

**REGISTERED NO. SC646337**

**CHARITY REGISTRATION NO. SC050701**

**SHETLAND UHI**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2023**

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**SHETLAND UHI  
LEGAL AND ADMINISTRATIVE INFORMATION**

<b>Members</b>	<p>Dr Lauren Doughton John Goodlad Karen Hall Graeme Howell Professor Jane Lewis David Sandison Maria Bell Dr Simon Clarke Angela Sutherland Simon Collins (Resigned 31/12/2022) Grant Cumming (Resigned 14/02/2023) Rory Gillies (Resigned 21/04/2023) Ian McCormack (Resigned 07/01/2023) Christopher Bolton (Resigned 24/10/2022) Lucy Wilson (Resigned 16/11/2022) Mason Robbins (Appointed 17/04/2023) Claire Christey (Appointed 11/05/2022) (Appointed 12/04/2023) Valerie Nicolson (Appointed 03/02/2023) Sinead Lucock (Resigned 26/05/2023) (Appointed 29/03/2023) Resigned 28/09/2023) Susan Beer (Appointed 4/10/23) (Appointed 4/10/23) Daniel Lawson Gary Souter</p>
<b>Chief Executive</b>	Jane Lewis
<b>Company Secretary</b>	Matthew Sierocinski King
<b>Registered Office</b>	Gremista Industrial Estate Lerwick Shetland ZE1 0PX
<b>Registered Number</b>	SC646337
<b>Charity Registration Number</b>	SC050701
<b>Bankers</b>	Virgin Money 106 Commercial Street Lerwick ZE1 0JJ
<b>Solicitors</b>	Thorntons Solicitors 1 West Regent Street Glasgow G2 1RW
<b>External Auditors</b> Wylie & Bisset (Audit) Limited 168 Bath Street Glasgow G2 4TP	<b>Internal Auditors</b> BDO 70 York Street Glasgow G2 8JX

# **SHETLAND UHI**

## **REPORT OF THE TRUSTEES AND STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JULY 2023**

As a partner college of the University of the Highlands and Islands (UHI), Shetland UHI is part of a unique organisation – a distinctive partnership of independent colleges and research institutions, locally based and rooted in communities, but with national and international reach. UHI plays host to several research Centres and Institutes that reflect the economy, heritage and environment of the Region.

Shetland UHI was established as a non-incorporated college. It will become an assigned college to UHI, the Regional Strategic Body (RSB) for the Highlands and Islands. The new body achieved charitable status through registration with OSCR prior to vesting. Shetland UHI's Governance is led by the Board of Directors. Board Members make an important contribution to Shetland UHI and their experience, knowledge and commitment enables them to contribute to Shetland UHI's strategic direction, decision-making and continued development while also acting as ambassadors to communicate our activities to their contacts throughout the local area and beyond.

The college operates across two campuses – in Lerwick and Scalloway and operates learning centres in the North Mainland, Brae, Whalsay and the Northern Isles. The campus in Lerwick includes office, classroom, workshop, café and library space. The campus in Scalloway comprises a number of buildings which provide office, classroom, workshop and laboratory space, as well as a public library, a marine hatchery (moth balled), self-catering student accommodation, and associated facilities.

#### **Introduction**

The strengths of the Shetland UHI were evaluated at a workshop by the Board, as being our skilled workforce, some excellent facilities, our links to industry and being embedded in our community. All of our academic sections have links to industry and these links are particularly strong in health and care, technology, maritime and the built environment, creative industries and in apprenticeship provision. We offer our community a wide range of learning without leaving Shetland and we respond to community needs. In areas linked to our activities we provide strategic leadership. Considering learning and teaching we have strengths in virtual delivery, providing access to wider UHI provision and networks and schools delivery and work-based learning.

#### **Strategic vision**

Shetland UHI's strategic plan, aligned to the UHI strategy '[Daring to be Different](#)' was developed for the college for 2021-25 and approved by the Transition Board on 21st July 2021. This was the strategy that was followed in academic year 2022-23.

Towards the end of the academic year and aligned to the revision of UHI strategy to 2030 a revised strategic plan has been developed for the coming years.

# **SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023**

## **Mission**

The purpose of the college is:

*To support a sustainable and collaborative environment in Shetland where the economy and community can prosper with local access to relevant, high-quality learning, training, and research opportunities.*

## **Vision Statement**

*Shetland UHI will be an inspirational hub of innovation and learning designed to meet the needs of the people of Shetland, nationally and internationally.*

## **Values**

Aligned to UHI's Strategic Plan and Vision, the College has chosen to adopt the UHI 'core' values of:

- Collaboration
- Openness
- Respect
- Excellence

## **Strategic Aims**

The strategic aims are articulated under four strategic pillars linked to tertiary education; research and knowledge exchange; engagement and enterprise.

### **Tertiary Education**

- We will offer high quality training in areas relevant to Shetland, meeting the needs of employers and supporting the skills development of young people and Shetland's workforce.
- We will work in partnership to expand our work-based learning courses, international delivery, and network contributions within the UHI partnership.
- We will be a Destination of Choice, offering the best possible experience for all students in a range of inspiring learning environments
- We will offer diverse learning journeys with opportunities for progression to help all students to achieve their goals and potential.

### **Research and Knowledge Exchange**

- We will create a vibrant research environment which builds on our collective strengths, supports innovation, and creates opportunities for inter-disciplinary activity.
- We will use our island centred expertise to create research opportunities locally and internationally in the fields of sustainable development, marine resources, governance, and creative practice.
- We will develop our postgraduate provision in marine and environmental science, arts, culture and the creative economy, and heritage.

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**Engagement**

- We will sit at the centre of the Shetland community and build on our positive relationships with local schools, businesses, and the community.
- We will provide opportunities for our students to grow academically and personally, and to acquire skills and knowledge.
- We will have accessible, equitable and inclusive opportunities for students, with excellent resources and support available to assist learners to achieve success.
- We will value, encourage, and invest in our staff; support their professional development; and promote collaborative working with internal and external colleagues.

**Enterprise**

- We will be financially sustainable and demonstrate financial growth.
- We will carry out research to inform, facilitate and support Enterprise.
- We will inspire, encourage, and support students, staff, and businesses to develop the knowledge, skills, and motivation they need to realise their potential through Enterprise.
- We will be an environmentally and socially responsible organisation.

**Implementation**

Operational plans for all sections were developed using the strategic framework and were in place by September 2022. Operational plans were developed involving all teams and staff input.

**Financial Results**

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

	<b>2022-23 £'000</b>
(Deficit) before other gains and losses	(404)
Deduct:	
Pension adjustment – Net service cost	(831)
Pension adjustment – Net interest cost	(16)
Pension Adjustment – Pension payments	564
Adjusted operating (deficit)	(686)

**Taxation Status**

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

# **SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023**

## **Treasury Policies and Objectives**

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

## **Cash Flows**

The College had a net cash outflow of (£27,000) in the year to 31st July 2023.

## **Liquidity**

The College had cash balances of £342,000 at the year end.

## **Creditor Payment Policy**

The College aims to pay its suppliers within 30 days.

The College's average creditor payment period is 50 days in 2023. Trade Creditors were £189,000 at 31st July 2023. The College did not pay any interest during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

## **Charitable Objectives**

Activities and achievements of Shetland UHI for 2022- 2023 are given below against our charitable objectives.

### **Objective 1**

***To advance education, and primarily further and higher education (in keeping with the Further & Higher Education Scotland Acts 1992 and 2005) of people within the Shetland Islands (“the Operating Area”) and elsewhere, and the provision of training in skills of all kinds (particularly such skills as will assist the participants in obtaining paid employment) and all industries, including all aspects of the Shetland Fishing Industry, marine and coastal industries.***

In academic year 2022-23 Shetland UHI undertook the following:

- 2902 overall enrolments
  - 57 Full Time Further Education
  - 2475 Part Time Further Education
  - 230 Full Time Higher Education
  - 140 Part Time Higher Education
- There were 155 new Apprenticeships undertaken by people in the Shetland Isles supported by Shetland UHI
- Shetland UHI offered a wide range of short courses
  - 200 short courses run supporting local people and companies.
  - 1414 delegates attended these courses

There has been a wide development of new courses designed to increase the offering locally and skills training in a wide variety of disciplines.

- \* Skills for Work Drama
- \* Health and Social Care Academy
- \* HNC Counselling
- \* ECITB Scholarship for Engineering SCQF5 (1 year)

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## **Charitable Objectives (continued)**

In 2022/23 we launched a refreshed S5/S6 offer with sustained effort across the whole team in liaison with our school and SIC colleagues. The renewed senior phase includes several new programmes and is focused on complementing the school offer to meet the needs of young people and strengthening progression routes into higher education or employment. We received 72 applications for these courses for AY 23/24, which is a substantial increase on the 2022/23 intake, where enrolment figures stood at 13.

