	(416)
Total assets less current liabilities		40,623	45,526	41,072	45,591
Creditors: amounts falling due after more than one year	15	<u>(29,975)</u>	<u>(29,975)</u>	<u>(30,510)</u>	<u>(30,510)</u>
Provisions					
Pension provisions	16	-	-	(4,219)	(4,219)
Total net assets		<u>10,648</u>	<u>15,551</u>	<u>6,342</u>	<u>10,862</u>
Restricted Reserves					
Income and expenditure reserve - restricted reserve	17	1,625	1,625	1,891	1,891
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		<u>9,023</u>	<u>13,926</u>	<u>4,451</u>	<u>8,970</u>
Total Reserves		<u>10,648</u>	<u>15,551</u>	<u>6,342</u>	<u>10,862</u>

The financial statements were approved by the Governing Body and were signed on its behalf by:

Alastair MacColl

Chairman

Date: 13/12/24



Victoria Nairn

Principal and Vice Chancellor

Date: 13/12/24



University of the Highlands and Islands
Consolidated Cash Flow
for the year ended 31 July 2024

	Notes	Year ended 31 July 2024	Year ended 31 July 2023
		£'000	£'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		4,305	3,876
Adjustment for non-cash items			
Depreciation	10	1,561	1,480
Deferred capital grants on disposed assets		24	-
Impairment of investment/(Gain on revaluation)	13	(87)	21
Impairment of tangible fixed assets	10	2,289	-
(Gain)/Loss on revaluation of investment property	10	-	520
Decrease/(increase) in debtors	12	(2,233)	565
Increase/(decrease) in creditors	14	(5,474)	(8,796)
Increase/(decrease) in pension provision	16	(4,219)	(4,562)
Increase/(decrease) in other provisions	16	-	-
Adjustment for investing or financing activities			
Investment income	5	(766)	(465)
Interest payable	8	71	540
Net cash inflow from operating activities		(4, 529)	(6,820)
Cash flows from investing activities			
Investment income	5	766	465
Payments made to acquire fixed assets	10	(679)	(2,819)
Purchase of Subsidiary Companies	11	-	-
Withdrawal of deposits	13	6,000	-
		6,087	(2,355)
Cash flows from financing activities			
Interest paid	8	(71)	(540)
New loans		-	-
		(71)	(540)
Increase in cash and cash equivalents in the year		1,487	(9,715)
Cash and cash equivalents at beginning of the year	19	15,779	25,494
Cash and cash equivalents at end of the year	19	17,266	15,779

University of the Highlands and Islands
Statement of Accounting Policies
for the year ended 31 July 2024

1. Basis of preparation

The University of the Highlands and Islands is a limited company incorporated in Scotland. Its registered office is UHI House, Old Perth Road, Inverness, IV2 3JH. The University is also a registered Scottish charity.

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention, modified to include listed investments at their market value.

The financial position and strategy of the University are set out in the Report of the University Court on pages 2 to 19. The financial statements continue to be prepared on a going concern basis as the University Court considers that the University has adequate financial resources to continue in operational existence for the foreseeable future.

The financial statements of the University were authorised for issue by the University Court on 12 December 2024. The functional currency of the University is pound sterling, and the financial statements have been prepared to the rounded £000.

2. Going concern

In the context of the statement on Going Concern on page 29, the directors conclude that there are no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

3. Basis of consolidation

The consolidated financial statements include the University and its subsidiaries for the financial year to 31 July 2024. Intra-group transactions are eliminated on consolidation.

Although the Post 16 (Scotland) Education Act 2013 and the Assigned Colleges (University of the Highlands and Islands) Order 2014 assigned the incorporated colleges (Inverness College, North, West and Hebrides College, Moray College, and Perth College) to the University in its role as Regional Strategic Body, giving the University powers to appoint the majority of the board of these colleges, the University does not consider that it was in a position to exercise "dominant influence" over these colleges during the year sufficient to class them as "subsidiary undertakings" as defined by the Companies Act 2006 and FRS102. As a result, the University has not consolidated the incorporated colleges' accounts into the group accounts in 2023/24. As the nature of the relationship between the University and the incorporated colleges continues to evolve while the full effects of the legislation come into force, the University will review this position on an ongoing basis.

University of the Highlands and Islands
Statement of Accounting Policies
for the year ended 31 July 2024

4. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University 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.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

University of the Highlands and Islands
Statement of Accounting Policies
for the year ended 31 July 2024

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

5. Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS).

USS

The institution participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "Employee Benefits", the institution accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme and the deficit recovery contributions paid under the scheme's recovery plan.

Where a scheme valuation determines that the scheme is in deficit on a technical provisions basis (as was the case following the 2020 valuation), the trustee of the scheme must agree a Recovery Plan that determines how each employer within the scheme will fund an overall deficit. The institution recognises a liability for the contributions payable that arise from such an agreement (to the extent that they relate to a deficit) with related expenses being recognised through the income statement. Further disclosures relating to the deficit recovery liability can be found in note 18.

