

UHI MORAY

Annual Report and Financial Statements for the
year ended 31 July 2025



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PROFESSIONAL ADVISORS

External Auditor	-	Deloitte LLP
Internal Auditor	-	BDO Wylie & Bisset LLP
Bankers	-	Royal Bank of Scotland
Solicitors	-	Grigor & Young Stronachs
Insurers	-	A J Gallagher (underwriters: Aviva)

Performance Report

OVERVIEW

Principal's foreword

This Performance Report for the year ended 31 July 2025 provides an overview of the College, its purpose and priorities, its performance over the year, and the risks it continues to face and address.

2024/25 was a year which saw the successful completion of both the college's Voluntary Severance Scheme ("VSS") and the Financial Recovery Plan ("FRP") in which those staffing reductions were framed. These combined measures saw the college secure a staffing reduction of over 20% by the end of 2024.

The college delivered 17,514 Further Education ("FE") funding credits (19,103 in the previous year) against its Regional Strategic Body ("RSB") target of 17,100. This represented an over-delivery of 2.4% on its target.

The College's Higher Education ("HE") enrolment for the year represented a planned reduction in its offer due to the FRP's reduced curriculum and teaching staff levels, delivering 581.7 full-time equivalent ("FTE") enrolments, below the previous year's total of 633.5. The HE enrolment figure delivered for 2024/25 however, exceeded the target of 560 FTE set in the FRP.

Having delivered FE full-time student attainment well above the Scotland average in the previous seven years, the college delivered a significantly increased level of full-time attainment this year of 72.9% (previous year was 65.9%), again above the latest national average of 64.2%.

The SFC announced a change in its methodology for counting student achievement in September 2024 which it then retrospectively applied to its published results for 2023/24 and previous years. Based on this new methodology, Moray's results for FE Full-time Attainment in 2024/25 increased from 72.9% to 75.4% against the restated latest available national average of 67.1%.

The College's overall student satisfaction rate in the year-end Scottish Funding Council ("SFC") national Student Satisfaction and Engagement Survey remained extremely high at 97.0% (up 1.0% on the previous year). Given the disruption and uncertainties created by the staffing reductions and changes in curriculum offer in the first half of the year, this Student Satisfaction (the highest in recent years) is a testament to the quality of teaching and support that staff have continued to deliver in this highly uncertain and difficult environment.

Throughout the year, the college continued to finalise arrangements for approval of the Business Enterprise Hub Moray Growth Deal (MGD) project, as well as hosting and participating in a number of community planning workshops to identify a new project (or projects) to utilise the final £21m of MGD capital funding available to support skills development in Moray.

The College also continued to be the host organisation and employer for the staff of Developing the Young Workforce Moray ("DYW") and to be a key partner of DYW Moray in the design and delivery of support for Skills Pathways (for ages 3-18). It worked closely with Moray Council and Moray's schools through the co-design of Senior Phase provision for secondary pupils in Moray, including Foundation Apprenticeships. It also provided a range of Broad General Education introductions to curriculum, within the limit of 1.5% of credits set by the SFC.

The College continued to work with employers in Moray to grow its Modern Apprenticeships provision throughout the year, fully utilising its increased contract although there was still not sufficient funding to fully satisfy demand from local employers in Moray. The college also continued work with local partners and businesses to deliver employability programmes to support those seeking to re-enter the job market.

Performance Report (continued)

Research activity continued to progress throughout 2024/25, coordinated by the College Research Impact and Knowledge Exchange (RIKE) Committee and, as a follow-up to its funded Just Transition project, the college secured funding from the Energy Skills Partnership to develop a dedicated Offshore Wind Skills Portal resource, now hosted on the Offshore Wind Scotland website.

In terms of governance and management, the College maintained compliance with the Code of Good Governance, except for C3 and C22 (which relate to a failure to deliver a balanced budget at year-end), and D25 (which relates to board members being subject to an annual appraisal).

UHI Moray has also maintained a gender balance across its Board of Management. At the time of writing, an experienced interim chair is in place. A new permanent chair took up office in December 2024 but resigned in June 2025; A campaign to recruit a new permanent chair is underway. In addition an on-going recruitment campaign to refresh the Board membership is also underway.

As a result of the successful completion of its FRP, the college is reporting an Underlying Adjusted Operating Position ("AOP") deficit of £833k for 2024/25 (see table on page 66) against its original Financial Forecast Return (FFR) forecast deficit of -£2,150k.

The SFC's AOP measure allows the underlying financial position of colleges to be better understood by removal of non-cash items and extraordinary one-off events. However, for this year, the reported AOP deficit of £833k includes one-off in-year VSS related costs of £1,054k (in respect of severance payments of £774k re departing staff and a £280k cost due to the scheme being delayed by 3 months into 2024/25), but does not include the one-off monies given to the college as a loan for pay for severance costs. Had the extraordinary one-off costs been adjusted for in the AOP calculation, then the underlying position would have been an AOP surplus of £221k.

Alongside colleges across Scotland, the college is also facing significant financial challenges going forward. These originate, and are potentially resolved, in three dimensions;

- Nationally, Audit Scotland recently identified a 20% real terms cut in funding for Scotland's colleges over the past five years. The SFC recently stated that nearly all colleges in Scotland are expected to be in deficit in 2024/25. While nationally agreed pay deals and other inflationary cost increases remain unconnected to the quantum of funding allocated by the Scottish Government to colleges, this remains a significant challenge across the sector.
- Regionally, the development work towards a potential new and agreed operating model for the UHI partnership proceeded to the development of a Full Business Case ("FBC") which is now due for completion in January 2026. At the time of writing there was not yet a preferred option agreed for this model and none of this work has yet given rise to any reduction in funding contributions by partners to the running of UHI Executive Office (funds that are withheld centrally from colleges' HE Teaching Grant). The college can neither afford, work to minimise, nor identify commensurate benefits from this "top-slice" of the HE Teaching Grant (est. £1.8m in 2024/25). The rigidity of the separate FE and HE funding streams also has not allowed colleges in this region to offset more buoyant Level 4-6 FE provision against declining HE demand (unlike all other regions in Scotland).
- Locally, while FE enrolment is buoyant and exceeding the college's credit target, and demand for Apprenticeship places continues to exceed funding available, HE enrolment at the college has reduced significantly since before Covid. However, the college delivered its first upturn in full-time HE enrolments at the start of 2025/26 with a 12% increase in those enrolments on the previous year.


Performance Report (continued)

The College's estate continues to require significant investment and the Speyside wing of the Moray Street campus had to be closed in August 2023 due to the presence of reinforced autoclaved aerated concrete (RAAC) in that building. This need for investment in the estate was recognised by the SFC in 2016 when they identified that the estate required partial demolition, rebuild, and refurbishment, and for which the Funding Council then provided an outline business case although no budget subsequently materialised.

The college continues to make an important contribution, both to its local community, and to wider regional developments, and at its recent graduation event in October 2025, the outstanding achievements of its staff and students for the previous year were shared with its community.

I commend this annual report to you now and thank everyone associated with the College in this challenging time for their commitment, flexibility, and resilience to ensure the successful delivery of these outcomes in 2024/25.

DocuSigned by:



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David Patterson

Principal and Chief Executive

Performance Report (continued)**STRATEGIC PLANNING: PURPOSE AND ACTIVITIES**

The college's strategic plan was agreed at the September 2022 Board meeting and is framed around five strategic pillars:

- + **Tertiary Education** (our curriculum and the many ways we build teaching and support around it)
- + **Research Impact** (growing our research and the impact it has on our community)
- + **Engagement** (with our students, staff and all our external stakeholders)
- + **Enterprise** (being enterprising ourselves, and supporting enterprise in others), and
- + **Sustainability** (of our college, our community, and the planet we live on)

Its mission, vision and values statements are as follows:

Mission Statement

The purpose of the College remains:

"To transform lives and to be at the heart of transformation in Moray and in the wider region"

Vision Statement

Our revised vision is that we will be:

- a destination of choice for students and staff
- a partner of choice for stakeholders, and
- widely recognised for our role in transforming lives, communities, and practice.

Values Statement

As part of the UHI partnership, the College continues to adopt the 'core' values of UHI's Strategic Plan. These are:

- **Collaboration**
- **Openness**
- **Respect**
- **Excellence**

These statements are further articulated in five Strategic Aims, with accompanying Strategic Objectives, which will drive the activities of the College over the period of its Strategic Plan to July 2027. The Strategic Aims focus on the development of:

- Tertiary Education
- Research Impact
- Engagement
- Enterprise
- Sustainability

Performance Report (continued)

The College's aims and objectives also take into account both national and regional priorities, as well as local priorities as articulated in the Local Outcome Improvement Plan for Moray and the Moray Skills Investment Plan.

Implementation of the Strategic Plan

The key tasks of the college Operational Plan for 2024/25 were as follows:

- **Tertiary Education:** Ensure arrangements are in place to evaluate consistently the quality of learning and teaching; Arrest the decline of HE enrolments in 2025/26; Ensure transition from Evaluation Report and Enhancement Plan (EREP) to Self Evaluation and Action Plan (SEAP) process achieved to external targets; Review and revise (if necessary) position on overachievement of FE target
- **Research Impact:** Research Committee to be reconstituted following FRP staff departures and to review and reset its ambitions.
- **Engagement:** Students – Highlands and Islands Student Association (HISA) and Student Voice Representatives (SVR) provide regular feedback to Board and Management on key planning issues; Staff – to be engaged on future planning, quality enhancement, and improvements; Local stakeholders - college to be fully engaged on key local skills investment decisions processes and practices; Regional stakeholders - college to be engaged fully in UHI operating model and future planning discussions
- **Enterprise:** Maintain focus on commercial income targets; initiate Curriculum and Service Planning for the MGD Business Enterprise Hub (subject to funding being released)
- **Sustainability:** Meet Financial Recovery Plan targets for Year End; Complete planned sustainability-led refurbishment of on-campus lighting

The outcomes of this Operational Plan were presented and fully discussed at the Board's October 2025 meeting.

COMPLETION OF FINANCIAL RECOVERY PLAN

In June 2023, the FFR was forecasting AOP deficits of £763k for 2022/23 and £2.3m and £2.9m for the two following years. It was recognised that full recovery could not be delivered without external resource and financial intervention. A Financial Recovery Plan (FRP) was drafted, approved by the college board and supported by the RSB. This included a cost reduction programme based on organic reductions in staffing levels, efficiencies in operating cost and a Voluntary Severance Scheme (VSS).