The aquaculture training section had a very busy year delivering short-certificated courses and modern apprenticeships to meet the demands of local, national, and international students. There has been steady increase in modern apprenticeships (130+ students) and very successful completion rate of 88% despite challenges of delivery to remote areas.

There were also enrolments on new online / distance learning NPA L5 Aquaculture courses with local companies. There was an increase in NPA L4 aquaculture students, from eight in 2021-22 to 25 in 2022-23. Aquaculture also offered a new senior phase NPA Level 5 course. We were successful in a coastal communities funding bid to upgrade and purchase new laboratory equipment to cater for increased student numbers.

There has been an increase in delivery of the modern apprenticeships to national companies in Aquaculture from 56 apprentices (SDS contract year 1 April 22-31 March 2023) to 95 apprentices (SDS contract year 1 April 2023-31 March 2024), although the increase was somewhat mitigated by the change in status of progressions who are now considered new starts. The course is being delivered to six of the main aquaculture companies, across a wide geographic area across the Highlands regions and into other regions of Scotland such as Angus and Stirling.

Within Shetland, the Health, Care & Society department is the sole provider of a work based SVQ qualification in social care and early learning & childcare. Every year Shetland UHI provides over 100 of these qualifications including 37 Modern Apprentices to local authority, private providers, and voluntary sector. These qualifications related directly to paid employment and are linked to mandatory registration with SSSC for workers in this area.

Student achievements throughout 2022-23 have been noteworthy. A Shetland UHI apprentice, Julie-Ann Murray, was awarded the apprentice of the year, as well as winning her section for SCQF5 News - Shetland UHI Apprentice Named Scottish Apprentice of the Year. We also had success in the LANTRA awards, with Mia Hunter being the overall winner. News - Modern Apprenticeship Success for Shetland UHI.

### **Objective 2**

***The advancement of education by fostering links with Scotland, the UK and international learners, researchers and education providers to further the objects of the Shetland UHI to increase individual and collective knowledge and understanding, skills and expertise.***

Shetland UHI was represented at the **UHI Research Conference** where seven researchers took part, presenting papers, posters and contributing to workshops and theme sessions. In



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## **Charitable Objectives (continued)**

total there were three talks by Shetland UHI staff, two digital stories curated by Shetland UHI staff, six posters, and Dr Angus jointly presented an online session on ethics.

Researchers from the Marine Sciences Section had a strong presence at the **MASTS Annual Science Meeting** in November 2022, with staff chairing two of the specialist science sessions, five poster presentations, and co-authoring two of the papers presented.

Shetland UHI contributed to a **symposium organised by MASTS** to 'showcase' to the Marine Directorate of the Scottish Government the scope of research expertise relevant to fisheries policy, including marine spatial planning, across the Scottish marine research community. Dr Shucksmith and Dr Napier from Shetland UHI gave presentations to the symposium, and were part of the Q&A panel alongside Marine Scotland.

Researchers from Shetland UHI, together with partners from industry and Marine Directorate of the Scottish Government participated in an **international knowledge exchange** with South African scientists, fishery managers and consultants travelling to Scotland to exchange knowledge, learning and to foster links and development opportunities. The exchange was supported by the Fishmongers Company.

Members of Health, Care and Society **teamwork with SQA** as appointees to support quality assurance across Scotland.

Shetland UHI completed the refurbishment of Port Arthur House for **student accommodation** for the 2022-23 academic year, which has increased accessibility for students to attend Shetland UHI.

Our first in person **graduation ceremonies** were held in August 2022 where the achievements of students in 2021/22 were celebrated in the first graduation since the COVID-19 pandemic. 115 students graduated in a wide range of subjects and qualifications.

### **Objective 3**

***To carry out and promote research relevant to industry, community development, the protection and sustainability of marine and coastal environments, arts, heritage and Shetland UHI; and to make evidence available to educate, provide training and promote best practice.***

Shetland UHI has a diverse, active, and ongoing programme of research relevant to Shetland's seafood industries (fish catching and aquaculture) and the sustainability of its marine and coastal environments. That includes both ongoing long-term programmes and specific fixed-term projects in fields that include: **marine spatial planning; aquaculture; fisheries stock assessment and management.**

# **SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023**

## **Charitable Objectives (continued)**

Notable achievements during the reporting period include:

- Ongoing work towards maintaining Shetland Islands Regional Marine Plan with associated research projects and publications.
- Collaborative research to support the inclusion of diverse values into decision making via the Sustainable Management of UK Marine Resources (SSMR) programme Diverse Values Project, funded by the Natural Environment Research Council (NERC)
- Successful on-going implementation of the Scottish Pelagic Industry-Science Data Collection Programme (SPISDCP), and other associated research activity in partnership with Scottish Pelagic Fishermen's Association (SFPA) and the Marine Directorate of the Scottish Government.
- Research and stock assessment delivery to the Shetland Shellfish Management Organisation, enabling them to continue implementation of their Fisheries Management Plans.
- Deployment of an Imaging Flow Cytobot in a field location in association with Scottish Sea Farms at a Shetland Site (UK first) with ongoing collaboration with Scottish Association for Marine Science (SAMS) to support harmful algal bloom and biotoxin alerts for Shetland aquaculture.
- An MoU with 'Shetland Fishermen' to provide expert advice, information and other services on a number of issues of concern to the local fishing industry, together with regular publicly available outputs and reports.
- Use of Shetland UHI fishing vessel to support surveys of inshore fishing grounds, collection of data at Fair Isle demonstration MPA, data collection for fisheries research projects and research charters in relation to SmarTrawl, an innovative gear selectivity solution.

Dr Lesley McEvoy retired in August 2023. In June 2023 Lesley received the Unsung Hero award at the UK Aquaculture Awards in recognition of her 40 plus years of hard work and dedication to aquaculture industry including the past 20 years in Shetland.

The **Centre for Sustainable Seafood (CSS)** was developed with input from relevant sectoral stakeholders and formally established as a UHI research centre. The CSS will provide an independent focus of expertise to support the seafood industry in Scotland, the UK and internationally. It will provide the research and skills needed to address global challenges and keep the seafood sector at the cutting edge of sustainable food production. Work is underway to develop the CSS supported by funding from its Stakeholder Advisory Group. The centre also attracted funding via the UK Seafood Fund to develop relevant education and training for delivery.

The **Centre for Island Creativity (CIC)** was the focus for research activity in the arts. A wide range of research activity was carried out by Shetland based staff, both locally and internationally. Staff were involved in collaborations with partners in industry and other academics around the UK and further afield. Significant research activities included:

- Final approval and launch of the new PhD Creative Practice programme, created and led by the Centre for Island Creativity.

# **SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023**

## **Charitable Objectives (continued)**

- Continuing work on the Creative Island Wellbeing Programme (Island Growth Deal project) with the submission of the Outline Business Case and ongoing work to develop the Full Business Case.
- work with National Trust for Scotland, which was recognised by being a shortlisted finalist in the Powerful Partnerships category of the Scottish Knowledge Exchange Awards.
- Dr Andrew Jennings chaired the CIC online panel *Special Panel 03 - An Island-Based Initiative* at the SICRI conference in June 2023 <https://www.sicri.net/isic-2023>

Dr Simon Clarke undertook UHI wide online survey into the staff and student experience of **VC and VLE led learning and teaching** which led to the forthcoming paper “Off-campus Videoconference Teaching at the University of the Highlands and Islands during the Covid19 Emergency”, in the Journal of Perspectives in Applied Academic Practice. It is hoped that this will also inform teaching practice across UHI.

### **Objective 4**

***To promote, protect, conserve, rehabilitate and improve the marine and coastal environment, including all animal and plant life, in the Shetland Islands and elsewhere.***

The activities of the Marine Science section (fisheries, aquaculture and marine spatial planning teams) all align to the promotion, protection, conservation, rehabilitation and **improvement of the marine and coastal environment of Shetland** and beyond. For example, and of strategic importance to this objective is the work of the **Marine Spatial Planning team**, who, within have legal authority in partnership with the Shetland Islands Council to develop a marine plan for the Shetland Islands (delegated by Scottish Ministers). Within this role a marine plan has been developed which adopts an ecosystem based approach to management. This includes a policy framework which must be followed by marine developers and baseline data gathering and monitoring to protect ecological important features. Within this reporting period this has included surveying of seagrass, mussels, non-native species and cetaceans.

**Citizen science**, as well as research led surveys, has been utilised to gather key data, including drone surveys, shore surveys and acoustic surveys. This includes monitoring for non-native species, monitoring of important habitats and species, including harbour porpoises and seagrass. Shetland UHI sits on the working group for marine invasive species in Scotland and has contributed to ongoing discussions about improving data management and biosecurity in Scotland.