LGPS

The LGPS scheme is a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The fund is valued every three years by professionally qualified independent actuaries.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets.

University of the Highlands and Islands
Statement of Accounting Policies
for the year ended 31 July 2024

This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

6. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

7. Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

In June 2021, the University purchased two Special Purpose Companies which owned two of the 5 residences which were held under Service Concessions and terminated the Service Concession contract for all 5 residences.

8. Leases

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Leased assets: the Company as lessee:

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

University of the Highlands and Islands
Statement of Accounting Policies
for the year ended 31 July 2024

9. Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit.

10. Investment properties

Certain of the University's properties are held for long-term investment. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure
- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

10. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Land and buildings

Freehold land where it can be separately identified and valued, is not depreciated as it is considered to have an indefinite useful life.

Freehold buildings and land which cannot be separately valued are depreciated on a straight-line basis over their expected useful lives over 50 years. Buildings under construction are not depreciated until they come into use.

Where buildings are acquired with the aid of specific government grants, they are capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income account and released to the income and expenditure account over the expected useful economic life of the related building.

Leasehold improvements costing more than £5,000 are capitalised and depreciated over the term of the lease. Where they have been acquired with the aid of specific government grants, the related grant is credited to a deferred income account and released to the income and expenditure account over its expected useful economic life.

University of the Highlands and Islands
Statement of Accounting Policies
for the year ended 31 July 2024

Equipment

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its expected useful life as follows:

Computer Equipment	3 years
Research & Specialist Equipment	5 years
Furniture and fittings	5 years

Where equipment is acquired with the aid of specific government grants, they are capitalised and depreciated in accordance with above policy, with the related grant being credited to a deferred income account and released to the income and expenditure account over the expected useful economic life of the related equipment.

The Celtica and Theological Collections are not depreciated, as the University is required to maintain the collections in such condition that their value is not impaired over their life.

Investments

Endowment asset investments relate to restricted endowments held and controlled by UHI and are included in the balance sheet at valuation. Income less expenditure and net movements in the valuation are included in the Statement of Comprehensive Income and Expenditure.

Other listed investments are included at market value.

Investments in subsidiary are measured at cost less accumulated depreciation.

12. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

13. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

University of the Highlands and Islands
Statement of Accounting Policies
for the year ended 31 July 2024

14. Taxation

The University is an exempt Charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and, as such, is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator (charity no. SC022228).

Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

15. Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

16. Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Accordingly, amortisation is provided on the following basis:

Goodwill – 10% on cost

The full balance of the goodwill arising on the acquisition of the Special Purpose Companies which own 2 student residences has been impaired as management consider that this is not supportable by the underlying assets/profitability.

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

1. Tuition fees and education contracts	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Scotland fees		9,581	9,581	9,070	9,070
EU fees		128	128	301	301
RUK (new fee rates)		1,135	1,135	1,158	1,158
Non-EU fees		1,292	1,292	1,167	1,167
Education contracts		984	984	918	918
		13,120	13,120	12,614	12,614

2. Funding body grants	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Recurrent grant					
General Fund - Teaching		34,752	34,752	36,490	36,490
General Fund - Research and Knowledge Exchange		4,388	4,388	4,630	4,630
Release of deferred capital grants		24	24	14	14
Specific grants					
Strategic funding		-	-	-	-
Capital maintenance grants		640	640	1,269	1,269
Grants for FE provision		61,038	61,038	63,222	63,222
Ring-fenced grants funded by Scottish Government		2,896	2,896	3,054	3,054
		103,738	103,738	108,680	108,680

3. Research grants and contracts	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Research councils		1,293	1,293	1,310	1,310
Research charities		793	793	343	343
Government (UK and overseas)		2,000	2,000	2,233	2,233
EU		57	57	194	194
Industry and commerce		82	82	57	57
Other		125	125	129	129
		4,350	4,350	4,266	4,266

4. Other income	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other revenue grants		326	326	618	618
Enterprise Agency grants		-	-	-	-
Other grant income		60	60	84	84
Other capital grants		248	248	157	157
Apprenticeship Grants		2,596	2,596	2,306	2,306
Other income		5,374	5,611	4,551	4,718
Residences Income		2,444	2,444	2,304	2,304
Other income generating activities		1,750	1,750	1,701	1,701
		12,798	13,035	11,721	11,888

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

5. Investment income	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other investment income		766	766	465	464
Net return on pension scheme	29	-	-	-	-
		766	766	465	464

6. Donations and endowments	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Donations with restrictions	17	469	469	476	476
		469	469	476	476

7. Staff costs	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Salaries		12,170	12,170	14,246	14,246
Social security costs		1,224	1,224	1,396	1,396
Pension contributions paid		2,166	2,166	2,682	2,682
Pension net service cost		90	90	832	832
Movement on USS provision		(4,316)	(4,316)	(2,055)	(2,055)
		11,334	11,334	17,102	17,102