In April 2024 the RSB advised that the SFC had approved the UHI Moray VSS but had not yet committed funding. The SFC committed on 24 May 2024, to provide £2m of liquidity support; loan funding in relation to the VSS was subsequently approved in time for a VSS to be launched on 3 June 2024.

The college was able to realise £1.8m in staffing and non-pay cost reductions from March 2023 up to the approval and launch of the VSS which generated a further £1.3m of savings. These combined measures resulted in a 20% reduction in the workforce, with the 2025/26 planning cycle based on 192 full-time equivalent staff.

The FRP actions were approved as having been successfully implemented by the Board in March 2025 and the FRP was formally closed. This gave UHI Moray a revised operating model whereby its AOP

Performance Report (continued)

would remain positive provided staff salary increases negotiated through the national pay bargaining process were matched by corresponding increases in SFC funding.

KEY ISSUES AND RISKS

By the end of the 2024/25 academic year, four of the six residual risks rated highest after mitigations had been re-classified as issues. These were:

- Inability to achieve a balanced budget – efforts continue to manage commercial income, staff numbers and non-staff costs within an external operating environment of ‘flat cash funding’
- College estate not fit for purpose – limited maintenance funding is prioritised to address key capital projects with funding still required for RAAC remediation work
- National Bargaining resulting in unaffordable pay increases – this is a non-controllable annual outcome which the college cannot offset without increased SFC funding
- College does not achieve its HE student number target – increased efforts to optimise the post FRP curriculum and the marketing of courses is helping stem recent years of decline

The two other highest risks were:

- Failure to obtain sign-off of MGD Business Enterprise Hub project – an integrated project dependent on other key stakeholders
- Impact of the National Job Evaluation Scheme – a national initiative outwith the control of the college

PERFORMANCE ANALYSIS

In accordance with SFC requirements, the College is required to monitor and report progress against targets for national priorities. The College also contributes to the Regional Outcome Agreement for the Highlands and Islands region, and to a range of internal measures and performance reporting for the University.

The College actively participates in regional structures to deliver shared outcomes including the work-based learning hub; curriculum planning and working groups; the development and support of student representation (including Highlands & Islands Students Association HISA); the regional schools group; the cross-regional quality forum; the Regional Attainment Strategy Group and the Student Data Reporting Group.

A KPI Dashboard is used to assess performance on key indicators linked to the College’s five Strategic Aims and is updated on a monthly basis and presented to the College Board of Management at each meeting. Performance indicators monitored and reported throughout the year include student recruitment, retention, attainment, and satisfaction.

Performance Report (continued)

Student recruitment

In 2024/25, the College delivered 17,514 FE credits (2023/24 19,103) against a reduced target of 17,100 SFC grant-funded credits (2023/24 17,100), equivalent to 102.4% of the target (2023/24 111.7%).

In 2024/25 UHI Moray delivered a total of 581.7 HE FTE (full-time equivalent) funded students (2023/24 633.5 funded FTEs). This generated grant-in-aid income (net of a UHI EO 'top-slice' retention) of £2,445k (2023/24 £2,595k).

Student retention

The College's overall Full-Time FE (FTFE) student retention figure in 2024/25 was 80.7% (2023/24 74%) above the latest sector average for Scotland (79.4%¹).

**Note that this figure includes those students impacted by Action short of strike action (ASOS) but who were noted as attending until the end of the academic year.*

Student attainment

The College has continued to deliver full-time student achievement above the national attainment figure for Scotland.

A summary of the College's FE attainment rates, based on the original reporting methodology, in recent years is illustrated below:

Session	FE FT attainment % (sector)	FE FT attainment % (Moray)
2020/21	61.3%	68.9%
2021/22	59%	66.7%
2022/23	63.6%	66.8%
2023/24	64.2%	65.9%
2024/25	Not available yet	72.9%*

The reporting data on the updated methodology is set out below:

Session	FE FT attainment % (sector)	FE FT attainment % (Moray)
2020/21	65.8%	72.6%
2021/22	65.7%	72.9%
2022/23	69.8%	71.4%
2023/24	67.1%	66.8%
2024/25	Not available yet	75.4%*

**College estimate after successful completion of FES Audit*

¹ 2023/24 national average full-time retention rate

Performance Report (continued)

Other performance measures

There have been a number of notable student awards and achievements occurring throughout the year, some of which are outlined below:

Jamie Green won the 2nd place Silver Medal in Scotland's electrical installation apprentice of the year skills competition.

In the annual Scottish plumbing competitions Sweyn Macaskill, Kai Gray and Frazer Graham won bronze, silver and gold medals respectively in their competitions.

At the UK national finals in Manchester Shaun Wilcox was awarded the Silver Medal in the plumbing skills competition, and Liam Patterson won the Gold in the UK final of the renewable energy skills competition. Liam became the first apprentice in the UK ever to win this award and is currently training with the UK Squad preparing for the World finals in Shanghai, next year.

UHI Sporting Blues were awarded to Natalie Sayle and Katja Blunden and from the BA Fine Art degree programme, Daye Allan was chosen to exhibit in the prestigious Royal Scottish Academy, New Contemporaries exhibition in Edinburgh and Jan McCormack won the Scottish Society of Artists New Graduate Award.

Student satisfaction

The College's annual Learner Survey for 2024/25, incorporating the SFC national Student Satisfaction and Engagement Survey, opened in March 2025. The response rate continues to rise reaching 42.0% (up from 39.0% in 2023/24).

Overall student satisfaction for all students on FE programmes was 96.0% (2023/24 96.0%).

Full-time students reported very positively (over 90%) in a range of areas including:

- Staff encourage students to take responsibility for their learning (98%),
- My time at college has helped me develop knowledge and skills for the workplace (95%),
- My time at college has helped me develop the knowledge and skills for my workplace (97%),
- The way I'm taught helps me learn (94%),
- I receive useful feedback which informs my future learning (95%),
- Staff regularly discuss my progress with me (93%)
- Any change in my course or teaching has been communicated well (92%),
- The online learning materials for my course have helped me learn (93%) and
- I am able to influence learning on my course (92%).

Curriculum developments

The college has been through a challenging period in recent years, though in terms of delivery to students it remains in a robust position as evidenced by key performance measures. Student recruitment is stable and student satisfaction and attainment are both high.

A focused Curriculum Review was undertaken at UHI Moray in the previous year to ensure that the Financial Recovery Plan could be based on a revised and reduced curriculum with a clear understanding of the need, performance, and the resource required to deliver it. That review formed the basis of a reduced over-delivery of FE provision and a more efficient HE delivery that saw an increase above the budgeted level of HE enrolments.

Performance Report (continued)

As things are increasingly stable, this provides a clear platform to begin to review our curriculum portfolio for the future. Work is beginning to develop a rolling 3-year plan for the portfolio, offering a clearer framework for the College to make decisions on opportunities it will actively pursue.

The first stages in the curriculum review process have begun and it is anticipated that the initial college framework will be created during the 2025/26 academic session.

Research Impact and Knowledge Exchange (RIKE)

Research activity continued to progress throughout 2024/25, coordinated by the College RIKE Committee. Insights from the Just Transition project provided robust evidence to support a proposal for the MGD Skills and Innovation project, with a particular focus on establishing an Energy and Engineering Centre at UHI Moray. Collaboration with the Energy Skills Partnership secured funding for the development of a dedicated Offshore Wind Skills Portal, now hosted on the Offshore Wind Scotland website.

Knowledge Exchange projects also advanced, with two initiatives entering phase two, supported by the Scottish Funding Council's Advanced Innovation Voucher scheme. These projects focus on software development and technical solutions for start-ups, while also making a meaningful contribution to a third-sector organisation. This work directly supports the pre-operational phase of the Business Enterprise Hub.

Environmental Sustainability

The College continues to use the Environmental Association for Universities and Colleges (EAUC) framework for Further Education Colleges to measure progress towards environmental sustainability. The College is working within the "Emerging Maturity" grading, with local initiatives such as LED lighting projects and reduced evening opening hours contributing to a reduction in reported greenhouse gas emissions of 147 tCO₂e for session 2024/25. The shortlisting of the Just Transition Project "Under the Scissors" at the 2025 College Development Network awards highlighted the College's work to help raise environmental sustainability awareness. Estates projects continue to focus on high priority backlog maintenance issues and key projects such as LED lighting and gas boiler replacement work will embed environmental efficiency targets.

FINANCIAL POSITION

Financial results

The College's strategic financial aims have been to:

- Maintain its levels of Further Education (FE) provision, and to grow FE activity where funding opportunities exist.
- Generate annual growth in its levels of Higher Education (HE) in line with the strategic aims of the University of the Highlands and Islands (UHI).
- Grow non-SFC funded activity.
- Engage proactively in regional work to reduce costs and share services. While there has been some progress with regards to College specific initiatives, further benefits remain dependent on the development of a shared service mechanism across the UHI partnership.

Performance Report (continued)

The College is reporting a deficit of £1,650k for the 2024/25 financial year (FY 2023/24 £2,522k deficit). This represents an Adjusted Operating Position (AOP) deficit (as per the SFC's definition) of £833k before pension adjustments (FY 2023/24 £1,050k deficit). Excluding one off VSS related costs of £1.054k, the underlying AOP would be a surplus of £221k. The College closed the year with a positive cash balance of £1,352k (FY 2023/24 £1,460k).

Total income increased in 2024/25 by £1.03m from £12.65m to £13.68m (c.8%). The main reason for this is the increase in project funding received.

Total expenditure increased by £0.16m from £15.16m to £15.33m (c.1%). This reflected the impact of salary increases, partly offset by ongoing measures to reduce staff numbers, and a reduction in non-staff costs of £0.38m (c.12.3%) due to ongoing measures to reduce activity and discretionary spend.

Impact of FRS102 on Local Government Pension Scheme

In 2024/25 the College had a deficit before pension remeasurements of £1,650k (2023/24 deficit £2,522k). The Voluntary Severance Scheme, completed in December 2024, was the final element of the Financial Recovery Plan which was subsequently approved in March 2025 by the Board as having been fully implemented. The associated AOP financial impact is described above and is reported in Note 26.

One consequence of reclassifying Colleges as central government bodies is that, from 1 April 2014, while Colleges continued to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated and how the Colleges spend the cash funds previously earmarked for depreciation.