Within the implementation strategy for the ‘**Shetland Islands Regional Marine Plan**’ a plan has been developed to promote positive behavioural change to reduce impacts on the marine environment by people and industry. These are promoted by guidance documents, training events, public outreach events each year.

The Marine Science section has also undertaken **benthic research** to identify areas potentially sensitive to fisheries and worked with the local industry to prevent damage to these habitats through the creation of closed areas.

# SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

## Charitable Objectives (continued)

The Marine Science section initiated **preliminary data collection on flapper skate** *Dipturus intermedius*, classed as an endangered species in Scottish waters, and developed further research on this topic.

A principal output was the publication before Christmas of the book '**75 years of the SFA**' by the Shetland Fishermen's Association. Most of the text in the book was written by Shetland UHI's Dr Ian Napier in work that has been ongoing over the last two years. The book was formally launched at an event hosted by the SFA on 13<sup>th</sup> December 2022 and an interview on the book was included in Radio Shetland's book programme on 26<sup>th</sup> January 2023.

### Objective 5

***To prevent and relieve poverty, and in particular, among residents of the Operating Area and other areas of Scotland, the UK and internationally, by facilitating accessible learning opportunities and imparting skills, and life skills, which enable learners to secure employment and contribute to their community.***

The **Health, Care & Society** department have developed initiatives/courses to encourage candidates from a wide variety of backgrounds to move into health & social care employment. The *Introduction to a Career in Social Care* course – as detailed in the 2021-22 Annual Report - and the *Health & Care Skills Academy* are short courses which are fully funded in order to reduce barriers to attending. These courses have included work experience in relevant health & social care settings. Successful completion of the courses has then led to a 'guaranteed' interview scheme for relief posts within the local authority. Throughout 2022-23 the Health & Care Skills Academy attracted four people who had never before been given the opportunity to work in Care, and develop skills for a job in the care sector. For a student's perspective on the life-changing course you can read more here News - Successful students complete the inaugural Health and Social Care Skills Academy. ([uhi.ac.uk](http://uhi.ac.uk)) .

The **aquaculture section** works very closely with local companies to provide flexible distance learning options for remote areas. This enables their staff to have training options and employability skills. This is crucial in the remote islands where training options are limited due to travel and also enables school students and recent leavers to gain knowledge and skills in aquaculture. This partnership has worked closely with Cooke Aquaculture and we will continue to promote remote learning.

Shetland UHI offered a wide range of learning options at our **Learning Centres** around the Shetland Isles. These places are remote isles, or areas that are not easily accessible to the main campuses located in Lerwick and Shetland. This means that people can access learning and employability related qualifications in their community. The availability of this learning locally reduces fuel poverty, increases confidence, knowledge and skills and helps to enable the local population to be digitally included, secure employment, volunteer confidently and contribute to community groups.

Shetland UHI supported **English for Speakers of Other Languages** who were looking to improve their English, confidence, social contact and obtain relevant qualifications from SCQF levels 2-6. This supports them in securing employment and increasing their income.

# **SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023**

## **Charitable Objectives (continued)**

The **New Directions** course offered a route into learning for those with no or few qualifications. It is particularly suitable for part-time or shift workers, people who are unemployed or on other benefits and those who are at home looking after children. The course is free and is designed to ensure barriers to learning (such as childcare requirements and transport) are reduced or removed, as much as possible. Students had the opportunity to gain confidence and qualifications in core skills up to SCQF level 6.

Other introductory courses that offer life skills and core/employability skills to support learners with additional learning needs, to contribute to their community and gain employment included **Lifeskills Courses** and **Access to Core Skills**.

### **Objective 6**

***To relieve unemployment for the public benefit in such ways as may be thought fit, including assistance to find employment.***

Shetland UHI fully engaged in the Shetland Local Employability Partnership

The demand for **apprenticeships** remains strong within the isles. In SDS contract year 2022-23, Shetland UHI had 138 new apprentices starting their programmes. The new contract began on 1 April 2023 and is for 178 new starts and the Vocational team is on target to achieve the predicted numbers. Whilst this represents a substantial increase in numbers, this is moderated by the change in status for progressions who are now considered new starts when they were previously exempt from the calculations. Demand is particularly strong in Food and Drink (including Aquaculture), Health and Social Care and Engineering.

It is however a challenging time owing to SDS budget constraints and all learning providers were subject to a reduction of 13% in volume of starts. The budget allocated to travel has also been reduced and providers have been advised that it is unlikely that more budget would be made available unless other providers return their funding allocation.

Shetland UHI has developed very effective **partnership working**, with a wide range of public / employability related support agencies, over a long number of years. These include:

- Skills Development Scotland
- Youth and Employability Services (Employability Pathway)
- Moving on Project
- Bridges Project
- Jobcentre Plus / DWP
- CAB
- Developing the Young Workforce (DYW)

Current examples of this partnership working in practice is the programme where the college delivers a 3 credit course to individuals on the **Employability Pathway / Moving On** projects. These individuals undertake the SQA Employability group award, part of which is an 8 week supported work placement with college drop-in support every Friday.

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## **Charitable Objectives (continued)**

As detailed for objective 5 the **New Directions** course offers a route into learning for those with no or few qualifications. As well as the opportunity to gain confidence and qualifications in core skills, up to SCQF level 6, the course includes a programme of taster / support sessions for students, including from Skills Development Scotland and the vocational section of the college who are responsible for Modern Apprenticeships. The opportunity to gain writing, reading and IT skills helps the students in their search for employment and / or to apply for higher level qualifications.

The college offers flexible and accessible opportunities for individuals to undertake essential skills and employability related qualifications, which supports them in their search for employment.

As detailed for objective 5, Shetland UHI offers a wide range of learning options at our **Learning Centres** around the Shetland Isles. They allow individuals the means to access learning and employability related qualifications in their community. The learning centres provide a broadband connection and access to relevant websites relating to gaining employment e.g. myjobscotland and DWP, as well as support with job search skills such as developing CV's, interview skills and completing job applications.

## **Objective 7**

***To advance citizenship and community development (including through the promotion of trade and commerce), wellbeing, inclusion, citizenship and community development.***

As detailed in objective 4 Shetland UHI has engaged communities in data gathering to support marine decision making and support citizenship, social inclusion and wellbeing.

Health, Care and Society have embedded courses such as **Mental & Wellbeing and Introduction to Counselling** within our full time FE provision in-line with a more holistic approach learning; as an acknowledgement that improving the wellbeing of our students will in turn impact on their ability to succeed in their learning.

Creative and Cultural Industries teaching includes modules such as Managing Archaeology for Contemporary Society which explores themes of sustainability, respect for other cultures / ethnicities / genders, responsibilities and rights of different societal groups with regard to **cultural heritage management**.

The college supports adults with **special educational needs** from the Erik Gray Centre to express themselves through art and develop their core and life skills. Sixteen young people completed supported courses in hospitality and art, alongside core and life skills, and staff attended a presentation of certificates to all students in these areas.

**Shetland Net Zero Energy Forum** (Shetland Net Zero) – Shetland UHI supports the development and operation of the forum by providing a meeting space and secretariat services. Shetland Net Zero is a member-based organisation championing Shetland's energy

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**Charitable Objectives (continued)**

sector to become a world-leader in the transition to net zero while maximising the social, economic and community benefits for Shetland.

**Objective 8**

***To advance the arts, heritage and culture; of all aspects of island and sea-going life.***

As part of the **Diverse Values Project** a film has been made (led by the University of Portsmouth) to elicit community values relating to the marine environment. This short film seeks to influence decision making through a greater understanding of community values and heritage.

The **Creative and Cultural industries section** offers programmes of study in the humanities visual and performing arts from Skills for Work to PhD level. A variety of modes of study are available face to face and through online and VC mediated class, available full and part time. Shetland based staff both support network delivery from other campuses and themselves teach their specialisms to remote students as well as supporting local face-to-face teaching, particularly practical elements like fieldwork, and hands on making in creative workshops. The section also offered “**The History of Shetland in 100 Sites**” an online evening class and a follow-on series of field visits for aspiring tour guides, and general interest students.

Dr Andrew Jennings has set up the **UARctic Thematic Network on Northern and Arctic Island Studies Research**, which now has 34 members from 13 institutions across the north <https://www.uarctic.org/activities/thematic-networks/northern-and-arctic-island-studies-research/#>

The UARctic Network has held two public webinars called **Yarns and Yarns**, which are knitting, storytelling events <https://www.uhi.ac.uk/en/research-enterprise/cultural/institute-for-northern-studies/events/archive-of-recorded-seminars-lectures-and-conferences/yarns-and-yarns/>. Over 160 people attended the last one.