Administration and Central Services		8,471	8,471	9,285	9,285
Premises		175	175	210	210
Research Grants and Contracts		1,413	1,413	1,832	1,832
Academic/Teaching Departments		2,504	2,504	2,918	2,918
Academic/Teaching Support Services		2,398	2,398	2,597	2,597
Movement on pension provision		(4,226)	(4,226)	(1,223)	(1,223)
Restructuring costs		599	599	1,483	1,483
		11,334	11,334	17,102	17,102

Emoluments of the Vice-Chancellor:	Year ended	Year ended
	31 July 2024	31 July 2023
	£'000	£'000
Salary	189	219
Pension contributions	39	34
	228	254

The remuneration of the Principal equates to 5.96 x the median annualised full time equivalent basic salary of all other employees and 6.21 x the median total remuneration.

Remuneration of other higher paid staff, not including the Vice-Chancellor disclosed above, excluding employer's pension contributions:

	No.	No.
£100,000 to £109,999	1	2
£110,000 to £119,999	1	-
£120,000 to £129,999	1	1
£130,000 to £139,999	-	-
	3	3

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

7. Staff costs (continued)

Average staff numbers by major category:	No.	No.
Administration and Central Services	156	165
Premises	4	5
Research Grants and Contracts	24	29
Academic/Teaching Departments	39	45
Academic Services	46	51
	269	295

Most teaching staff are employed and paid by the University's academic partners and are therefore not included in the numbers above.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Key Management Personnel are the Principal and Vice-Chancellor, the Deputy Principal Academic & Research, University Secretary, the VP Strategy, Performance & Culture, and the Chief Financial Officer.

Year ended	Year ended
31 July 2024	31 July 2023
£'000	£'000

Key management personnel compensation	577	683
--	------------	------------

Court Members

The University Court members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Court, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Court may have an interest. All transactions involving organisations in which a member of Court may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

A Register of Interests is maintained and published on the University's website.

During the financial year 2023/24 the University offered the Chair and FE Regional lead a fixed remuneration rate of £38.26 per hour or a daily rate of £287 based on a 7.5-hour day.

	2023/24		2022/23
	Hours claimed	Remuneration	Hours claimed
		£'000	Remuneration
			£'000
Alastair MacColl	855	£32,718	783.9
Angus Campbell	264.5	£10,445	201.5
			£29,992
			£7,709

The total expenses paid to or on behalf of 20 court members was £13,211 (2023 - £17,416 to 20 court members). This represents travel and subsistence expenses incurred in attending Court, Committee meetings and other events in their official capacity.

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

8. Interest and other finance costs	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Net charge on pension scheme		(256)	(256)	396	396
Loan interest	29	71	19	144	21
Other interest payable		1	-	-	-
		(184)	(237)	540	417

9. Analysis of total expenditure by activity	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure		93,605	93,605	97,432	97,432
Administration and central services		9,712	9,734	9,015	8,998
Premises (including service concession cost)		1,603	1,604	1,222	1,222
Residences, catering and conferences		3,777	4,074	3,230	3,527
Research grants and contracts		6,665	6,665	6,720	6,720
Agency Staff		-	-	1	1
Other expenses		338	341	731	731
		115,700	116,023	118,351	118,631

Other operating expenses include:

External auditor remuneration in respect of audit services - current	101	75
External auditor remuneration in respect of audit services - previous	25	26
External auditor remuneration in respect of non-audit services	-	-
Internal auditor remuneration in respect of internal audit services	60	26

Operating lease rentals

Land and buildings	-	12
Other	43	27

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

10. Fixed Assets

Fixed assets comprise:	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Property, plant and equipment - at cost	37,889	36,909	41,059	39,680
Investment properties - at fair value	4,480	4,480	4,480	4,480
	42,369	41,389	45,539	44,160

The investment property was valued by an independent valuer with a recognised and relevant professional qualification And with recent experience in the location and category of the investment property being valued, in accordance with the current edition of the RICS Valuation - Global Standards which incorporate IVSC International Valuation Standards.

Movements in the fair value of investment property is as follows:

	Consolidated £'000	University £'000
Fair Value		
At 31 August 2023	4,480	4,480
Additions	-	-
Gain/(loss) on revaluation of investment property	-	-
Change of use adjustment	-	-
As at 31 July 2024	4,480	4,480

The historic cost of investment property is £5.7m (University and Consolidated)

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

10. Fixed Assets (continued)

Consolidated

	Freehold Land and Buildings	Finance Lease Assets	Leasehold Improvement	Celtica and Theological collections	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2023	20,514	24,981	313	82	11,236	57,126
Additions	-	-	-	-	743	743
Addition on acquisition	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposals	(64)	-	(313)	-	-	(377)
At 31 July 2024	20,450	24,981	-	82	11,979	57,492
Depreciation and impairment						
At 1 August 2023	4,098	1,768	304	-	9,897	16,067
Charge for the year	415	816	9	-	321	1,561
Impairment	2,289	-	-	-	-	2,289
Disposals	-	-	(313)	-	-	(313)
At 31 July 2024	6,802	2,584	-	-	10,218	19,604
Net book value						
At 31 July 2024	13,649	22,397	-	82	1,761	37,889
At 1 August 2023	16,416	23,212	9	82	1,339	41,059