Table of Cash Budgets for Priorities Spend		
Revenue	2024/25	2023/24
	£'000	£'000
Student Support	209	209
Pay Award	168	168
Total Impact on Operating Position	377	377
Capital		
Loan Repayments	47	47
Total Capital	47	47
Total Cash Budget for Priorities Spend	424	424

However, it should be noted that the Scottish Funding Council has confirmed that a deficit resulting from the College following its 30 January 2015 guidance should be treated as a 'technical' deficit and should not be interpreted, on its own, as a challenge to the College's ongoing financial sustainability.

Liquidity

The operating cash inflow for 2024/25 was £13k (2023/24 operating cash inflow £343k).

Performance Report (continued)

The average closing monthly cash balance in 2024/25 was £1,596k (including student support funds) (2023/24 £1,559k) and the year-end balance was £1,352k – which is inclusive of student support funds of £268k (2023/24 £1,460 including student support funds of £279k).

The average cash position for 2024/25 continued to be significantly influenced by the level of backlog maintenance funding. Whilst projects were identified and parties engaged for the funding available, the College faced difficulty in securing timely completion of work.

Loan interest payable for the year was £5k (2023/24 £7k).

Creditor payment policy

The College's policy is to make payments to suppliers within 30 days which is as per the Late Payment of Commercial Debts (Interest) Act 1998. The College pays suppliers twice monthly and on occasion express supplier payments are made when operationally necessary. No interest was paid during the year under the above legislation.

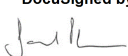
Going Concern

Note 1 to these financial statements outlines the Board's assessment of going concern. Accordingly, the Board considers that it is appropriate to consider that the College is a 'going concern' and these financial statements have been prepared on that basis.

Disclosure of information to auditors

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

Authorised for issue and approved by order of the members of the Board on 19 December 2025 and signed on its behalf by:

DocuSigned by:

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Mr D Patterson
Principal and Chief Executive

Accountability Report**CORPORATE GOVERNANCE REPORT****Directors' Report**

UHI Moray (based at Moray Street, Elgin, Moray, IV30 1JJ) became a fully incorporated College under the Further and Higher Education (Scotland) Act 1992. It is a registered Scottish charity (No. SC021205) and is recognized by HM Revenue and Customs as a charity for the purposes of section 505 of the Income and Corporation Taxes Act 1988 and as such is exempt from corporation tax on its charitable activities. At 31 March 2014 the Office for National Statistics reclassified the Scottish College sector as a department of central government. On 1 August 2014 the College was assigned to the University of the Highlands and Islands as part of the Highlands and Islands Regional Strategic Body.

As of the date of signing, the Board comprised 1 executive director, 5 non-executives, 2 student members, 2 staff members and 1 Trade Union member; the overall gender balance on the Board was 4 male and 7 female members which meets the government recommendations with regards to gender split. In 2024/25 we gained 2 co-opted members, Jessie McLeman returned to Audit committee following the end of her tenure and Prof. Gary Campbell joined the Learning, Teaching and Quality Committee.

The members who served on the Board of Management during 2024/25 and up to the date of approval of the annual report and financial statements are shown below, together with relevant Register of Interests:

Members Name	Date Appointed	End of Tenure	Date Resigned	Status of Appointment	Committee Membership
David Patterson	29/02/16	Duration of contract of employment		Principal	Learning, Teaching and Quality Finance and General Purposes Chairs Staff Governance
Stuart Cruickshank	01/08/21	31/07/25		Support Staff	Staff Governance Remuneration
Dr Jessie McLeman	01/08/24	31/12/25		Co-Opted	Audit
Caroline Webster	01/08/17	31/07/29 ²		Non-Executive	Finance and General Purposes Staff Governance

² Membership extended on 30 July 2025

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Elizabeth Hudson	23/06/22	26/06/26		Non-Executive	Learning, Teaching and Quality (Convener)
Grenville Johnston (Interim Chair from August 2025)	12/02/24	11/02/28		Non-Executive	Finance and General Purposes Staff Governance Chairs Remuneration
Clare Matysova	20/05/24	19/05/28		Non-Executive	Staff Governance Learning, Teaching and Quality
James Walls	20/05/24	19/05/28	12/06/25	Non-Executive	Audit (Convener) Chairs Remuneration Nomination
Ralph Luck	03/06/24	02/06/28		Non-Executive	Finance and General Purposes
Katy O'Connor	05/10/24	04/10/28		Teaching Staff	Learning, Teaching and Quality Staff Governance Finance and General Purposes Remuneration
Gary Campbell	21/11/24			Co-opted	Learning, Teaching and Quality
Alex Paterson (Interim chair Jul to Nov 24)	01/06/24	30/11/24	30/11/24	Non-Executive	Finance and General Purposes Staff Governance
Sarah Marshall	01/08/24	31/05/25		Student	Learning, Teaching and Quality Remuneration
Chloe Catmore	11/11/24	31/05/25		Student	Learning, Teaching and Quality Remuneration

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Eilidh Kennedy McLean (Chair)	01/12/24	30/11/28	28/08/25	Non-Executive	Chairs Remuneration
Roddy Burns (Vice-Chair from June 25)	01/12/24	30/11/28		Non-Executive	Staff Governance (Convenor) Chairs Remuneration
Colin Watson	09/06/25	08/06/29		Trade Union	Staff Governance Finance and General Purposes Remuneration Nominations
Jolene Young	01/09/25	31/08/29		Support Staff	Staff Governance Audit Remuneration
Emmaleigh Hay	01/08/25	30/06/26		Student	Learning, Teaching and Quality Remuneration
Charlotte Usher	27/10/25	30/06/26		Student	Learning, Teaching and Quality Remuneration

The Board of Management meets formally five times a year. During 2024/25, there were an additional 4 extraordinary meetings. The Board also has a number of committees which are formally constituted with terms of reference.

A summary of the Board members, and meetings attended during 2024/25 is shown below:

Accountability Report (continued)

Member	Board	Audit Committee	Finance & General Purposes Committee	Learning, Teaching & Quality Committee	Staff Governance Committee	Remuneration Committee	Joint Audit/Finance and General Purposes Committee
Mr D Patterson	9/9	n/a	4/4	3/3	2/3	1/1	1/1
Dr J McLeman	1/1	4/4	n/a	n/a	n/a	n/a	1/1
Mrs L Hudson	8/9	n/a	n/a	3/3	n/a	n/a	n/a
Mrs R Dewis	0/1	n/a	n/a	n/a	n/a	0/1	n/a
Mrs C Webster	7/9	n/a	4/4	n/a	n/a	n/a	1/1
Mr S Cruickshank	9/9	n/a	n/a	n/a	3/3	n/a	n/a
Mr D McCallum	1/3	n/a	n/a	n/a	n/a	n/a	n/a
Mr G Johnston	8/9	4/4	4/4	n/a	2/3	1/1	1/1
Mr R Luck	9/9	n/a	4/4	n/a	n/a	n/a	n/a
Mr J Walls	8/9	3/3	n/a	n/a	n/a	1/1	1/1
Ms C Matysova	7/9	n/a	n/a	3/3	3/3	n/a	n/a
Mr A Paterson	4/4	n/a	n/a	n/a	1/1	1/1	n/a
Katy O'Connor	5/6	n/a	n/a	3/3	2/3	n/a	1/1
Ms E Kennedy McLean	5/5	n/a	n/a	n/a	n/a	n/a	n/a
Mr R Burns	5/5	n/a	n/a	n/a	2/2	n/a	n/a
Mr G Campbell	n/a	n/a	n/a	1/3	n/a	n/a	n/a
Sarah Marshall	3/5	n/a	1/1	2/3	1/2	n/a	n/a
Chloe Catmore	3/4	n/a	n/a	2/2	0/1	n/a	n/a
Mr C Watson	1/1	n/a	1/1	n/a	n/a	n/a	n/a

In the above table, attendance is noted against meetings members could have attended based on their membership at the time.

Statement of Board of Management's Responsibilities

The Board of Management are responsible for preparing financial statements in the form and on the basis set out in the Accounts Direction issued by the Scottish Funding Council. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of UHI Moray and of its income and expenditure, changes in reserves, financial position, and cash flows for the financial year.

In preparing the financial statements, the Board is required to comply with the requirements of United Kingdom Generally Accepted Accounting Practice as adapted for the higher and further education sector by the 2019 Statement of Recommended Practice (the SORP) and the Government Financial Reporting Manual (FRM) and in particular to:

- observe the Accounts Direction issued by the Scottish Funding Council, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

Accountability Report (continued)

- state whether applicable accounting standards as set out in FReM have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Board's responsibilities include responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the assets of UHI Moray.

Governance statement

Introduction

Colleges are required to include in their annual report and accounts a statement covering the responsibilities of the Board in relation to corporate governance. This statement is required to indicate how the College has complied with good practice in this area.

It is a condition of the Financial Memorandum with the Regional Strategic Body that the Board meets the principles of good governance, set out in the 2016 Code of Good Governance for Scotland's Colleges and subsequently the revised 2022 Code of Good Governance for Scotland's Colleges. The College is committed to achieving best practice in all aspects of corporate governance. It has worked over recent years towards implementing all the changes recommended by the Cabinet Secretary's Good Governance Task Force to ensure compliance in all areas of the Code.

To ensure we are achieving best practice, the Code of Good Governance is regularly reviewed and updated by the Clerk to the Board and the Principal.

The College has an independent Clerk to the Board to support the work of the Board of Management. Throughout 2024/25 the Clerk to the Board continued to support the SLT and the Board with continuous communication on both sides. This continues to work well with actions arising from Board and Committee meetings being acted upon in a timely manner.

All Board and committee meetings are arranged to be held in person and have been since September 2022. However, to ensure inclusivity, members have the option to attend remotely. This has a positive effect on attendance.

As part of the Annual Board and Committee review, individual one-to-one development meetings are required to take place between every Board member and the Chair and Vice Chair. These meetings were conducted by the interim Chair following his appointment in July 2024.

Under the sector codes, externally facilitated governance effectiveness reviews must be undertaken every 3-5 years. This was undertaken during AY 2024/25, with a draft report being issued in October 2025.

The Board confirms that the Annual Report and Accounts are balanced, understandable and present a fair view of the state of affairs as at the end of the financial year.