The Creative and Cultural industries section exhibits its students’ output in an end of year show and external exhibitions at the Bonhoga Gallery and the Textiles Museum and student film and music presentations at Mareel. Including an exhibition at Bonhoga entitles **a'four**. Which brought together the work of four fine art students whilst playing on the word ‘afore’ in preparation for their final Degree Show next year. The group worked together to create a variety of artworks including 3D installations, landscape watercolours and acrylics, figurative and abstract oil paintings, prints, and digital moving image performance. Two Shetland UHI students hosted their Textiles Exhibition at the local Textiles museum. The show of the students’ woven and knitted textiles was titled ‘**Spikin in Colour**’ which refers to the artists’ interest in colour as inspired by local landscapes and contemporary pattering.

Shetland UHI hosted a series of four public lectures for the newly formed **Shetland Geological Society** celebrating Shetland’s diverse geology and exploring geological topics of wide interest.

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**Charitable Objectives (continued)**

**Objective 9**

*To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes.*

Shetland UHI sits on the steering group of a number of organisations, this includes **Fair Isle Demonstration and Research MPA steering group**, and the **Whale and Dolphin Conservation North Isles** steering group.

Research staff within the Marine Sciences section lead or participate in scientific research groups which help to further charitable purposes. This includes **Marine Alliance for Science and Technology for Scotland (MASTS)** marine planning and governance forum and the fisheries forum.

The Creative and Cultural industries section has collaborated with **Mareel and the Shetland Arts Development Agency** to make provision of Music and Recording, Film and Drama qualifications from skills to work level up to taught postgraduate degrees.

Shetland UHI has engaged with various community activities as active participants or as hosts at a variety of Shetland events such as the **Tall Ships** in July and **Dynamic Earth** in February. The Dynamic Earth event, which saw well over 150 young people from around Shetland, was hosted at the Scalloway Campus, and had engagement from the marine spatial planning team to help youngsters discover the deep. The Tall Ships returned to Shetland after an eleven-year gap, and Shetland UHI hosted a lively stall in the Family Tent with competitions and activities for young people to engage in.

**Objective 10**

*To act as an Academic Partner with UHI as Regional Strategic Body.*

Shetland UHI activity feeds into the achievements sought in the **Regional Outcome Agreement for the Highlands and Islands** set by the Scottish Funding Council. As an academic partner with UHI as the Regional Strategic Body our staff and students engage with the UHI partnership across the region. From Partnership Council which the Shetland UHI Principal attends, to formal and informal meetings, practitioners' groups and training for staff around the partnership. Strategically we have participated fully in the activity linked to UHI 2024 transformational change programme and development of the new UHI Strategic plan. Shetland UHI also contributes to networked courses, and research and knowledge partnerships with other academic partners around the UHI.



**SHETLAND UHI  
REPORT OF THE TRUSTEES AND STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2023**

**Charitable Objectives (continued)**

**Objective 11**

***To collaborate with public bodies and other academic partners of UHI, to advance and support services, strategies, plans and projects to meet the needs of the Shetland Islands population and environment.***

In recognition of the national shortage of health & care workers, we have designed courses to support the future workforce in care, children's services and ELC, nursing and healthcare support. Shetland UHI engage in close working with Shetland Islands Council in provision of health & social care courses to meet **SSSC registration requirements** for staff within these areas.

The **Creative and Cultural Industries** section works closely with UHI partners to provide access to a wide range of Arts and Humanities courses and also contributes actively to teaching provision in BA and MLitt Archaeology, MLitt British Studies, BA Fine Art, MLitt Music and the Environment.

**Islands Strategy:** Shetland UHI is a key partner in the delivery and development of UHI's Islands Strategy, which seeks to underpin the University's work with local communities to contribute positively to sustainable development, the transition to net zero carbon emissions, supporting local businesses, talent attraction and retaining island populations.

**Islands Deal:** Shetland UHI continues to contribute strongly to the further development of several Islands Deal projects including Shell-volution, TalEntEd, Creative Islands Wellbeing and is leading on the Shetland campus redevelopment project for which the outline business case has been approved and the full business case is under development. The deal reached a major milestone with signing of the full deal agreement in January 2023.

**Shetland Islands Marine Planning partnership:** Shetland UHI and the Shetland Islands Council together form the Shetland Marine Planning Partnership (SMPP) (under delegated authority from Scottish Ministers). The SMPP is responsible for developing the Shetland Islands Regional Marine Plan, a statutory document which directs marine developments within Shetland's marine waters out to 12 nautical miles, ensuring sustainable use of the marine environment. In addition, the SMPP have developed an implementation strategy to improve compliance with the aims and objectives of the plan.

**CLD Partnership:** Shetland UHI is a member of the local CLD partnership. This group is tasked with ensuring the people of Shetland have access to the CLD support they need, and to ensure the outcomes and actions in the latest CLD plan. The priorities of the 2021-24 Shetland CLD plan are Covid-19 recovery and renewal, community resilience, participation and poverty and inclusion.

Alongside other local stakeholders, Shetland UHI is a signatory to **Shetland's Partnership plan** and **Shetland's Islands with Small Populations – Locality Plan**.

Shetland UHI is a member of the **Shetland Partnership Climate Change Steering Group**, tasked with formulating and driving forward the creation of a shared Shetland wide strategic climate change strategy

**SHETLAND UHI**  
**REPORT OF THE TRUSTEES AND STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 JULY 2023**

**Charitable Objectives (continued)**

Shetland UHI recognises its responsibilities as a public body to reduce greenhouse gas emissions. An **emissions reduction plan** that aims to achieve net zero direct emissions by 2040 was approved by the Board in June 2023. The preparation of a climate adaptation plan is currently underway.

**Developing Young Workforce (DYW) Board** – Shetland UHI sits on the board of DYW and contributes to the achievement of its objectives through working collaboratively with industry to help secure work-based learning opportunities. Shetland UHI has worked collaboratively with key contacts and helped with the organisation of the DYW Spring conference for example where employers, educators and young people discussed issues relating to employment and educational opportunities.

**Shetland Energy Transition Skills Group.** Shetland UHI leads and chairs the Shetland Energy Transition Skills Group, a collaborative planning body established to support the transition to clean energy and expansion of green jobs.

**Shetland Space Education Employment and Skills Pipeline:** We support this group through committee and educational activity. We hosted a public event celebrating women in space in February 2023. We regularly meet with SaxaVord UK spaceport team and SIC education colleagues to develop a programme of activity to support the opportunities of young people in this industry.

**Shetland Oil Terminal Advisory Group (SOTEAG):** SOTEAG examines and advises on all environmental implications surrounding the Sullom Voe Terminal during construction, commissioning and operations (including ad hoc reconstruction, site rehabilitation and new developments), through to eventual decommissioning. We contribute to this group through committee membership.

Throughout 2022/23 Shetland UHI supported the **local Education Department** by delivering teaching to a number of school pupils, after the Shetland Islands Council found they were unable to recruit for a number of technical teacher positions. Shetland UHI Construction lecturers taught in S2 and S4 classes in Lerwick and Brae, and Engineering lecturers taught to S4 pupils in Sandwick.

We have developed a Shaetlan Language Plan and working in partnership with Shetland based community groups Shetland UHI sets out the following key objectives:

- 1) To raise the profile of Shaetlan locally, nationally, and internationally
- 2) To promote the use of Shaetlan, including in education settings
- 3) To increase research activity with respect to the understanding, use and future position of Shaetlan as a vernacular language.

**SHETLAND UHI  
REPORT OF THE TRUSTEES AND STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2023**

**Statement of Disclosure to Auditor**

In so far as the Trustees are aware, at the time of approving our Trustees' Annual Report and Financial Statements:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken as Trustees, in order to make themselves aware of all the relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the Statement of Recommended Practice: applicable to charities preparing their accounts in accordance with the Financial Reporting Standard Applicable in the UK and republic of Ireland (FRS 102) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**Auditors**

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Wylie Bisset (Audit) Limited will therefore continue in office.

Approved by order of the members of the Board of Management on 21 December 2023 and signed on its behalf by:

Name: David Sandison  
Chair

Name: Professor Jane Lewis  
Principal and CEO

**SHETLAND UHI  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL  
FOR THE YEAR ENDED 31 JULY 2023**

**The Shetland UHI Board of Management**

Shetland UHI is managed by a Board of Management which includes independent directors as well as staff and student-nominated directors. The company set up to manage Shetland UHI is constituted as a charitable company and directors have the duties of both company directors and charity trustees. The Board of Management is responsible for the management of Shetland UHI. Board members (directors) include independently appointed directors as well as directors appointed by staff and students. Board members also serve on one or more of Board's committees. The appointment of the members of the Shetland UHI Board of Management (directors) is governed by the Articles of Association of Shetland UHI Ltd, which includes the eleven charitable aims.