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

10. Fixed Assets (continued)

University

	Freehold Land and Buildings	Finance Lease Assets	Leasehold Improvement	Celtica and Theological collections	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2023	19,057	24,981	313	82	11,236	55,669
Additions	-	-	-	-	743	743
Revaluation	-	-	-	-	-	-
Disposals	(64)	-	(313)	-	-	(377)
At 31 July 2024	18,993	24,981	-	82	11,979	56,036
Depreciation and impairment						
At 1 August 2023	4,020	1,768	304	-	9,897	15,989
Charge for the year	369	816	9	-	321	1,515
Impairment	1,936	-	-	-	-	1,936
Disposals	-	-	(313)	-	-	(313)
At 31 July 2024	6,325	2,584	-	-	10,218	19,127
Net book value						
At 31 July 2024	12,668	22,397	-	82	1,761	36,909
At 1 August 2023	15,037	23,212	9	82	1,339	39,680

At 31 July 2024, freehold land and buildings included £0.532m (2023 - £0.532m) in respect of freehold land and is not depreciated.

The majority of the assets across the partnership are owned by the University's academic partners and are therefore not included in the numbers above.

The Celtica and Theological book collections are not depreciated, as the university is required to maintain the collections in such condition that their value is not impaired over their life. Due to the nature of the books in the collection, and the limited historical value, these have not been deemed to be heritage assets.

University of the Highlands and Islands

Notes to the Accounts

for the year ended 31 July 2024

11. Investment in subsidiary

The University acquired 100% of the share capital of MPI Elgin Ltd and MPI Dornoch Ltd on 11 June 2021. Upon acquisition a fair value assessment in line with FRS 102 section 19 was carried out to assess the fair value of the assets and liabilities acquired.

Consideration	Year ended	Year ended
	31 July 2024	31 July 2023
	£'000	£'000
Cash	856	856
Overpayment refunded	(2)	(2)
Directly attributable costs	15	15
Total investment in subsidiary	<u>869</u>	<u>869</u>

12. Trade and other receivables	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grants receivables	290	290	567	567
Other trade receivables	7,667	7,683	3,686	3,699
Prepayments and accrued income	5,936	6,240	7,407	7,587
Amounts due from subsidiary companies	-	4,774	-	2,472
	<u>13,893</u>	<u>18,987</u>	<u>11,660</u>	<u>14,326</u>

13. Investments	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
As at 31 July 2023	978	978	999	999
Additions - Market Securities	-	-	-	-
(Loss)/Gain on valuation	87	87	(21)	(21)
As at 31 July 2024	<u>1,065</u>	<u>1,065</u>	<u>978</u>	<u>978</u>

The investments held relate to a legacy bequeathed to the university.

Current investments	Consolidated		University	
	£'000		£'000	
Short term deposits	-	-	6,000	6,000

14. Creditors: amounts falling due within one year	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Finance lease creditor	602	602	588	588
Trade payables	2,241	2,241	2,151	2,151
Social security and other taxation payable	189	173	225	225
Accruals and deferred income	30,447	30,401	33,149	33,003
SFC Loan	491	491	491	491
Bank loan	-	-	2,282	-
	<u>33,970</u>	<u>33,908</u>	<u>38,885</u>	<u>36,457</u>

The bank loans from Santander were repaid in full in December 2023.

University of the Highlands and Islands

Notes to the Accounts

for the year ended 31 July 2024

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Accruals	7,448	7,447	13,506	13,405
Research grants received on account	840	840	751	751
Grant income	12,757	12,713	9,120	9,076
Deferred tax liability	-	-	-	-
Deferred Government Capital Grants	9,208	9,208	9,131	9,131
Other income	194	194	640	640
	30,447	30,401	33,149	33,003

15. Creditors: amounts falling due after more than one year	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Finance lease creditor	22,658	22,658	23,260	23,260
SFC Loan	7,317	7,317	7,250	7,250
	29,975	29,975	30,510	30,510

Loans repayable, included within creditors, are analysed as follows:

	Group		University	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current (< 1 Year)	491	2,774	491	491
1 - 2 Years	491	491	491	491
2 - 5 Years	1,474	1,475	1,474	1,475
5 Years +	5,352	5,284	5,352	5,284
	7,808	10,024	7,808	7,741

The loan from SFC University Financial Transactions Programme relates to the purchase of the Centre for Health Science (now UHI House) and is repayable over 20 years at a fixed interest rate of 0.25%.

The loans from Santander to the subsidiary companies were fully repaid in December 2023.