Governing Body

The Board conducts its business through a number of Committees, each of which has terms of reference approved by the Board. The main committee through which the ordinary business of the Board is conducted is the Finance & General Purposes ("F&GP") Committee. There is also an Audit Committee (described in the Risk Management and Internal Control section below), a Staff Governance Committee, a Learning, Teaching and Quality Committee, and committees for Remuneration,

Accountability Report (continued)

Nominations and Chairs. All of the Board's committees are chaired by a non-executive member of the Board.

The Staff Governance Committee's terms of reference incorporate the Staff Governance Standards as determined by Colleges Scotland and the STUC. The committee's main remit is to ensure an effective system of corporate governance oversight for the management, safety and welfare of the workforce, including a workforce planning and development strategy. Beginning 2024/25, membership of the committee comprised three non-exec Board members, as well as the principal, both staff members and one student member. At the time of signing, we also have an additional student member and a Trade union member.

The purpose of the F&GP Committee is to ensure a sound system of internal financial management and control, monitoring the performance of that system on a regular basis throughout the accounting period. It recommends to the Board the College's annual revenue and capital budgets, and monitors performance in relation to the approved budgets. It also approves and recommends the Annual Report and Financial Statements to the Board. The Director of Finance attends the F&GP Committee but not as a member. Membership comprises at least three non-exec Board members, the Principal, a staff member and a student member. Although meetings of the F&GP committee were held throughout 2024/25, all matters were reported to the full board in detail due to the complexity of the financial situation.

In addition to the Board members (one executive, one staff, two student and two non-executive) and a co-opted member, beginning 2024/25 the Learning, Teaching and Quality Committee (LTQC) comprised of the three Heads of Curriculum, one Head of Academic Partnerships, the Quality Officer and the Learning Coach.

The Committee's purpose is to ensure the delivery of relevant and high-quality learning for students. It works in partnership with external bodies to enhance student experience, including employability and the relevance of learning to industry needs.

The Chair's Committee is called as necessary to deal with urgent business that cannot wait for a scheduled Board meeting. Membership includes the Board Chair, Vice-Chair, the four Committee Convenors and the Principal.

The Nominations Committee comprises members of the Chair's Committee, excluding the principal. It considers applications for membership to the Board of Management and makes recommendations for appointment to the full Board. It also reviews members' continuing professional development and training requirements. There were no meetings of the Nominations Committee held in 2024/25, and all decisions were taken via email and reported to the Board.

The Remuneration Committee should meet at least once a year. Membership comprises the Chair's Committee, excluding the principal, plus the two staff Board members, the two Student members and the Trade Union member. The timing and content of their meetings advises the Board in making key decisions on the salaries of senior staff.

Following the National bargaining agreement of the Support staff pay claim, a Remuneration Committee meeting was convened on 14 August 2024 to discuss and agreed to increase the salaries of senior staff on the same basis. Full Minutes of all meetings, except those deemed confidential and reserved, are available on the college website. Supporting papers are available from the Clerk to the Board.

Accountability Report (continued)

Statement of Compliance

The College complies with the principles of the 2022 Code of Good Governance for Scottish Colleges (“the Code”) and continues to identify and work on areas where improvements can be made in meeting the obligations set down in the Code.

The Principal’s Strategic Leadership Team considers issues of performance, internal control and risk and advises the Principal on strategy, operational planning and control, and any issues relevant to the running of the College.

In terms of governance and management, the College maintained compliance with the Code of Good Governance, except for C3 and C22 (which relate to a failure to deliver a balanced budget at year-end), and D25 (which relates to board members being subject to an annual appraisal).

Risk management and internal control

The Audit Committee membership at the beginning of the 2024/25 session comprised 2 non-executive Board members and 1 co-opted member, with external and internal auditors in attendance as appropriate. At the time of writing, we have added one staff member, one student member and a live recruitment exercise aimed at interested parties who have the qualifications and expertise required to join the Audit committee. The committee provides assurance to the Board on governance, internal control and risk management, as well as financial reporting issues. It considers detailed reports on internal controls, including recommendations for improvement along with management responses and implementation plans. It may also consider reports from the Scottish Funding Council and Audit Scotland, and it monitors adherence to regulatory requirements.

The committee received regular updates on Cyber Security, including details of the College’s contribution to the UHI Partnership achievement of the Cyber Essentials Plus standard and on-going enhancements to network and systems security. The College previously adopted the Education Alliance for Universities and Colleges framework for measuring the organizational maturity of the plans to achieve net zero and the committee received regular reports on progress.

The 2024/25 Internal Audit Report submitted by the College’s internal auditor concluded that risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related objectives were achieved for the period under review and up to the date of approval of the annual report and accounts, other than in the areas of Purchasing and Risk Management where process deficiencies are recognised and are currently being addressed.

An audit register is used by senior management to periodically review and progress all outstanding recommendations and that is also reviewed by the committee. During the period, the executive worked to ensure all recommended audit actions were addressed in a timely fashion. As of July 2025, there were fifteen outstanding actions in respect of audits completed during prior periods.

Internal audit activity undertaken in 2024/25:

Review	Conclusion	Recommendations
Risk Management	Limited	5
Payroll	Moderate	6
Board Effectiveness (Draft)	Moderate	4
Procurement (Draft)	Moderate/Ltd	6

Accountability Report (continued)

The College also has a whistleblowing policy and reporting process in place. No related disclosures were made during the reporting period.

In addition to the above reviews, the annual audits of Student Activity Data (Credits) 2024/25 the Student Support Funds Audit 2024/25 and the Education Maintenance Allowance (EMA) Audit 2024/25 were undertaken by Wylie Bissett (now Wbg).

Regarding the Credits Audit, the return was unqualified with no recommendations raised. No recommendations were made in relation to either the Student Support Funds Audit or the EMA Audit.

During the session, the Committee has continued to review risk management arrangements, including risk policy, the Board's appetite to risk and the risk management process. The risk register forms part of the risk management process and records internal and external risks and mitigating actions, following a template used across the UHI partnership. The risk register is on the agenda of each meeting of the Audit Committee.

Effective treasury and cash management was maintained throughout the year. The key feature of College treasury management policy continues to be low risk, banking with recognised UK high street banks and the avoidance of any form of currency or other speculation.

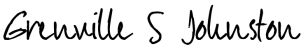
Details of any significant lapses of data security

There is nothing to report under the above for the College.

Conclusion

The Board of Management has no matters to report in respect of failures in the expected standards of good governance, risk management and control for the period ending 31 July 2025, other than those already noted above in respect of a balanced budget.

Authorised for issue and approved by order of the members of the Board on 19 December 2025 and signed on its behalf by:

Signed by:

 5014A550540F443...
 Lt Col. G S Johnston
 Interim Chair

DocuSigned by:

 047405F9A5A64D3...
 Mr D Patterson
 Principal and Chief Executive

Remuneration and staff report

The Remuneration Committee consists of the following members:

- Chair of the Board of Management;
- Vice Chair of the Board of Management;
- Convener of Finance and General Purposes Committee;
- Convener of Audit Committee;
- Senior Independent member;
- Staff members;
- Student members; and
- Trade Union member

The role of the remuneration committee is to determine the salary scales for key staff, and the remuneration within these scales of the most senior post-holders, including the Principal.

The Remuneration of the Principal and senior post holders is based upon the following:

- Formal salary review process;
- The gathering of evidence in consideration of SFC guidance;
- Current Scottish Public Pay Sector Policy;
- Benchmarking from other Colleges; and
- Any relevant submissions from staff and students.

In addition to the above the Remuneration Committee also considers any additional responsibility payments (or other non-consolidated payment) recommended by the Principal for Director level posts.

A meeting of the committee was held on 14 August 2024 to discuss and agree the salaries of senior staff following the agreement of the backdated pay awards for support and teaching staff (covering 1 September 2022 to 31 August 2025 for support staff and 1 September 2022 to 31 August 2026 for teaching staff).

Remuneration including salary and pension entitlements

The following table provides detail of the remuneration and pension interests of senior management of UHI Moray. The senior staff of UHI Moray have received the same lump sum consolidated uplifts in sessions 22/23, 23/24 and 24/25 as was agreed for support and teaching staff; the cumulative amount was paid in 2024/25. The information in this section of the Remuneration Report is subject to audit.

Remuneration and staff report (continued)

Name	Post	12 months ended 31 July 2025				
		Salary £'000	Other £000's	Pension Benefit £'000 ³	Total £'000	Full Time Annual Equivalent £'000
David Patterson ^{4&5}	Principal and Chief Executive	115-120	-	40-45	155-160	150-155
Derek Duncan ^{4&5}	Director of Information, Planning and Student Support	70-75	-	15-20	90-95	85-90
Carolyn Thomson ^{4&5}	Director of HR and Organisational Development	70-75	-	50-55	125-130	120-125
Murray Easton) ⁴ (started 01.04.25)	Interim Director of Finance	10-15	-	0-5	15-20	70-75

Name	Post	12 months ended 31 July 2024				
		Salary £'000	Other £000's	Pension Benefit £'000 ³	Total £'000	Full Time Annual Equivalent £'000
David Patterson	Principal and Chief Executive	105-110	-	55-60	160-165	160-165
Kenny McAlpine (left 09.01.24)	Deputy Principal	35-40	-	5-10	40-45	85-90
Derek Duncan	Director of Information, Planning and Student Support	60-65	-	0-5	65-70	65-70
Carolyn Thomson	Director of HR and Organisational Development	60-65	-	35-40	100-105	100-105
Shelly McInnes (left 05.04.24)	Director of Finance	40-45	-	20-25	65-70	85-90

The salaries in the above table represent the amount earned in the financial period and include gross salary and allowances to the extent that they are subject to UK taxation.

³ Responsibility Allowances have been excluded from pension benefit calculations

⁴ While a valuation was carried out as at 31 March 2023, it is not possible to say what deficit or surplus may affect future contributions. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

⁵ Salary reported for 2024/25 includes the backlog pay described above

Remuneration and staff report (continued)

The value of the pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period which is the estimated life span following retirement.

Notes:

Note 1 - The non-executive members of the Board of Management listed in the statement of Corporate Governance and Internal Control are not included in this remuneration report and did not receive any salary or benefits.

Fair pay disclosure

The fair pay disclosure table below illustrates the 25th and 75th percentile pay ratios, their comparison to the remuneration of the College's highest paid official, percentage changes from the previous year and explanation of any changes.