**Chair**

The chair of the Board was appointed following open (public) recruitment managed by the Board's Search and Nominations Committee.

**Executive Director**

The Principal of Shetland UHI.

**Independent (Non-Executive) Directors**

Independent (non-executive) directors are appointed following open (public) recruitment managed by the Board's Search and Nominations Committee. In addition, two independent directors with specific experience of the fishing and seafood industries were nominated by relevant industry associations (**Seafood Shetland** and the **Shetland Fishermen's Association**).

(A number of members of the former Transition Board were automatically appointed to the Board of Management as independent directors at its first meeting on 15<sup>th</sup> July 2020.)

**Staff Directors**

Two staff directors are elected by staff of Shetland UHI: one by teaching (academic) staff and one by non-teaching (support) staff.

**Student Directors**

One local student director was appointed: the Shetland Local Depute of the **Highlands and Islands Students' Association (HISA)**.

**Committees**

The Board of Management of Shetland UHI has delegated responsibility for specific aspects of the management of the college to separate committees. This enables the Board to operate effectively and ensure that it meets the requirements of an assigned college of the University of the Highlands and Islands and the *Code of Good Governance for Scotland's Colleges*.

**SHETLAND UHI  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL  
FOR THE YEAR ENDED 31 JULY 2023**

***Committees include:***

- Audit Committee
- Finance and General Purposes Committee
- Human Resources and Remuneration Committee
- Learning, Teaching and Research Committee
- Search and Nominations Committee

**Members of the Board of Management**

Maria Bell	Independent Director
Claire Christey	Independent Director, Vice Chair of Audit Committee
Simon Clarke	Teaching Staff Director
Lauren Doughton	Independent Director, Chair of Audit Committee
John Goodlad	Independent Director
Karen Hall	Independent Director, Chair of Learning, Teaching and Research Committee
Graeme Howell	Independent Director, Vice-Chair of the Board of Management, Senior Independent Member, Chair of Finance and General Purposes Committee, Vice-Chair of Search and Nominations Committee
Jane Lewis	Executive Director, Principal and Chief Executive
David Sandison	Independent Director, Chair of the Board of Management, Chair of Search and Nominations Committee, Interim Chair of Human Resources and Remuneration Committee
Angela Sutherland	Non-Teaching Staff Director
Christopher Bolton	Independent Director (resigned 24 <sup>th</sup> October 2022)
Lucy Wilson	Independent Director (resigned 16 <sup>th</sup> November 2022)
Simon Collins	Independent Director, Chair of Human Resources and Remuneration Committee (resigned 31 <sup>st</sup> December 2022)
Grant Cumming	Independent Director, Vice-Chair of Human Resources and Remuneration Committee (resigned 14 <sup>th</sup> February 2023)
Ian McCormack	Student Director (appointed 1 <sup>st</sup> July 2022, resigned 7 <sup>th</sup> January 2023)
Sinead Lucock	Student Director (appointed 3 <sup>rd</sup> February 2023, resigned 26 <sup>th</sup> May 2023)
Susan Beer	Student Director (appointed 29 <sup>th</sup> March 2023)
Valerie Nicolson	Independent Director (appointed 12 <sup>th</sup> April 2023)
Mason Robbins	Independent Director (appointed 21 <sup>st</sup> April 2023)
Daniel Lawson	Independent Director (appointed 4 <sup>th</sup> October 2023)
Gary Souter	Independent Director (appointed 4 <sup>th</sup> October 2023)

**SHETLAND UHI  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL  
FOR THE YEAR ENDED 31 JULY 2023**

In order to support the development of the new college the Board of Management and its sub-committees met frequently throughout academic year 2022/2023.

24/08/2022	Board of Management
31/08/2022	Search and Nominations Committee
08/09/2022	Audit Committee
14/09/2022	Human Resources and Remuneration Committee
21/09/2022	Learning, Teaching and Research Committee
28/09/2022	Finance and General Purposes Committee
05/10/2022	Board of Management
27/10/2022	Human Resources and Remuneration Committee
05/11/2022	Board Workshop – Development, Net Zero, Planning
16/11/2022	Learning, Teaching and Research Committee
23/11/2022	Human Resources and Remuneration Committee
30/11/2022	Finance and General Purposes Committee
07/12/2022	Board of Management
08/02/2023	Search and Nominations Committee
15/02/2023	Learning, Teaching and Research Committee
22/02/2023	Board workshop – Finance
08/03/2023	Audit Committee
15/03/2023	Human Resources and Remuneration Committee
22/03/2023	Finance and General Purposes Committee
29/03/2023	Board of Management
19/04/2023	Joint Audit and Finance and General Purposes Committee
19/04/2023	Audit Committee
26/04/2023	Annual General Meeting (AGM)
17/05/2023	Audit Committee
24/05/2023	Human Resources and Remuneration Committee
07/06/2023	Learning, Teaching and Research Committee
10/06/2023	Board workshop – Business planning
14/06/2023	Audit Committee
21/06/2023	Finance and General Purposes Committee
28/06/2023	Board of Management
19/07/2023	Audit Committee

**SHETLAND UHI  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL  
FOR THE YEAR ENDED 31 JULY 2023**

**Attendance record**

Role	Name	Board of Management	Annual General Meeting	Joint Audit with Finance and General Purposes	Committees					Combined Attendance
					Audit	Finance and General Purposes	Human Resources and Remuneration	Learning Teaching and Research	Search and Nominations	
Board Chair	David Sandison	100% (5/5)	100% (1/1)	100% (1/1)		100% (4/4)	80% (4/5)		100% (3/3)	94.7% (18/19)
Board Vice-Chair	Graeme Howell	60% (3/5)	100% (1/1)	100% (1/1)		100% (4/5)	80% (4/5)	100% (1/1)	100% (3/3)	85.0% (17/20)
Audit Chair	Lauren Doughton	100% (5/5)	100% (1/1)	100% (1/1)	100% (4/4)		60% (3/5)		100% (3/3)	89.5% (17/19)
LTR Chair	Karen Hall	80% (4/5)	100% (1/1)				60% (3/5)	75.0% (3/4)	66.7% (2/3)	72.2% (13/18)
Other Independent Directors	Maria Bell	60% (3/5)	100% (1/1)	0% (0/1)		75.0% (3/4)				63.6% (7/11)
	Claire Christey	100% (5/5)	100% (1/1)	100% (1/1)	50.0% (2/4)			100% (4/4)		93.3% (14/15)
	John Goodlad	60% (3/5)	0% (0/1)					50.0% (3/4)	100% (3/3)	61.5% (8/13)
	Mason Robbins	0% (0/1)	0% (0/1)	0% (0/1)	66.7% (2/3)		0% (0/1)			28.6% (2/7)
	Valerie Nicolson	100% (1/1)	100% (1/1)	100% (1/1)	100% (3/3)			0.00% (0/1)		85.7% (6/7)
Student Director	Sue Beer	100% (2/2)	100% (1/1)					100% (1/1)	-% (0/0)	100% (4/4)
Staff Directors	Simon Clarke	100% (5/5)	100% (1/1)					100% (4/4)	100% (3/3)	100% (13/13)
	Angela Sutherland	100% (5/5)	100% (1/1)	100% (1/1)		50.0% (2/4)	40.0% (2/5)			68.8% (11/16)
Principal	Jane Lewis	80% (4/5)	100% (1/1)	100% (1/1)		75.0% (3/4)	80% (4/5)	100% (4/4)	100% (3/3)	85.7% (20/23)

Role	Name	Board of Management	Annual General Meeting	Joint Audit with Finance and General Purposes	Committees					Combined Attendance
					Audit	Finance and General Purposes	Human Resources and Remuneration	Learning Teaching and Research	Search and Nominations	
Former Chair of Human Resources and Remuneration Committee	Simon Collins	33.3% (1/3)					66.6% (2/3)		100% (1/1)	57.4% (4/7)
Former Vice-Chair of Human Resources and Remuneration Committee	Grant Cumming	0% (0/3)				0% (0/2)	66.7% (2/3)			25.0% (2/8)
Former Independent Directors	Christopher Bolton	100% (2/2)			100% (1/1)			50% (1/2)		80.0% (4/5)
	Rory Gillies	50% (2/4)		0% (0/1)		0% (0/3)	0% (0/4)			16.7% (2/12)
	Lucy Wilson	50% (1/2)			100% (1/1)			50% (1/2)		60.0% (3/5)
Former Student Director	Sinead Lucock	0% (0/1)	0% (0/1)	0% (0/1)		-% (0/0)		100% (1/1)	50% (1/2)	33.3% (2/6)
	Ian McCormack	33.3% (1/3)						50% (1/2)	100% (1/1)	50% (3/6)