A new loan from the SFC was received in the current year to fund deficit support at UHI Shetland. The terms of the loan confirm that repayment will be agreed when the college is in a more positive and sustainable financial position.

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

16. Provisions for liabilities

Consolidated and University

	Obligation to fund deficit on USS Pension	Defined Benefit Obligations (Note 32)	Total Pensions Provisions
At 1 August 2023	4,219	-	4,219
Utilised in year	-	-	-
Additions in 2023/24	-	-	-
Unused amounts reversed in 2023/24	(4,219)	-	(4,219)
At 31 July 2024	-	-	-

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions and further information is provided in note 29.

17. Restricted Reserves

Reserves with restrictions are as follows:

	Consolidated and University Year ended 31 July 2024	Year ended 31 July 2023
	£'000	£'000
Donations		
Balances at 1 August 2023	1,891	1,834
New donations	469	476
Expenditure	(735)	(746)
Reclassification	-	327
Total restricted comprehensive income for the year	(266)	57
At 31 July 2024	1,625	1,891
	31 July 2024	31 July 2023
	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:		
Research support	19	64
Course development	-	175
Student support	450	237
	469	476

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

18. Deferred Capital Grants

Group and University

	Funding Council £'000	Other £'000	Total £'000
At 1 August 2023	58	9,073	9,131
Cash received and assets donated:			
Land & buildings	-	(64)	(64)
Equipment	-	412	412
	<u>-</u>	<u>348</u>	<u>348</u>
Released to income and expenditure account:			
Land and buildings	-	(65)	(65)
Equipment	(4)	(203)	(207)
	<u>(4)</u>	<u>(268)</u>	<u>(272)</u>
At 31 July 2024			
Land and buildings	-	8,524	8,524
Equipment	54	630	684
	<u>54</u>	<u>9,154</u>	<u>9,208</u>

19. Cash and cash equivalents

	At 1st August 2023 £'000	Cash Flows £'000	At 31st July 2024 £'000
Consolidated			
Cash and cash equivalents	15,584	1,484	17,068
Student support funds	195	3	198
	<u>15,779</u>	<u>1,487</u>	<u>17,266</u>
University	£'000	£'000	£'000
Cash and cash equivalents	15,520	1,406	16,926
Student support funds	195	3	198
	<u>15,715</u>	<u>1,409</u>	<u>17,124</u>

Consolidated reconciliation of net debt

	31 July 2024 £'000
Net debt 1 August 2023	18,092
Movement in cash and cash equivalents	1,487
New loans	-
Other non-cash changes	(5,777)
Net debt 31 July 2024	<u>13,802</u>
Change in net debt	<u>(4,290)</u>

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

Analysis of net debt:	31 July 2024	31 July 2023
	£'000	£'000
Cash and cash equivalents	17,266	15,779
Borrowings: amounts falling due within one year		
Secured loans	491	2,774
Finance leases	<u>602</u>	<u>588</u>
	<u>1,093</u>	<u>3,361</u>
Borrowings: amounts falling due after more than one year		
Secured loans	7,317	7,250
Finance leases due after one year	<u>22,658</u>	<u>23,260</u>
	<u>29,975</u>	<u>30,510</u>
Net debt	<u><u>13,802</u></u>	<u><u>18,092</u></u>

20. Capital and other commitments

There were no capital commitments at the Balance Sheet date.

21. Lease obligations

Total rentals payable under operating leases:

Group and University

	31 July 2024			31 July 2023
	Land and Buildings	Plant and Machinery	Total	
	£'000	£'000	£'000	£'000
Payable during the year	<u>0</u>	<u>43</u>	<u>43</u>	<u>39</u>
Future minimum lease payments due:				
Not later than 1 year	0	107	107	88
Later than 1 year and not later than 5 years	0	137	137	193
Later than 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total lease payments due	<u><u>0</u></u>	<u><u>244</u></u>	<u><u>244</u></u>	<u><u>281</u></u>

Lessor

31 July 2024

31 July 2023

Future minimum lease payments due:

Not later than 1 year	60	412
Later than 1 year and not later than 5 years	166	146
Later than 5 years	<u>-</u>	<u>-</u>
Total lease payments due	<u><u>226</u></u>	<u><u>558</u></u>

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

Total rentals payable under finance leases:	31 July 2024	31 July 2023
	Land and	Land and
	Buildings	Buildings
	£'000	£'000
Payable during the year	588	573
Future minimum lease payments due:		
Not later than 1 year	602	587
Later than 1 year and not later than 5 years	2,562	2,500
Later than 5 years	20,096	20,761
Total lease payments due	23,260	23,848

The finance lease relates to the student residences at Inverness and Fort William and is valued at the discounted present value of future cash flows, based on the rents prevailing at the date of recognising the asset. Future changes in rents are contingent rents and recorded in the income and expenditure statement in the year they occur, and not recognised in the liability recognised in the balance sheet.