	2024/25 £'000	2023/24 £'000	Change %
Range of workforce remuneration	20-110	21-109	
Highest paid official remuneration	110	109	1
Median (total pay and benefits)	40	43	7
Median (salary only)	40	43	7
Ratio	2.7:1	2.53:1	
25 th percentile (total pay and benefits)	30	31	3
25 th percentile (salary only)	30	31	3
Ratio	3.67:1	3.52:1	
75 th percentile (total pay and benefits)	48	47	2
75 th percentile (salary only)	48	47	2
Ratio	2.28:1	2.32:1	

Based on the 12-month figures above, the banded remuneration of the highest paid official in the organisation in the financial year 2024/25 was in the range £110k-£115k (2023/24 £105k-£110k). This was 2.7 times (2023/24 2.54 times) the median remuneration of the workforce which was in the range £40k-£45k (2023/24 - £40k-£45k).

The change in percentage of the ratios year on year is minimal and will be due to changes to those on salaries affected by the living wage increase.

Senior Officials Pension

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below, together with the pension contributions made by the College. Special responsibility allowances have been excluded from pension benefit calculations.

Remuneration and staff report (continued)

Name	Accrued pension at pension age at 31 July 2025	Accrued pension at pension age at 31 July 2024	Real increase in pension 1 August 2024 – 31 July 2025	Real increase in lump sum 1 August 2024 – 31 July 2025	CETV at 31 July 2025	CETV at 31 July 2024	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
David Patterson	20-25	15-20	0-5	0-5	428	370	58
Kenny McAlpine (left 09.01.24)	N/A	20-25	N/A	0-5	N/A	500	N/A
Derek Duncan	20-25	15-20	0-5	0-5	471	414	57
Carolyn Thomson	30-35	30-35	0-5	0-5	596	536	60
Shelly McInnes (left 05.04.24)	N/A	5-10	N/A	0-5	N/A	82	N/A
Murray Easton	0-5	0-5	0-5	0-5	5	-	5

Cash equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- (i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market value factors for the start and end of the period.

Remuneration and staff report (continued)**STAFF REPORT****Number of senior staff by band****(excluding pension contributions and compensation for loss of office)**

	Year ended 31 July 2025		Year ended 31 July 2024	
	Senior post-holders	Other staff	Senior post-holders	Other Staff
£ 60,001 to £ 70,000	2	-	2	-
£ 70,001 to £ 80,000	-	-	-	-
£ 80,001 to £ 90,000	-	-	-	-
£ 90,001 to £100,000	-	-	-	-
£ 100,001 to £110,000	1	-	1	-
	3	-	3	-

Staff numbers and costs

	2025	2025	2025	2024
	Directly employed staff £'000	Seconded and agency staff £'000	Total £'000	Total £'000
Wages and salaries	8,904	-	8,904	8,727
Social security costs	837	-	837	826
Other pension costs	1,620	-	1,620	1,432
Total	11,361	-	11,361	10,985
Staff Numbers (FTE)	192	-	192	212

Staff comparison

On 31 July 2025 there were 247 contracted staff, 167 females and 80 males (2023/24 267 contracted staff - 179 females, 88 males).

Sickness absence data

The average sickness absence data rate over the period 1 August 2024 to 31 July 2025 was 2.28% (2023/24 2.45%).

Staff turnover

The average staff turnover percentage in 2024/25 was 26.34% (2023/24 15.15%)

Facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 July 2025.

Remuneration and staff report (continued)**Relevant Union Officials**

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1-50%	2
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£1,327
Total pay bill	£12,295,408
Percentage of the total pay bill spent on facility time	0.01%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours	-%
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Staff Policies

UHI Moray continues to operate a subgroup of the Joint Consultative Committees which considered relevant Equality Impact Assessments and provides recommendations on HR Policy development and review. The progress made by this group has been impacted by the absence of local trade union representatives, but with the appointment of local UNISON representatives and identification of an EIS/FELA representative to UHI Moray, the group plans to bring activities fully up to date in session 25/26

UHI Moray have retained membership of the Disability Confident Scheme which creates a movement of change, encouraging employers to think differently about disability and take action to improve how they recruit, retain and develop disabled people.

As a level 2 Disability Confident employer we are committed to and continue to:

- Actively looking to attract and recruit disabled people to fill our opportunities.
- Providing a fully inclusive and accessible recruitment process.
- Offering an interview to disabled people who meet the minimum criteria for the job.
- Flexibility when assessing people so disabled job applicants have the best opportunity to demonstrate that they can do the job.
- Proactively offering and making reasonable adjustments as required.
- Encouraging our suppliers and partner firms to be Disability Confident.
- Ensuring employees have appropriate disability equality awareness.

Remuneration and staff report (continued)**Fair Pay**

UHI Moray confirms its commitment to fair work practices in support of the Scottish Government's 'Fair Work First' policy. We report to the Staff Governance Committee of the Board of Management, demonstrating our commitment to Fair work and that this is embedded in our culture and CORE values of Collaboration, Openness, Respect and Excellence.

Payment of at least the Real Living Wage

UHI Moray is accredited as a Living Wage Employer, demonstrating our commitment to the pay rates in support of our lower paid staff and also our requirements of those we contract with.

Provide appropriate channels for effective workers' voice, such as trade union recognition.

We ensure access to an effective voice for staff through a number of channels, for example

- We recognise trade unions for the purposes of collective bargaining both locally and nationally, providing facility time to support Trade Union activities.
- In addition to this we have appointed staff representatives
- We now have a trade union member on our Board of Management
- We provide a management and meeting structure to enable college wide, multidirectional communication
- Our management meetings have open agendas and notes
- We operate both Board and Strategic Leadership Team surgeries
- We provide regular all staff updates in newsletter form and also in face to face sessions
- We engage in constructive dialogue with Trade Union representatives to address workplace issues or disputes.
- We facilitate opportunities for employee voice and feedback, such as college development days

Investment on Workforce Development

Development of our workforce and provision of opportunity is supported by:

- Continuing to invest in staff development, and provision of dedicated staff development days and blue sky thinking space
- Promoting and embedding diversity via our welcome, induction and ongoing development offering
- Operating a Professional Review and Development process, identifying needs in relation to development and progression
- Training line managers on coaching skills to support professional development discussions
- Providing mentoring opportunities
- Supporting those new and returning to teaching through a teaching induction
- Operating short life working groups encouraging the involvement of staff

No Inappropriate use of Zero Hours Contracts

Whilst we do operate a supply bank this is conducted in an appropriate manner ensure no imbalanced mutuality, implementing appropriate notice time and ensuring access to standard pro rata terms whilst work is being undertaken.

Remuneration and staff report (continued)

Expenditure on Consultancy

During the financial year 24/25, the spend on consultancy relating to recruitment was £30k (2023/24 £nil). Legal fees in relation to advice to UHI Moray with regard to Voluntary Severance and other HR matters amounted to £0.5k (2023/24 £nil).

Off-payroll engagements

The services of a part time finance professional has been engaged from March 2024 consequent upon the resignation of the full time Director of Finance. Details of this can be found in the table below:

Table 1: Highly paid off-payroll worker engagements as at 31 July 2025, earning £245 per day or greater.	2025	2025	2024	2024
	UHI Moray	Total £000's	UHI Moray	Total £000's
No. of existing engagements as of 31 July 2025	0	0	1	20
Of which...				
No. that have existed for less than one year at time of reporting*	0	0	1	20

* There was only one off-payroll engagement during the year which was for 7 months until 28.02.25 and went on the payroll from 01.04.25. The total cost was £37k.

Compensation for loss of office

An SFC approved Voluntary Severance Scheme was implemented during session 24/25 in furtherance of the Financial Recovery Plan. The scheme saw the departure of 25.086 FTE staff with Voluntary Severance Costs (including unavoidable Strain on Fund payments) amounting to £774,072 (2023/24 £nil). All cases with payback period over 12 months were approved by the SFC and the process was undertaken in accordance with SFC guidance.

Of the above, 32 employees left under voluntary severance terms between 31 August and 31 December 2025. Of these, 20 were teaching staff and 12 support. The support staff were LGPS members eligible for immediate access to pension. The cost to the institution of buying out the actuarial reduction on their pension was £233,206.

Remuneration and staff report (continued)

The table below summarises the exit packages by cost band.

Exit Package Cost Band	Number of Compulsory Redundancies	Number of other agreed departures (including any voluntary redundancies)	Total number of exit packages by cost band
< £10,000	-	4	4
£10,000 - £25,000	-	24	24
£25,000 - £50,000	-	4	4
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
Total number of exit packages	-	32	32
Total Cost (£)	-	540,866	540,866

Parliamentary Accountability Report

There is nothing to report under the above for UHI Moray.

Other Employee Matters

Session 24/25 saw the continuation of the progress in relation to the Financial Recovery Plan. This resulted in the last staff leavers through VSS leaving at the end of Dec 2024, and a significant reduction in staffing numbers over the period of the FRP. The remainder of session 24/25 saw considerable effort and significant positive engagement with staff on reviewing appropriate practices and procedures to maintain support to students with this reduced staffing level, whilst taking steps to recover student numbers. Two full College Development Days were held with consequent actions being implemented or being in plan.

National Pay Disputes

Session 24/25 saw a much more settled time in relation to national pay disputes with pay awards being agreed for both teaching and support staff.

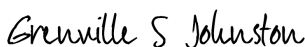
Local Disputes

Confirmation was received from both recognised Trade Unions that the local disputes raised in relation to the FRP and VSS were resolved. There are no current local disputes.

National Job Evaluation

A national Job Evaluation exercise for support staff roles relevant to the National Recognition and Procedures Agreement (NRPA) continues and is likely to continue into the next reporting period and beyond.