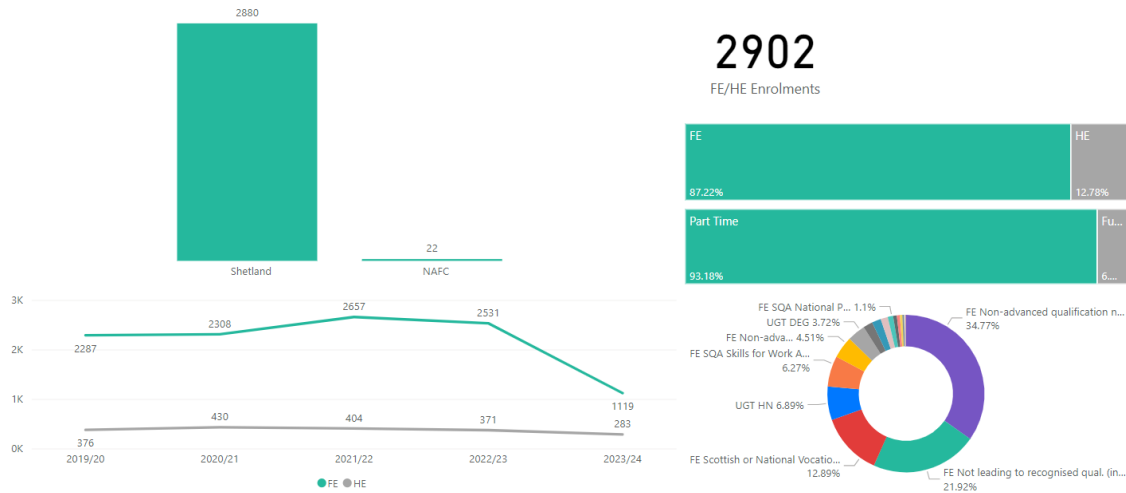
# SHETLAND UHI STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

## Summary of student numbers

### UHI Student Numbers

Enrolments at Shetland, NAFC: 2022/23

Academic Year  
2022/23



- Student full time FE numbers were slightly reduced from 2021-22.
- HE Full time numbers were the highest in the last five years, barring the post-Covid bounce on 2021-22.
- Shetland UHI exceeded the FE credit target and HE RAM target.

Approved by order of the members of the Board of Management on 21 December 2023 and signed on its behalf by:

Name: David Sandison  
Chair

Name: Professor Jane Lewis  
Principal and CEO



**SHETLAND UHI  
STATEMENT OF DIRECTORS RESPONSIBILITIES  
FOR THE YEAR ENDED 31 JULY 2023**

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

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

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

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

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

The Board of Management has taken reasonable steps to:

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

Approved by order of the members of the Board of Management on 21 December 2023 and signed on its behalf by:

Name: David Sandison  
Chair

Name: Graeme Howell  
Vice-Chair

# **SHETLAND UHI INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF SHETLAND UHI**

**FOR THE YEAR ENDED 31 JULY 2023**

## **Opinion**

We have audited the financial statements of Shetland UHI College (the charitable company) for the year ended 31 July 2023 which comprise the Statement of Financial Activities (incorporating an income and expenditure account), the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023, and of the College's surplus for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2016; Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

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

## **Other information**

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not

## **SHETLAND UHI**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF SHETLAND UHI**

#### **FOR THE YEAR ENDED 31 JULY 2023**

##### **Other information (continued)**

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the report of the trustees.

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

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

## **SHETLAND UHI**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF SHETLAND UHI**

#### **FOR THE YEAR ENDED 31 JULY 2023**

##### **Responsibilities of directors**

As explained more fully in the Director's Responsibilities Statement set out on page 24, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

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

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

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

## **SHETLAND UHI**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF SHETLAND UHI**

#### **FOR THE YEAR ENDED 31 JULY 2023**

- Have a direct effect on the determination of material amounts and disclosures in the financial statements. These included compliance with FRS102, the Statement of Recommended Practice: Accounting for Further and Higher Education 2019, the Scottish Funding Council Accounts Direction, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and relevant UK tax legislation.
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's continued ability to operate or to avoid a material penalty.

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

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

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

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

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

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

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

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

- Tested journal entries recorded on the charitable company's finance system to identify unusual transactions that may indicate override of controls.
- Reviewed key judgements and estimates for any evidence of management bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report

## **SHETLAND UHI**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF SHETLAND UHI**

#### **FOR THE YEAR ENDED 31 JULY 2023**

##### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006.

Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Gillon FCCA, CA  
(Senior statutory auditor)  
For and on behalf of Wylie & Bisset (Audit) Limited  
Statutory Auditor  
Glasgow  
Date: 21 December 2023

*Wylie & Bisset (Audit) Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

## SHETLAND UHI

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023

		2023 £'000	2022 £'000
	Note		
<b>Income</b>			
Funding council grants	3	4,632	3,213
Tuition fees and education contracts	4	1,555	1,712
Other grants and contracts	5	775	673
Other income	6	417	1,273
<b>Total Income</b>		<b>7,379</b>	<b>6,871</b>
<b>Expenditure on:</b>			
Staff costs	7	6,081	6,794
Other operating expenses	8	1,860	1,650
Depreciation	12	104	110
Interest and other finance costs	9	20	180
<b>Total Expenditure</b>		<b>8,065</b>	<b>8,734</b>
<b>(Deficit) before other gains and losses</b>		<b>(686)</b>	<b>(1,863)</b>
Actuarial gain in respect of pension schemes	18	587	7,664
<b>Total Comprehensive Expenditure/(Income) for the year</b>		<b>(99)</b>	<b>5,801</b>
<b>Represented by:</b>			
Unrestricted comprehensive (expenditure)/ income for the year		(99)	5,801

The notes on pages 35 to 50 form part of these financial statements.

## SHETLAND UHI

### STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2023

	<b>General Reserve 31 July 2023 £'000</b>	<b>Total 31 July 2023 £'000</b>
<b>Balance at 1 August 2021</b>		
Transfers from Shetland Fisheries Training Centre Trust	(6,545)	(6,545)
Deficit from the income and expenditure account	(1,863)	(1,863)
Other comprehensive income	7,664	7,664
Total comprehensive income for the year	<u>5,801</u>	<u>5,801</u>
<b>Balance at 31 July 2022</b>	<u>(744)</u>	<u>(744)</u>
<b>Restatement – Note 21</b>	<u>(218)</u>	<u>(218)</u>
<b>Restated Balance at 1 August 2022</b>	(962)	(962)
Deficit from the income and expenditure account	(686)	(686)
Other comprehensive income	587	587
Total comprehensive income for the year	<u>(99)</u>	<u>(99)</u>
<b>Balance at 31 July 2023</b>	<u><u>(1,061)</u></u>	<u><u>(1,061)</u></u>



## SHETLAND UHI

### STATEMENT OF FINANCIAL POSITION AS AT 31 July 2023

	Note	2023 £'000	2022 As restated £'000
<b>Fixed assets:</b>			
Tangible assets	12	401	445
<b>Total Fixed Assets</b>		<u>401</u>	<u>445</u>
<b>Current assets:</b>			
Stocks	13	1	-
Debtors	14	532	886
Cash at bank and in hand		342	369
		<u>875</u>	<u>1,255</u>
<b>Liabilities:</b>			
Creditors falling due within one year	15	<u>(2,151)</u>	<u>(2,180)</u>
<b>Net Current Liabilities</b>		(1,276)	(925)
Creditors falling due after more than one year	16	(186)	(178)
<b>Provisions:</b>			
Defined benefit pension scheme liability	18	-	(304)
		<u>(1,061)</u>	<u>(962)</u>
<b>Net Liabilities</b>		<u>(1,061)</u>	<u>(962)</u>
<b>Unrestricted Funds:</b>			
Unrestricted reserves		(1,061)	(962)
<b>Total reserves</b>		<u>(1,061)</u>	<u>(962)</u>

The notes on pages 35 to 50 form part of these financial statements.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

Approved by the Trustees and signed on their behalf by:

Name: David Sandison  
Chair

Name: Graeme Howell  
Vice-Chair

Date: 21 December 2023

**Company No: SC646337**

## SHETLAND UHI

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2023

	Note	2023	2022
		£'000	£'000
<b><i>Cash flows from operating activities:</i></b>			
(Deficit) for the year		(686)	(1,863)
<b>Adjustment for non-cash items</b>			
Depreciation		104	110
(Increase) in stocks		(1)	-
Decrease/(Increase) in debtors		354	(886)
(Decrease)/Increase in creditors		(15)	984
Net pension costs – post FRS102 adjustments		283	1,206
Interest payable		4	3
Net transfer of assets		-	989
<b>Net cash provided by operating activities</b>		<b>43</b>	<b>543</b>
<b><i>Cash flows from investing activities:</i></b>			
Purchase of tangible fixed assets		(60)	(171)
<b>Net cash (used) in investing activities</b>		<b>(60)</b>	<b>(171)</b>
<b><i>Cash flows from financing activities:</i></b>			
Interest payable		(4)	(3)
Advance in funding		1,250	-
Funding paid to UHI		(1,256)	-
<b>Net cash (used) in financing activities</b>		<b>(10)</b>	<b>(3)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(27)</b>	<b>369</b>
Cash and cash equivalents brought forward		369	-
<b>Cash and cash equivalents carried forward</b>		<b>342</b>	<b>369</b>

## SHETLAND UHI

### CASH FLOW STATEMENT (Con't) FOR THE YEAR ENDED 31 JULY 2023

#### Analysis of changes in net debt

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Cash at bank and in hand	369	(27)	342
Debt due within 1 year	(1,156)	6	(1,150)
	<u>(787)</u>	<u>(21)</u>	<u>(808)</u>

# **SHETLAND UHI**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023**

### **1. Accounting policies**

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

#### **Basis of preparation**

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

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

Shetland UHI is a private company, limited by guarantee, incorporated and registered in Scotland. The company's registration number is SC646337 and the registered office address is Gremista Industrial Estate, Lerwick, Shetland, ZE1 0PX.