22. Events after the reporting period

Shellvolution is a research and development project which aims to transform shellfish aquaculture, bringing sustainable growth and additional quality jobs in mussel farming, based on detailed investigations (mapping and monitoring) and creating a model for improving security and reliability of wild spat recruitment, through industry best practice. The project developed over a number of years, submitting a Strategic Outline Case, Outline Business Case and then Full Business Case this year. The Full Business Case was approved in September 2024 and UHI signed the grant offer letter that month. The total project cost of £4.4m is to be managed through the university.

23. Subsidiary undertakings

The subsidiary companies (registered in Scotland), wholly owned by the University, are as follows:

Company	Principal Activity	Status
UHI Research and Enterprise Ltd	Delivery of commercial research, knowledge exchange, consultancy and work-based learning	100% owned
MPI (Elgin) Ltd	Ownership and leasing of student residences	100% owned
MPI (Dornoch) Ltd	Ownership and leasing of student residences	100% owned

During the year the subsidiary companies had net losses of £63,641 (22/23 £86,696).
Net assets at 31 July 2024 are £347,012 (2023 - £521,900)

24. Related Party Transactions

Due to the nature of the University's operations and the composition of the University Court (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Court may have an interest. All transactions involving organisations in which a member of the Court may have an interest are conducted at arm's length and in accordance with the University's financial regulations and usual procurement procedures. The ultimate controlling party is the University Court,

The University has 10 constituent partners at the end of the year in order to deliver a range of higher education services throughout the Highlands and Islands. The transactions with all of these partners during the financial year are outlined below:

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

Partner	Involved to Partners	Payments to Partners	Amounts due to Partners at 31 July 2024	Amounts due from Partners at 31 July 2024
	£000	£000	£000	£000
Argyll College	130	5,245	-	13
HTC	11	333	3	3
Inverness College	756	19,163	118	29
Moray College	380	13,369	28	25
North, West and Hebrides	547	23,468	199	66
Orkney Islands Council	5	366	17	-
Orkney UHI	306	3,614	-	18
Perth College	539	20,079	52	42
SAMS	50	2,754	4	4
Shetland Islands Council	4	5,172	-	-
Shetland UHI	131	443	-	19
SMO	33	840	23	6
	2,892	94,846	444	225

25. Hardship Funds and Childcare Funds

	NMDF £000	HE Covid Fund £000	HE Childcare £000	HE Discretionary £000	2023/24 Total £000	2022/23 Total £000
Balance brought forward	-	-	-	-	-	-
Allocation received in year	19	-	5	392	416	527
Bank interest	-	-	-	2	2	-
Expenditure	(19)	-	-	(291)	(310)	(492)
Virements	-	-	-	-	-	-
To be returned to SAAS	-	-	(5)	(103)	(108)	(35)
Balance carried forward	-	-	-	-	-	-

Funding Council grants are available solely for students; UHI acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

26. Federal Student Aid

	US \$000	£000
Received and distributed		
Federal Direct Unsub Loan	37	29
Federal Direct Sub Loan	3	2
PLUS	64	50
	104	81

University of the Highlands and Islands

Notes to the Accounts

for the year ended 31 July 2024

Federal Student Aid Loans are available solely for students; UHI acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. Tuition fees payable are retained on specific instruction from the student.

27. Contingent Liabilities

The University of the Highlands and Islands receives funding from SFC for distribution to academic partners for the furtherance of Higher Education activities, and also for Further Education activities following its appointment as Further Education Regional Strategic Body. The University relies on confirmation from its academic partners, its knowledge of the number of HE and FE students in each college and expected benchmark cost of providing HE and FE to confirm that the funding issued to academic partners is expensed on Higher Education and Further Education activities. In the event that monies transferred were not expensed on Higher Education and Further Education activities then the academic partners would be liable to return this funding to the University and the University would in turn be liable to refund these monies to SFC. The University is confident from reports on the quality of its academic partners' HE and FE output and the review of the above information that no such refund will be required.

28. Securities

The Millennium Commission has been granted a standard security over the property at Ness Walk. The bank loans from Santander were secured by bond and floating charge over the properties at Elgin and Dornoch. These loans were repaid during the year and the charge satisfied.

29. Pension Schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities' Superannuation Scheme (USS)
- Local Government Pension Scheme (LGPS)
- NEST

The two main schemes, being USS and LGPS, are both defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds. No staff are currently enrolled in the NEST scheme.

(i) The Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS).

The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore, an expense is recognised through the Statement of Comprehensive Income.

The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. The percentage for the year was 21.6% to 31 March 2024 and 14.5% from 1 April 2024 (2023 was 21.6%).

The total charged to the profit and loss account is £994k (2023 £1,278k). Deficit recovery contributions due within one year for the institution are £Nil (2023 £362,194).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2023 (the valuation date), and was carried out using the projected unit method.

Since the institution cannot identify its share USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

University of the Highlands and Islands

Notes to the Accounts

for the year ended 31 July 2024

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles.