Signed by:



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Lt Col. G S Johnston
Interim Chair

DocuSigned by:



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Mr D Patterson
Principal and Chief Executive

Independent auditor's report to the Board of Management of UHI Moray, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of UHI Moray for the year ended 31 July 2025 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position, and Statement of Cash Flows and notes to the financial statements, including 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 accompanying financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2025 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. 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 were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. 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. Non-audit services prohibited by the Ethical Standard were not provided to the college. 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 basis of accounting

We have concluded that the 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 college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditor's report to the Board of Management of UHI Moray, the Auditor General for Scotland and the Scottish Parliament

These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, we report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our separate Annual Audit Report, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board of Management determines 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 Board of Management is responsible for assessing the college'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 there is an intention to discontinue the college's operations.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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. Procedures include:

- using our understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;
- inquiring of the College Principal as to other laws or regulations that may be expected to have a fundamental effect on the operations of the college;
- inquiring of the College Principal concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussion among our team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Independent auditor's report to the Board of Management of UHI Moray, the Auditor General for Scotland and the Scottish Parliament

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the risk is that the year-end expenditure transactions may be subject to potential manipulation in an attempt to operate within the resource limit allocated by the Scottish Funding Council. In response to this risk, we obtained confirmation of the resource limit allocated by the Scottish Funding Council and tested a sample of accruals, prepayments and invoices received around the year-end to assess whether they have been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud.
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

Independent auditor's report to the Board of Management of UHI Moray, the Auditor General for Scotland and the Scottish Parliament

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Other information

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be

Independent auditor's report to the Board of Management of UHI Moray, the Auditor General for Scotland and the Scottish Parliament

materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Independent auditor's report to the Board of Management of UHI Moray, the Auditor General for Scotland and the Scottish Parliament**Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement**

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

DocuSigned by:

Sarah McGavin

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Sarah McGavin, CA (for and on behalf of Deloitte LLP)
The Silver Fin Building
455 Union Street
Aberdeen
AB11 6DB

19 December 2025

**Statement of Comprehensive Income and Expenditure
for the year ended 31 July 2025**

	Note	31 July 2025 £'000	31 July 2024 £'000
Income			
Funding body grants	1	10,171	10,060
Tuition fees and education contracts	2	1,589	1,587
Research grants and contracts	3	1,453	308
Other income	4	468	700
Total Income		13,681	12,655
Expenditure			
Staff costs	5	11,361	10,985
Other operating expenses	7	2,657	3,029
Depreciation	11	1,308	1,147
Interest payable	8	5	7
Total Expenditure		15,331	15,168
Deficit on continuing operations after depreciation of tangible fixed assets at valuation and before tax		(1,650)	(2,513)
Loss on disposal of assets		-	(9)
Deficit on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax		(1,650)	(2,522)
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax	10	(1,650)	(2,522)
Remeasurement of pension scheme assets and liabilities	21	(96)	(545)
Total comprehensive income and expenditure for the year		(1,746)	(3,067)

The Statement of Comprehensive Income ("SOCl") is prepared under the FE/HE SORP. Colleges are also subject to Central Government account rules but the FE/HE SORP does not permit Colleges to include Government non-cash allocations for depreciation in the SOCl.

Note 26 provides details of the adjusted operating position on a Central Government accounting basis.

**Statement of Changes in Reserves
for the year ended 31 July 2025**

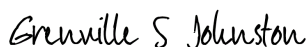
	General Reserve £'000 (Note 18)	Revaluation Reserve £'000 (Note 19)	Total £'000
Balance at 1 August 2023	1,528	19,279	20,807
Deficit from the income and expenditure account	(2,522)	-	(2,522)
Other comprehensive income	(545)	-	(545)
Transfers between revaluation and income and expenditure reserve	689	4,838	5,527
Balance at 1 August 2024	(850)	24,117	23,267
Deficit from the income and expenditure account	(1,650)	-	(1,653)
Other comprehensive income	(96)	-	(96)
Transfers between revaluation and income and expenditure reserve	888	(888)	-
Balance at 31 July 2025	(1,708)	23,229	21,518

**Statement of Financial Position
as at 31 July 2025**

	Notes	As at 31 July 2025 £'000	As at 31 July 2024 £'000
Non-current assets			
Fixed assets	11	34,864	35,872
		34,864	35,872
Current Assets			
Inventories		161	121
Trade and other receivables	12	205	378
Cash and cash equivalents		1,352	1,460
		1,718	1,959
Less creditors: amounts falling due within one year	13	(4,957)	(4,273)
Net current liabilities		(3,239)	(2,314)
Total assets less current liabilities		31,625	33,558
Creditors: amounts falling due after more than one year	14	(6,672)	(7,029)
Provisions	16	(3,432)	(3,262)
TOTAL NET ASSETS		21,521	23,267
UNRESTRICTED RESERVES			
Income and expenditure reserve - unrestricted	18	(1,708)	(850)
Revaluation reserve	19	23,229	24,117
TOTAL RESERVES		21,521	23,267

The financial statements on pages 37 to 69 were authorised for issue and approved by the Board of Management on 19 December 2025 and were signed on its behalf on that date by:

Signed by:



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Lt Col. G S Johnston
Interim Chair

DocuSigned by:



047405F9A5A64D3...

D Patterson
Principal and Chief Executive

Statement of Cash Flows
for the year ended 31 July 2025

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Cash flow from operating activities		
Deficit for the year before taxation	(1,650)	(2,522)
Adjustment for non-cash items		
Depreciation	1,308	1,147
(Increase)/Decrease in inventories	(40)	4
Decrease in debtors	173	1,261
(Decrease)/Increase in creditors	(195)	66
Increase in provisions	74	880
Other	(502)	(506)
Adjustment for investing or financing activities		
Interest payable	5	7
Gain on the sale of assets	-	6
Net cash inflow from operating activities	(827)	343
Cash flow from investing activities		
Capital grant receipts	300	325
Payments made to acquire fixed assets	(300)	(325)
Total cash flows from investing activities	-	-
Cash flows from financing activities		
Interest paid	(5)	(7)
New unsecured loans	774	-
Repayments of amounts borrowed	(50)	(38)
Total cash flows from financing activities	719	(45)
(Decrease)/Increase in cash and cash equivalents in the year	(108)	298
Cash and cash equivalents at beginning of the year	1,460	1,162
Cash and cash equivalents at end of the year	1,352	1,460

During the current year the members have presented the component parts of cash flows from investing and financing activities above, including comparative amounts, rather than in the notes to the accounts. This revised presentation is consistent with FRS 102's requirements.

Statement of Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, the 2023-24 Government Financial Reporting Manual (FREM) and Financial Reporting Standards (FRS 102). They conform to guidance published by the Scottish Funding Council and are presented in British Pounds (GBP).

Basis of accounting

The financial statements are on a historical cost basis, as modified by the revaluation of fixed assets and financial assets and liabilities at fair value.

Basis of consolidation

Under the terms the Post-16 Education (Scotland) Act 2013), the College was no longer able to hold cash reserves. Any such funds required to be transferred to an independent Arms-Length Foundation ("ALF"), to be administered by independent trustees, with these funds being utilised by independent claims submitted and awarded in-line with the College's strategic plans.

The College's ALF is The UHI Moray Fund, which is part of the Scottish Colleges Foundation. This has not been consolidated on the grounds that its transactions are not material.

Going Concern

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

Rolling 12-month cashflow projections have been prepared for the periods to July 2026 and July 2027. These recognise:

- staff pay rises already agreed
- real cuts in funding announced by the SFC

These cash flow projections show that as a result of the actions taken and additional funding received, the College should be financially sustainable through to the end of July 2027. Beyond that, the College would have a sustainable operating model provided the SFC funding policy then recognises the impact of national salary increases.

On the basis of the above, it is therefore considered that the College remains a going concern and the financial statements have been prepared on such a basis.

Statement of Principal Accounting Policies (continued)

Changes in Accounting Policies

There have been no changes to accounting policies in 2024/25. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information. Where 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 been applied.

Recognition of income

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

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

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

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

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 a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants 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 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

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

Statement of Principal Accounting Policies (continued)

Retirement benefits

Retirement benefits to employees of the College are provided by the North East Scotland Pension Fund (NESPF), 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).

These are defined benefit schemes which are externally funded, which are as follows.

North East Scotland Pension Fund (NESPF)/ Defined Benefit Scheme

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 returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College.

The College recognises 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.

Scottish Public Pensions Agency (SPPA)/ Defined Contribution Scheme

The assets of this scheme are held separately from those of the College in a separate trustee-administered fund. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, the scheme is accounted for as if it were a defined contribution scheme. As a result, the amounts charged to the Statement of Comprehensive Income and Expenditure represent the contributions payable to the scheme in the year.

In the event of staff taking early retirement, the full liability to the College is calculated and charged to the Statement of Comprehensive Income and Expenditure in the year of retirement, with a corresponding provision being established in the Balance Sheet.

A defined contribution scheme is a post-employment benefit plan under which the College pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Unfunded pension provision

The future long-term obligation in respect of early retirees, which is not funded by the aforementioned pension schemes, is provided for on the balance sheet. This provision is valued annually in accordance with guidance issued by the Funding Council.

Statement of Principal Accounting Policies (continued)

Employment benefits

Remuneration of Board members and senior managers disclosed in the remuneration report includes the value of employers' pension scheme contributions.

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

Foreign currency translation

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

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 are 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 building assets 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 latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.
- Non-specialised equipment, installations and fittings are valued at fair value. A depreciated historical cost basis is used as a proxy for fair value.

Statement of Principal Accounting Policies (continued)

- Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

To meet the underlying objectives established by the Scottish Government the following accepted variation of the RICS Appraisal and Valuation Manual have been required:

- Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.

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 arising from revaluations are recognised in the revaluation reserve, 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.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Expenditure. Any related balance on the revaluation reserve is transferred to the General Reserve.

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

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 charged on each main class of tangible asset as follows:

- 1) Freehold land is considered to have an infinite life and is not depreciated.
- 2) Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the College, respectively.
- 3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- 4) Buildings, fixtures and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.

Statement of Principal Accounting Policies (continued)

The above are depreciated on their component parts, which are primarily broken down per the following:

- Main Campus;
 - Alexander Graham Bell Centre;
 - Linkwood Technology Centre; and
 - Victoria Art.
- 5) Plant and machinery is depreciated over the estimated life of the asset.
- 6) Fixed assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Buildings	10-60 years
Plant, equipment, fixtures and fittings	5-10 years
Computer equipment	3 years

Land and buildings are revalued every 5 years for the purposes of the financial statements with interim valuations in year 3 of the 5-year cycle. Land and buildings were valued as at 31 July 2024 (full valuation) on the basis of depreciated replacement cost by J&E Shepherd in accordance with RICS Valuation.

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’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 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’s activities for more than one year and they have a cost of at least £5k.

Leased assets

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset 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.

Statement of Principal Accounting Policies (continued)**Inventories**

Inventories are stated at the lower of their cost and net realisable value. Provision is made for obsolete and defective inventories.

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 purchased. Non-payroll expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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 disclosed in the notes.

Agency arrangements

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

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.

Statement of Principal Accounting Policies (continued)*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 estimated future cash flow.