#### **Basis of accounting**

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

#### **Going concern**

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

#### **Changes in Accounting Policies**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information. When a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

#### **Recognition of income**

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

#### **Tuition fees**

Income from tuition fees is recognised in the period to which it relates.

# **SHETLAND UHI**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023**

### **1. Accounting policies (continued)**

#### **Grant funding**

Government revenue grants including regional and national funding are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of the 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 from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

#### **Donations and endowments**

Donations and endowments are examples of non-exchange transactions. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Donations and endowments with donor-imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained in a 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.

#### **Capital Grants**

Capital grants from SFC or other government bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets, under the accruals method as permitted by FRS102.

#### **Accounting for post-employment benefits**

Retirement benefits to employees of the College are provided by the Shetland Islands Council Pension Fund, which administers the Local Government Pension Scheme (LGPS) and the Scottish Teachers Superannuation Scheme (STSS), which is administered by the Scottish Public Pensions Agency (SPPS).

##### *Shetland Islands Council Pension Fund*

The contributions are determined by an actuary on the basis of periodic valuations using the projected unit method. The amount charged to the Statement of Comprehensive Income and Expenditure represents the service cost expected to arise from employee service in the current year.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College'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 return on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College.

The College recognised a liability for its future obligations under defined benefit plans net of plan assets. 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 College is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

# **SHETLAND UHI**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023**

### **1. Accounting policies (continued)**

#### **Short term employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

#### **Fixed assets**

##### *Recognition*

A fixed asset is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or service potential be provided to, the College; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets which are capable of being used for a period, which could exceed one year, and have a cost equal to or greater than £5,000, are capitalised.

##### *Measurement*

All fixed assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at fair value as follows:

- Specialised land, buildings, plant, equipment, fixtures and fittings are stated at depreciated replacement cost, as a proxy for fair value, as specified in the FReM.
- Non-specialised land and buildings are stated at fair value.
- Valuations of all land and buildings are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the last valuation.
- Non-specialised equipment, installations and fittings are valued at fair value. A depreciated historical cost basis is used as a proxy for fair value.

##### *Subsequent expenditure*

Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the College and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria, the expenditure is charged to the Statement of Comprehensive Income and Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

##### *Revaluations and impairment*

Increases in asset values from revaluations are recognised in the revaluation reserved, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of

Comprehensive Income and Expenditure, in which case, they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Gains and losses on revaluation are reported in the Statement of Comprehensive Income and Expenditure.

# **SHETLAND UHI**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023**

### **1. Accounting policies (continued)**

#### *Depreciation*

Fixed assets are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is calculated using the straight-line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

- Leasehold property – 10 – 20 years straight line
- Boats – 10 years straight line
- Engineering equipment - 10 years straight line
- Furniture and fittings – 10 years straight line
- Motor vehicles – 5 years straight line
- Library equipment – 5 years straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life. Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are expenses as incurred.

#### **Intangible assets**

##### *Recognition*

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Board of Management's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Board of Management and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in a Board of Management's activities for more than one year and have a cost of at least £5,000.

#### **Leased assets**

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

#### **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. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

# **SHETLAND UHI**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023**

### **1. Accounting policies (continued)**

#### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

#### *Financial assets*

The College holds loans and receivables which are defined as assets that have fixed or determinable payments but are not quoted in an active market. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the Balance Sheet.

Financial assets are recognised when the College becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the College has transferred substantially all risks and rewards of ownership.

A provision for impairment of loans and receivables is established when there is objective evidence that the College will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the loan and receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the value of the estimated future cash flow.

The College assessed at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### *Financial liabilities*

Financial liabilities are recognised on the Balance Sheet when the College becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are subsequently carried at amortised cost.

For the borrowings that the College currently has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest reflected in creditors) and interest charged to the Statement of Comprehensive Income and Expenditure is the amount payable for the year according to the loan agreement.

#### **Taxation**

The College is an exempt charity and is therefore not liable for Corporation Tax under section 506 (1) of the Income and Corporation Taxes Act 1988.

The College receives no similar exemption in respect of VAT. For this reason, the College is generally unable to recover input VAT on goods and services purchases. Non-payroll expenditure is therefore shown exclusive of VAT with any partial recovery netted off against these figures.



# SHETLAND UHI

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

### 1. Accounting policies (continued)

#### Provisions

Provisions are recognised in the financial statements when:

- a) The College 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.

#### Contingent assets and liabilities

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are not disclosed in the notes.

### 2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical areas of judgement*

In preparing these financial statements, management have made the following judgements:

- Determined whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

#### *Critical accounting estimates and assumptions*

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

- Shetland Islands Pension Fund

The present value of the Shetland Islands Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions.

# SHETLAND UHI

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

### 2. Critical accounting judgements and estimation uncertainty (continued)

The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability.

- Impairment of fixed assets

The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rate in order to calculate the net present value of those cash flows.

### 3. Funding body grants

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
SFC recurrent grant (including fee waiver)	2,204	721
Other SFC grants - FE provision	2,428	2,492
<b>Total</b>	<u>4,632</u>	<u>3,213</u>

### 4 Tuition fees and education contracts

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
FE fees – UK	571	594
HE fees	368	412
SDS contracts	476	612
Other contracts	140	94
<b>Total</b>	<u>1,555</u>	<u>1,712</u>

### 5 Other grants and contracts

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
European Funds	3	66
Other Grants	772	607
<b>Total</b>	<u>775</u>	<u>673</u>

### 6 Other income

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Catering and Residences	72	36
Donations	-	802
Management Fees	39	82
Consultancy	46	68
Other income	260	285
<b>Total</b>	<u>417</u>	<u>1,273</u>

## SHETLAND UHI

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

#### 7 Staff costs and key management personnel remuneration

The average number of persons (including key management personnel) employed by the College during the year, expressed as full-time equivalents, was:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Teaching staff	40	47
Non-teaching staff	77	61
<b>Total</b>	<u>117</u>	<u>108</u>

#### Staff costs for the above persons:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,413	4,417
Social security costs	467	453
Other pension costs	934	895
<b>Sub Total</b>	<u>5,814</u>	<u>5,765</u>
FRS 102 adjustment	267	1,029
<b>Total</b>	<u><u>6,081</u></u>	<u><u>6,794</u></u>

The number of key management personnel and other staff receiving annual emoluments, excluding pension contributions and employers' national insurance, but including benefits in kind, in the following range was:

	<b>2023</b>	<b>2022</b>
£10,001 to £20,000	1	-
£20,001 to £30,000	1	3
£40,001 to £50,000	-	2
£50,001 to £60,000	1	2
£60,001 to £70,000	1	1
£70,001 to £80,000	-	1
£80,001 to £90,000	1	1
	<u>5</u>	<u>10</u>

Key management personnel total remuneration is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	262	451
Social security costs	31	52
Other pension costs	57	98
<b>Total</b>	<u><u>350</u></u>	<u><u>601</u></u>

## SHETLAND UHI

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

Amounts paid to the Principal/CEO:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salary	88,902	87,594
Pension	20,148	20,116
<b>Total</b>	<u>109,050</u>	<u>107,710</u>

#### 8 Other operating expenses

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	774	824
Non-teaching costs	532	393
Premises costs	554	433
<b>Total</b>	<u>1,860</u>	<u>1,650</u>

#### Surplus before taxation is stated after charging/(crediting):

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	20	19
Lease commitments	61	39

#### 9 Interest and other finance costs

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans	4	3
FRS 102 Pension Adjustment	16	177
<b>Total</b>	<u>20</u>	<u>180</u>

#### 10 Taxation

The members do not believe the College is liable for any corporation tax arising out of its activities during this year.