Price inflation Assumption – CPI RPI/CPI gap	3.0% p.a. (based on a long-term average expected level of CPI, broadly consistent with long-term market expectations) 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. from 2030.
Pension increase (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5% and half of any excess inflation over 5% (up to a maximum of 10%)) CPI assumption minus 3bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post-retirement: 0.9% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2023 Valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2021 with a smoothing parameter of 7.5, an initial addition of 0.4% p.a., an initial addition of 0.4% p.a., 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2024	2023
Males currently aged 65 (years)	23.7	24.0
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	25.4	26.0
Females currently aged 45 (years)	27.2	27.4

A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. No deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions' basis. The institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

(ii) Local Government Pension Scheme

The Highland Councils LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2024 was £1,459k (2023 £1,700k) of which employers' contributions totalled £1,109k (2023 £1,297k) and employees' contributions totalled £349k (2023 £403k).

The following information is based upon pension expense calculation as at 31 July 2024.

Valuation method

As required under the Accounting Standard, the projected unit credit method of valuation has been used.

University of the Highlands and Islands

Notes to the Accounts

for the year ended 31 July 2024

Demographic/Statistical Assumptions for the Scheme

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Mortality

	Males	Females
Current pensioners	21.8 years	23.7 years
Future pensioners*	22.6 years	25.4 years

Historic Mortality

Period ended	Current Pensioners	Future Pensioners
31-Jul-24	CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a.	

The mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

Commutation

An allowance is included for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits.

Financial Assumptions for the Scheme

Assumptions as at	31-Jul-24		31-Jul-23		31-Jul-22	
	% p.a.	Real	% p.a.	Real	% p.a.	Real
RPI Increases	3.15%	0.00%	3.15%	-0.35%	3.50%	0.20%
CPI Increases	2.75%	-0.25%	3.00%	0.25%	2.75%	-0.10%
Salary Increases	3.55%	-0.25%	3.80%	0.25%	3.55%	-0.10%
Pension Increases	2.75%	-0.25%	3.00%	0.25%	2.75%	-0.10%
Discount Rate	5.00%	-5.00%	5.05%	1.55%	3.50%	1.90%

Expected Return on Assets for the Scheme

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period (i.e. as at 1 August 2023 for the year to 31 July 2024). The expected return on assets assumption is set equal to the discount rate.

Analysis of movement in the fair value of scheme assets

	Year to 31-Jul-24 £'000	Year to 31-Jul-23 £'000
Fair value of assets at the start of the year	46,834	45,581
Expected return on assets	2,384	1,597
Actuarial gain on assets	(3,076)	(1,195)
Actual contributions paid by University	1,465	2,104
Actual member contributions	349	404
Actual benefit payments	(1,260)	(974)
Fair value of scheme assets at the end of the year	<u>46,696</u>	<u>47,517</u>
	39,835	48,289

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

Present value of liabilities at the start of the year		
Current service cost	1,094	1,928
Past service costs	417	964
Interest cost on defined benefit obligation	2,031	1,792
Actual member contributions	349	404
Actual benefit payments	(1,260)	(974)
Changes in financial assumptions	(1,724)	(13,774)
Changes in demographic assumptions	(466)	(576)
Other experience adjustments	-	2,465
Adjustment for asset ceiling	(40,276)	-
Present value of funded liabilities	<u>40,276</u>	<u>40,518</u>
Fair value of scheme assets at the end of the year	46,696	47,517
Present value of funded liabilities	(40,276)	(40,518)
Adjustment for asset ceiling	(6,420)	-
Net liability in Balance Sheet	<u>-</u>	<u>6,999</u>

Analysis of the amount charged to UHI Statement of Comprehensive Income and Expenditure

	Year to 31-Jul-24	Year to 31-Jul-23
	£'000	£'000
Current service cost *	1,094	1,928
Past service costs	417	964
Interest on obligation	2,031	1,792
Expected return on scheme assets	1,648	(1,195)
Actuarial loss in respect of pension schemes	(886)	10,690
Total	<u>4,304</u>	<u>14,179</u>

*The current service cost contains an allowance for administration expenses of 0.7% of payroll.

Sensitivity analysis to UHI obligations and service costs

	Approx. % increase to Employer Liability	Approx. monetary amount £000
0.1% decrease in Real Discount Rate	2%	888
1 year increase in member life expectancy	4%	1,792
0.1% increase in Salary Increase Rate	0%	55
0.1% increase in Pension Increase Rate	2%	850

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

Reconciliation of opening and closing deficit

	Year to 31-Jul-24	Year to 31-Jul-23
	£'000	£'000
Surplus/(Deficit) at beginning of year	6,999	(2,708)
Current service cost	(1,094)	(1,928)
Past service cost	(417)	(964)
Employer contributions	1,465	2,104
Other finance income	353	(195)
Actuarial (loss)/gain	(886)	10,690
Adjustment for asset ceiling	(6,420)	-
Surplus at end of the year	<u>-</u>	<u>6,999</u>

Projected pension expense for the year to 31 July 2025

UHI share of the LGPS

Projections for Year to 31 July 2025

	Year to 31-Jul-25
	£'000
Service cost *	1,123
Interest cost	2,248
Return on assets	(2,567)
Total	<u>804</u>
Employer contributions	1,030

* The current service costs include an allowance for administration expenses of 0.7% of payroll.