The College assesses 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.

Key sources of judgement 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. In preparing these financial statements no judgements are made.

The estimates that have a significant risk of a causing material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

- Estimates and assumptions regarding estimated impairment of the College estate and useful life of assets.
- Estimated actuarial assumptions in respect of post-employment benefits, in particular the liability from LGPS membership.

Statement of Principal Accounting Policies (continued)**Revaluation reserve**

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

Notes to the Financial Statements

1. Funding body grants

	2025 £'000	2024 £'000
SFC recurrent grant (including fee waiver)	6,726	6,738
UHI recurrent grant – HE provision	2,445	2,595
Capital funding	316	159
FE childcare funds	104	144
Release of deferred capital grants (SFC)	297	296
Other SFC grants – FE provision	164	-
Other UHI grants – HE provision	119	128
	10,171	10,060

2. Tuition fees and education contracts

	2025 £'000	2024 £'000
FE fees – UK	679	458
HE fees	750	825
Skills Development Scotland (SDS) contracts	163	150
Other contracts	(3)	154
	1,589	1,587

3. Research grants and contracts

	2025 £'000	2024 £'000
Release of deferred capital grants (UHI)	205	209
European funds	-	(2)
Other grants	1,248	1,291
Job Evaluation income*	-	(1,190)
	1,453	308

*In 2018, a national job evaluation exercise was started with the purpose of harmonising support and middle management staff roles and salary costs across the College sector in Scotland. The 2023-24 Accounts Direction from the Scottish Funding Council (SFC) however, signalled a change in the funding arrangements which required the accounting treatment to be revised.

Reserved cash funding previously held by the SFC was returned to Scottish Government in 2023 and although it is recognised that responsibility for funding now sits with the Scottish Government, insufficient evidence has been provided for this income to continue to be recognised in the financial statements. On this basis, the revenue element of £1,190k was de-recognised in the accounts in 2023/24 (see also Note 16).

Notes to the Financial Statements (continued)**4. Other income**

	2025	2024
	£'000	£'000
Catering and residences	57	74
Nursery	123	197
Hairdressing and beauty	48	45
Early Learning Support (ELS) Income	16	51
Rent	49	65
Other income	175	268
	468	700

5. Staff numbers and costs**Staff numbers (full-time equivalent):**

	2025	2024
Academic/Teaching departments	77	94
Academic/Teaching services	28	31
Administration and central services	66	72
Premises	10	10
Other expenditure	11	14
	192	221
Staff on permanent contracts	167	190
Staff on temporary contracts	25	31
	192	221

Notes to the Financial Statements (continued)

Staff costs:	2025 £'000	2024 £'000
Academic/Teaching departments	5,141	5,903
Academic/Teaching services	1,158	1,272
Administration and central services	2,565	2,448
Premises	399	420
Other expenditure	1,423	1,496
Voluntary Severance	774	-
Pension movement	(99)	(554)
	11,361	10,985
Wages and salaries	8,904	8,727
Social security costs	837	826
Other pension costs	1,620	1,432
	11,361	10,985

Pension provision adjustment

The pension provision in respect of unfunded enhanced early retirements has been calculated based on an interest rate of 0.0% (2023/24 interest rate 0.0%) which resulted in a decrease in provision of £69k (2023/24 decrease of £6k). This adjustment is included in the other expenditure section of staff costs (above) as well as the adjustment made in respect of FRS102.

Included in staff costs are adjustments in respect of the FRS102 pensions adjustments amounting to - £99k (2023/24 -£554k).

6. Senior post-holders' emoluments

	2025 Number	2024 Number
Senior post-holders including the Principal:	4	3
Senior post-holders' emoluments including the Principal:	£'000	£'000
Salaries	279	315
Pension contributions	55	70
	334	385

Notes to the Financial Statements (continued)

Amounts paid to the Principal:	£'000	£'000
Salary (including backlog increases paid in 2025)	115	106
Pension contributions	20	23
	135	129

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Scottish Teachers Superannuation Scheme and the Local Government Pension Scheme and are paid at the same rate as for other employees.

Members of the Board of Management, other than the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

7. Other operating expenses

	2025 £'000	2024 £'000
Academic/Teaching departments and services	477	605
Administration and central services	913	1,008
Agency staff	129	161
Premises	981	1,062
Other expenditure	91	90
Catering and residences	66	103
	2,657	3,029

All expenditure included irrecoverable VAT. No special payments were made in the year.

Other operating expenses include:	2025 £'000	2024 £'000
Auditor's remuneration:		
external audit	33	19
internal audit	30	17
Disbursements of childcare funds to students	104	144
Legal services	-	13
Hire of plant and machinery – operating leases	47	41

8. Interest payable

	2025 £'000	2024 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in less than 5 years	5	7
	5	7

Notes to the Financial Statements (continued)**9. Taxation**

The Board does not consider that the College is liable for any corporation tax arising out of its activities during the year.

10. Total comprehensive income expenditure for the year

	2025	2024
	£'000	£'000
Total comprehensive income expenditure for the year is made up of the following:		
Deficit for the year	(1,650)	(2,522)
Remeasurements of pension scheme assets and liabilities	(96)	(545)
	(1,746)	(3,067)

11. Tangible fixed assets

	Freehold Land and Buildings £'000	Plant & Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost / Valuation				
At 1 August 2024	36,692	2,945	2,904	42,541
Additions	41	121	138	300
Revaluation	-	-	-	-
At 31 July 2025	36,733	3,066	3,039	42,841
Depreciation				
At 1 August 2024	2,383	2,712	1,574	6,669
Charge for the year	999	94	215	1,308
At 31 July 2025	3,382	2,806	1,789	7,977
Net book value				
At 31 July 2025	33,351	260	1,250	34,864
Net book value				
At 31 July 2024	34,309	233	1,330	35,872

Inherited assets and those financed by capital grant may only be sold with prior consent of the Scottish Funding Council (SFC). The College is obliged to use sales proceeds in accordance with the instructions of the SFC.

Land and buildings are revalued every 5 years for the purposes of the financial statements with an interim valuation after 3 years. Land and buildings were valued as at 31 July 2024 (full valuation) on the basis of depreciated replacement cost by J&E Shepherd in accordance with RICS Valuation.

Notes to the Financial Statements (continued)

Had land and buildings not been revalued historically they would have been included at 31 July 2025 as:

	£'000
Cost	13,852
Aggregate depreciation based on cost	<u>(4,049)</u>
Net book value based on cost	<u>9,803</u>

12. Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	38	45
Prepayments and accrued income	163	257
Other debtors	4	76
	<u>205</u>	<u>378</u>

13. Creditors: Amounts falling due within one year

	2025 £'000	2024 £'000
Loans and overdrafts (secured) (see note 15)	116	38
Payments received in advance	920	824
SFC Loan (see note 15)	774	-
SFC advance*	2,000	880
Trade creditors	63	72
Other creditors	36	361
Other taxation and social security	15	430
Accruals and deferred income	241	895
Bursary and access funding	268	278
Capital grants	524	495
	<u>4,957</u>	<u>4,273</u>

*Liquidity Support of £2,000k from the Scottish Funding Council which is interest free and provided as an in-year advance of grant income.

14. Creditors: Amounts falling due after more than one year

	2025 £'000	2024 £'000
Moray Council loan	-	128
Capital grants	<u>6,672</u>	<u>6,901</u>
	<u>6,672</u>	<u>7,029</u>

Notes to the Financial Statements (continued)**15. Borrowings**

	2025 £'000	2024 £'000
Repayable as follows:		
In one year or less	890	38
Between one and two years	-	38
Between two and five years	-	90
In five years or more	-	-
	890	166

Borrowings include:

- a loan from Moray Council, secured over College buildings; the outstanding balance of £116k was repaid in full in October 2025.
- a loan of £774k from the Scottish Funding Council to fund the cost of the 2024/25 severance program; the loan is interest free with no specified repayment date.

These balances are reported as Creditor amounts due in less than one year.

16. Provisions for liabilities and charges

	Early retirement pension costs £'000	STSS pension costs £'000	Job evaluation costs £'000	2024/25 Total £'000	2023/24 Total £'000
At 1 August 2024	1,704	126	1,432	3,262	1,835
Expenditure in the year	(140)	-	-	(140)	(132)
Reclassification	-	-	-	-	1,190
Additional provision required in year	140	-	242	382	374
Revaluation adjustment	(69)	(99)	-	(168)	(550)
Pension valuation changes	-	96	-	96	545
At 31 July 2025	1,635	123	1,674	3,432	3,262

The Early Retirement provision is in respect of unfunded enhanced early retirements for which the College is liable and is valued in line with SFC guidance as explained in Note 5

The STSS provision relates to a liability arising from the Scottish Teachers Superannuation Scheme as explained in Note 25; this balance, which is increasing annually by £242k, was previously held as an accrual but was reclassified as a provision in 2023/24 in line with the Accounts Direction from the SFC

The Job Evaluation provision is the estimated payroll liability associated with an ongoing national exercise as explained in Note 3.

Notes to the Financial Statements (continued)**17. Financial Instruments**

Under the SORP, the College is required to disclose information about the significance of the financial instruments held over the year and the nature and extent of risks arising from those instruments.

Financial instruments arise when a contract exists that creates a financial asset in one entity and a financial liability or equity instrument in another. In common with other bodies funded by central government, the College is restricted in its ability to borrow and therefore has a lesser degree of exposure to financial risk than entities with more freedom. The College does however have one historic loan, as listed in the tables below.

The College has limited powers to invest surplus funds. Financial assets and liabilities are the result of day-to-day operational activities, and there is no flexibility to use investments and borrowing to smooth out cyclical variations in funding or cash flow.