#### 11 Related party transactions

Expenses paid to the trustees in the year totalled £20 (2022: £1,687) and £nil was paid to the Board of Management's Secretary (2022: £764). No expenses were waived for any trustees (2022: £nil).

Shetland UHI is a constituent partner of the University of the Highlands and Islands (UHI). During the year, the College transacted with UHI of which £44,978 (2022: £2,000) was due from UHI and £31,638 (2022: £22,000) was due to UHI. £1,250,000 (2022: £1,156,000) was paid to Shetland UHI by UHI as an advance and £1,256,000 was paid by Shetland UHI to UHI.

During the year income of £3,361,969 (2022: £3,771,000) was received in relation to funding body grants and £131,964 (2022: £62,000) from research grants. There were net sales of £41,000 (2022: £1,000) and costs of £530 (2022: £10,000) was paid to UHI.

## SHETLAND UHI

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

#### 11 Related party transactions (continued)

There were no donations made by any trustees during the year (2022: £nil).

There were no other related party transactions during the year (2022: £nil)

#### 12 Tangible fixed assets

	Leasehold Property £'000	Boats & alterations £'000	Vehicles £'000	Fixtures & fittings £'000	Total £'000
<b>Cost</b>					
At 1 August 2022	4,251	315	33	2,592	7,191
Additions	53	-	-	7	60
At 31 July 2023	<u>4,304</u>	<u>315</u>	<u>33</u>	<u>2,599</u>	<u>7,251</u>
<b>Depreciation</b>					
At 1 August 2022	4,245	273	28	2,200	6,746
Charge for year	7	5	2	90	104
At 31 July 2023	<u>4,252</u>	<u>278</u>	<u>30</u>	<u>2,290</u>	<u>6,850</u>
<b>Net Book Value at 31 July 2023</b>	<u>52</u>	<u>37</u>	<u>3</u>	<u>309</u>	<u>401</u>
<b>Net Book Value at 31 July 2023</b>	<u>6</u>	<u>42</u>	<u>5</u>	<u>392</u>	<u>445</u>

#### 13 Stock

	2023 £'000	2022 £'000
Stock	1	-
<b>Total</b>	<u>1</u>	<u>-</u>

#### 14 Debtors

	2023 £'000	2022 £'000
Trade debtors	183	236
Prepayments and accrued income	349	650
<b>Total</b>	<u>532</u>	<u>886</u>

## SHETLAND UHI

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

#### 15 Creditors: amounts falling due within one year

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>As restated £'000</b>
Advance Payment (Loan)	1,150	1,156
Trade creditors	189	284
Accruals and deferred income	512	398
Credit Cards	1	4
Other taxation and social security	106	135
Pension Fund	101	113
Other creditors	49	49
Deferred capital grants	43	41
<b>Total</b>	<b>2,151</b>	<b>2,180</b>

#### 16 Creditors: amounts falling due after one year

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>As restated £'000</b>
Deferred capital grants	186	178
<b>Total</b>	<b>186</b>	<b>178</b>

#### 17 Financial instruments

The College has the following financial instruments:

<b>Financial assets</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Debt instruments measured at amortised cost:		
Trade debtors	196	249
Accrued income	672	608
<b>Total</b>	<b>868</b>	<b>857</b>

The College has the following financial instruments:

<b>Financial liabilities</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Financial liabilities measured at amortised cost:		
Trade creditors	189	284
Monies received in advance	1,150	1,156
Accruals	389	280
<b>Total</b>	<b>1,728</b>	<b>1,720</b>

## SHETLAND UHI

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

#### 18 Retirement benefits

Some of the College's employees belong to the Shetland Islands Council Pension Fund.

The total employer's pension cost for the period was as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Shetland Islands Council Pension Fund:		
Contributions paid	564	524
Charge to Statement of Comprehensive Income	564	524
<b>Total pension cost for the year within staff costs</b>	<b>564</b>	<b>524</b>

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 July 2023 by a qualified independent actuary.

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Rate of increase in salaries	2.95%	2.7%
Future pension increases	2.95%	2.7%
Discount rate for scheme liabilities	5.00%	3.5%

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

Life expectancy is based on the Fund's VitaCurves, with improvements in line with the CMI 2022 with an allowance for smoothing of recent mortality experience long term rates of 1.5% per annum for males and 1.5% per annum for females. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current pensioners</b>		
Males	20.1	20.7
Females	22.5	22.9
<b>Future pensioners</b>		
Males	21.5	22.1
Females	24.5	25.1

# SHETLAND UHI

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

### 18 Retirement benefits (continued)

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Equities	87%	82%
Bonds	3%	6%
Property	9%	11%
Cash	1%	1%
<b>Total fair value of plan assets</b>	<u>100%</u>	<u>100%</u>
<b>Weight average expected long term rate of return</b>	1.5%	3%
<b>Actual return on plan assets</b>	<u>6.4%</u>	<u>6%</u>

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	17,023	16,059
Present value of plan liabilities	13,285	(16,363)
Restriction of pension asset	(3,738)	-
<b>Net pensions asset / (liability)</b>	<u>-</u>	<u>(304)</u>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs:</b>		
Current service cost	(831)	(1,553)
<b>Total</b>	<u>(831)</u>	<u>(1,553)</u>
<b>Amounts included in interest payable:</b>		
Net interest on defined pension liability	(16)	(177)
<b>Total</b>	<u>(16)</u>	<u>(177)</u>



# SHETLAND UHI

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

### 18 Retirement benefits (continued)

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amount recognised in Other comprehensive Income:</b>		
Return on pension plan assets	233	221
Experience losses arising on defined benefit obligations	(830)	(49)
Changes in assumptions underlying the present value	5,256	11,329
Return on plan assets	(334)	-
Adjustment for opening liability to Shetland Island Council employees TUPE'd	-	(3,837)
Asset restriction	(3,738)	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>587</b>	<b>7,664</b>
<b>Movement in net defined liability during the year</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligations at start of period	(304)	(10,599)
Current service cost	(831)	(1,553)
Employer contributions	564	524
Net interest on the defined liability	(16)	(177)
Restriction of pension asset	(3,738)	-
Actuarial loss / (gains)	4,325	(11,501)
<b>Defined benefit asset / (liability) at 31 July 2023</b>	<b>-</b>	<b>(304)</b>
<b>Changes in the present value of defined benefit obligations</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligations at start of period	16,363	25,730
Current service cost	831	1,553
Interest cost	586	422
Contributions by scheme participants	164	159
Actuarial loss / (gains)	(4,426)	(11,280)
Benefits paid	(233)	(221)
<b>Defined benefit obligations at end of period</b>	<b>13,285</b>	<b>16,363</b>
<b>Changes in fair value of plan assets</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	<b>16,059</b>	<b>15,131</b>
Interest income	570	245
Employer contributions	564	524
Contributions by scheme participants	164	159
Actuarial gains	(101)	221
Benefits paid	(233)	(221)
<b>Fair value of plan assets at end of period</b>	<b>17,023</b>	<b>16,059</b>

## **SHETLAND UHI**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023**

#### **18 Retirement benefits (continued)**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022.

##### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis. These contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### **Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Government's Actuary's Department (the department) on 26 October 2023. The key results of the valuation and subsequent consultation are:

- New employer contribution rates were set at 28.6% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £262 billion, and notional assets of £222.2 billion, giving a notional past service deficit of £39.8 billion;
- an employer cost cap of 8.1% of pensionable pay.
- the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The current employer contribution rate is 23.7% (including a 0.08% administration fees). The employer contribution rate will be payable until the next valuation (as at March 2020) becomes publicly available, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2024.

The pension costs paid to TPS in the year amounted to £564,000.

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan, so it is accounted for as a defined contribution plan.

## SHETLAND UHI

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 July 2023

#### 19 Financial commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Payments due:		
Not later than one year	39	40
Later than one year and not later than five years	262	209
Later than five years	1,656	1,748
<b>Fair value of plan assets at end of period</b>	<u>1,957</u>	<u>1,997</u>

#### 20 Prior year adjustment

During the year it became apparent that deferred capital grant funding transferred from Shetland Fisheries Training Centre Trust at 1 August 2021 was wrongly included within reserves. Accordingly, the funding has been reclassified to liabilities. The reserve deficit has increased by £218,000 and liabilities have increased by £218,000. There was no impact on the previously reported net deficit.

	<b>2022</b>
	<b>£'000</b>
Unrestricted reserves as previously stated	(744)
Reallocation of deferred capital grants	(218)
<b>Unrestricted reserves as restated</b>	<u>(962)</u>

#### 21 Post balance sheet events

There are no post balance sheet events to note.