The above figures should be treated as estimates and may need to be adjusted to take account of:

- Any material events such as curtailments, settlements or the discontinuance of the Employer's participation in the fund;
- Any change to accounting practices;
- Any change to the Scheme benefits or member contribution rates; and/or
- Any full funding valuation that may have been carried out on the Employer's behalf.

The monetary amount of the projected service cost for the period to 31 July 2025 may be adjusted to take account of actual pensionable payroll for the period.

30. Accounting estimates and judgements

Use of estimates and judgements

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

University of the Highlands and Islands

Notes to the Accounts

for the year ended 31 July 2024

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

USS Pension Scheme

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements. As at July 2023, the institution's balance sheet included a liability of £4,219k for future contributions payable under the deficit recovery agreement which was concluded on 30 September 2021, following the 2020 valuation when the scheme was in deficit. No deficit recovery plan was required from the 2023 valuation, because the scheme was in surplus. Changes to contribution rates were implemented from 1 January 2024 and from that date the institution was no longer required to make deficit recovery contributions. The remaining liability of £4,219k was released to the profit and loss account. Further disclosures relating to the deficit recovery liability can be found in note 18.

LGPS

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

Impairment

The university is required to carry out impairment testing on any assets that show indications of impairment. This testing involves exercising management judgements about future cashflows and other events which are by their nature uncertain.

Where there are indicators of impairment of individual assets, the University performs impairment test based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the University is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Investments in subsidiaries are measured at cost less accumulated impairment.

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

31. US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US Federal Financial aid, the University of the Highlands and Islands is required, by the US Department of Education to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedule have been:

- * prepared under the historical cost convention, subject to the revaluation of certain fixed assets
- * prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Accounting for Further and Higher Education (2019 edition)
- * presented in pounds sterling

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Note	Primary Reserve Ratio		31-Jul-24 £'000
Statement of Financial Position	Statement of Financial Position - Net Assets without donor restrictions	Unrestricted reserves	9,021
Statement of Financial Position	Statement of Financial Position - Net Assets with donor restrictions	Restricted reserves	1,626
Note 26	Statement of Financial Position - Unsecured related party receivable	Amounts due from partners	(6,379)
Note 12	Statement of Financial Position - Property, Plant and Equipment - pre-implementation	Net book value excluding Finance Lease Asset L&B	(15,4923)
Note 12	Statement of Financial Position - Lease right of use asset - pre-implementation	Net book value of Finance Lease Asset L&B	(22,397)
Statement of Financial Position	Statement of Financial Position - Post-employment and pension liabilities	Pension provisions	-
Note 16	Statement of Financial Position - Long term debt for long term purposes	Loans repayable	7,808
	Modify for post implementation debt not related to purchase of assets		-
Notes 16/17	Statement of Financial Position - Lease of right of use asset liability	Finance Lease Creditor <1 year + Finance Lease Creditor >1 year	23,260
		Expendable Net Assets	<u>(2,553)</u>

University of the Highlands and Islands
Notes to the Accounts
for the year ended 31 July 2024

Statement of Comprehensive income	Statement of Comprehensive Income - Total operating expenses	Total expenditure less fair value movement	130,715
Statement of Comprehensive income	Statement of Comprehensive Income - Other gains (losses)	Exceptional items less fair value movement less taxation	-
		Total expenses and losses	<u>130,715</u>
	Equity ratio		
Statement of Financial Position	Statement of Financial Position - Net Assets without donor restrictions	Unrestricted reserves	9,021
Statement of Financial Position	Statement of Financial Position - Net Assets with donor restrictions	Restricted reserves	1,626
Note 26	Statement of Financial Position - Unsecured related party receivable	Amounts due from partners	(6,379)
		Modified Net Assets	<u>4,268</u>
Statement of Financial Position	Statement of Financial Position - Total assets	Tangible fixed assets + investments + current assets	74,593
Note 26	Statement of Financial Position - Unsecured related party receivable	Amounts due from partners	(6,379)
		Modified Assets	<u>68,214</u>
	Net income ratio		
Statement of Financial Position	Statement of Financial Position - Change in net assets without donor restrictions	Change in unrestricted reserves	<u>4,571</u>
Statement of Comprehensive income	Statement of Comprehensive income - Total operating revenue - unrestricted	Total income less donations	135,327
Statement of Comprehensive income	Statement of Comprehensive Income - Investment return appropriated for spending	Investment income	(766)
		Total Revenue and Gains	<u>134,561</u>