The following categories of financial instruments are shown in the balance sheet:

Financial assets and liabilities

	Long term		Current	
	31 July 2025	31 July 2024	31 July 2025	31 July 2024
	£'000	£'000	£'000	£'000
Financial assets – loans and receivables				
Trade receivables	-	-	38	45
Cash and cash equivalents	-	-	1,352	1,460
Total loans and receivables	-	-	1,390	1,505
Financial liabilities at amortised cost				
Trade and other payables	-	-	2,063	954
Long term borrowing	-	128	-	-
Total financial liabilities at amortised cost	-	128	2,063	954

Income, expense, gains and losses

The gains and losses recognised in the Statement of Comprehensive Income and Expenditure and Movements in Reserves in relation to financial instruments are shown in the table below:

31 July 2024		31 July 2025		
£'000		£'000	£'000	£'000
		Financial liabilities	Financial assets	
		Liabilities measured at amortised cost	Loans and receivables	Total
(7)	Interest expense	(5)	-	(5)
-	Gains/Losses on revaluation	-	-	-
(7)	Net (loss) for the year	(5)	-	(5)

Notes to the Financial Statements (continued)*Fair values of assets and liabilities*

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value is assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated interest rate at 31 July 2025 for loans from Moray Council 3.78%
- A loan of £774k from the Scottish Funding Council is interest free with no specified repayment date
- No early repayment or impairment is recognised
- The fair value of trade and other receivables is taken to be the billed amount

The fair values are as follows:

	31 July 2025		31 July 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Borrowing repayable				
Moray Council	116	114	166	160
SFC Loan	774	774	-	-
Total	890	888	166	160

The fair value of borrowing repayable is greater than the carrying amount because the College's loans were taken out at a time when interest rates were generally higher than they are at present.

*Risks associated with financial instruments**Liquidity risk*

Liquidity risk is defined as the risk that the organisation is unable to settle or meet its obligations on time or at a reasonable price. UHI Moray manages its liquidity risk after taking into account business needs, capital, funding and regulatory requirements. Management monitors the College's net liquidity position through rolling forecasts of expected cash flows. The College's cash and cash equivalents are held with major regulated financial institutions.

UHI Moray maintains short-term liquidity by judicious management of its cash deposits and working capital. Over the longer term there is a requirement to repay borrowings and the maturity profile of the College's loans as per note 15.

Interest rate risk

The College is exposed to interest rate risk on its historic borrowing, which was obtained at fixed rates. A rise in interest rates has the effect of reducing the fair value of loans. However, since the loans are shown at amortised cost on the Balance Sheet, there is no impact from interest rate changes on the Statement of Comprehensive Income and Expenditure.

Notes to the Financial Statements (continued)*Credit risk*

The Royal Bank of Scotland currently holds a long-term credit rating of A from Standard and Poor's. This means that it has a strong capacity to meet its financial commitments but is somewhat susceptible to the adverse effects of changes in circumstances and economic conditions.

Credit risk in respect of receivables is limited, due to the organisation's customer base being large and diverse. Our historical experience of collecting receivables, supported by the level of defaults, is that the credit risk is higher for amounts receivable from individuals than from businesses. We carry out an impairment review of receivables each year to identify an appropriate level of provision. Balances are considered for impairment on an individual basis and by reference to the extent to which they become overdue. The maximum credit risk exposure at the reporting date is £1,390k (2024: £1,505k), being the sum of cash and cash equivalents and trade and other receivables. The fair values are not significantly different to carrying values.

18. General Reserve

	Income and Expenditure Account Reserve	Pension liability	Total	Income and Expenditure Account Reserve	Pension liability	Total
	£'000	£'000	2025 £'000	£'000	£'000	2024 £'000
At 1 August	(724)	(126)	(850)	1,663	(135)	1,528
Deficit from the Statement of Comprehensive Income and Expenditure	(1,749)	99	(1,650)	(3,076)	554	(2,523)
Transfer from revaluation reserve	888	-	888	689	-	689
Remeasurement of pension scheme assets and liabilities	-	(96)	(96)	-	(545)	(545)
At 31 July	(1,585)	(123)	(1,708)	(724)	(126)	(850)

Notes to the Financial Statements (continued)**19. Revaluation reserve**

	2025	2024
	£'000	£'000
At 1 August	24,117	19,279
Revaluations in the year	-	5,527
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(888)	(689)
At 31 July	23,229	24,117

20. Analysis of changes in net funds

	At 1 August			At 31 July
	2024	Non Cash	Cash flows	2025
	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,460	-	(108)	1,352
	1,460	-	(108)	1,352
Debt due within 1 year	303	(469)	(724)	(890)
Debt due after 1 year	(492)	492	-	-
	1,271	23	(832)	462

21. Pension and similar obligations**Accrued pension benefits**

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which was a notionally funded and contracted out of State Earnings-Related Pension Scheme until 1 April 2016 when it stopped being contracted out, and the Local Government Pension Scheme (LGPS).

Both STSS and LGPS were final salary pension schemes until 31 March 2015. From 1 April 2015 they are Career Average Revalued Earnings (CARE) pension schemes. This means that pension benefits were based on the final year's pay and the number of years that the person has been a member of the scheme.

The scheme's normal retirement age is 60 or 65, or SPA depending on the length of membership in the scheme. Contribution rates are set annually for all employees of the NESPF scheme and monthly for the STSS scheme.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

Notes to the Financial Statements (continued)**Scottish Teachers Superannuation Scheme (STSS)**

IAS 19 - Employee Benefits paragraph 148 - Multi-employer plans

(a) UHI Moray participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government.

The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2023.

(b) UHI Moray has no liability for other employers' obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme

(d)(i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the UHI Moray is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2025 is 26% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2023, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) UHI Moray's level of participation in the scheme is 0.15% based on the proportion of employer contributions paid in 2024/25.

Contributions to the STSS, on a pay as you go basis, are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. This Act and associated regulations include the requirement that any deficit should be funded by a supplementary contribution over a 40-year period.

Total contributions for the year ended 31 July 2025 were £1,513k (2023/24 £1,351k) of which employers contributions totalled £1,117k (2023/24 £984k) and employees contributions totalled £396k (2023/24 £400k). Total contributions for the year included NIL outstanding at the balance sheet date (2023/24 £130k).

Notes to the Financial Statements (continued)

The current contribution rates are: Employees Banded rates salary based ranging 7.35% to 12.14%
Employers 26.0% from 01.04.2024

The appropriate provision in respect of unfunded enhanced early retirement pension benefits is included in Provisions.

FRS 102

Under the definitions set out in Financial Reporting Standard 102 the STSS is an unfunded multi-employer defined benefit scheme. Assets and liabilities of the fund are not separately identified between the participating employers and as a result the College is unable to identify its relevant share of the underlying assets and liabilities of the fund. Accordingly, the College has accounted for its contributions as if it were a defined contribution scheme.

In the past, the College accounted for pension contributions to the Local Government Pension Scheme as if it were a defined contribution scheme. This meant that the liability to pay for future pensions of current staff was not recognised on the balance sheet as required by FRS102. Historically, the actuary only identified assets and liabilities for the North East of Scotland Colleges on an aggregate basis which meant Colleges received a pooled valuation and shared a common contribution rate. From 2015/16, the SORP requires the College to bring the estimated liability based on actuarial valuation onto the balance sheet and to restate prior year figures.

The long-term obligation of early retirees which is not funded by the pension scheme had previously been reflected as a provision in the balance sheet based on valuation guidance provided by the Scottish Funding Council. With the implementation of the SORP, the provision needed to be amended to remove Local Government retirees and avoid double counting. This affected both current and previous year figures.

The actuary estimates the liability using a range of assumptions to which a discount factor is applied to determine the current value. The discount factor applied in 2025 was 5.8% (2024: 4.9%).

To reflect the pension liability on the balance sheet, the provision decreased by £3k to £123k (decreased by £9k in 2023/24), which was largely due to the actuarial assumptions applied.

North East Scotland Pension Fund (NESPF)

The North East Scotland Pension Fund is a statutory multi-employer defined benefit scheme. It is administered by Aberdeen City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 2008, as amended.

A valuation for the purpose of FRS 102 of the North East Scotland Pension Fund was performed at 31 March 2023 by a qualified, independent actuary.

Total contributions for the year ended 31 July 2025 were £1,107k (2023/24 £1,115k) of which employers contributions totalled £888k (2023/24 £856k) and employees contributions totalled £219k (2023/24 £259k). Total contributions for the year included NIL outstanding at the balance sheet date (2023/24 £188k).

The current contribution rates are: Employees Tiered rates based on salary ranging 5.5% to 9.5%.
Employers 17.4% from 01.04.2024

Notes to the Financial Statements (continued)

The amounts recognised in the SOCI are as illustrated in the below table, under Other Comprehensive Income and Expenditure:

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Current service cost	602	639
Interest on obligation	8	(338)
Administration expenses	-	16
Past service cost	193	-
Total	803	317
Other comprehensive income and expenditure		
Remeasurements (assets and liabilities)	96	672
Restriction of plan assets under FRS102	(11,726)	(7,398)

The assets and liabilities recognised in the SOFP are as follows:

	As at 31 July 2025 £'000	As at 31 July 2024 £'000
Present value of the defined benefit obligation	20,553	22,322
Present value of unfunded benefit obligations	123	126
Fair value of plan assets	(32,279)	(29,720)
Restriction of plan assets under FRS 102	11,726	7,398
Net (asset)/liability	123	126

Reconciliation of the present value of the scheme liabilities (the defined benefit obligation):

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Opening defined benefit obligation	22,448	20,659
Current service cost	602	639
Interest on pension liability	1,105	1,062
Contribution by members	219	237
Past service cost	193	-
Experience Gain	(83)	(96)
Loss/(Gain) on assumptions	(3,138)	696
Loss/(Gain) on demographic assumptions	279	(75)
Curtailments	-	-
Unfunded benefits paid	(14)	(15)
Benefits paid	(935)	(659)
Closing defined benefit obligation	20,676	22,448

Notes to the Financial Statements (continued)

Reconciliation of movements in the fair value of the scheme assets:

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Opening fair value of scheme assets	29,720	26,705
Expected return on assets	1,459	1,400
Contribution by members	219	237
Contribution by the employer	888	871
Contributions in respect of unfunded benefits	14	15
Remeasurement of assets	928	1,197
Unfunded benefits paid	(14)	(15)
Benefits paid	(935)	(674)
Administration expenses	-	(16)
Closing fair value of scheme assets	32,279	29,720

The assets in the scheme are:

		Value at 31 July 2025		Value at 31 July 2024
	%	£'000	%	£'000
Equities	59.0	19,045	58.2	17,296
Government Bonds	19.0	6,133	5.4	1,605
Property	15.0	4,842	6.2	1,843
Cash	7.0	2,260	2.9	862
Other	0.0	-	27.3	8,114

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2023 rolled forward to 31 July 2025.

The significant assumptions used by the actuary are as follows:

	Year ended 31 July 2025 % pa	Year ended 31 July 2024 % pa
Pension increase rate	2.75	2.70
Salary increase rate	4.25	4.10
Discount rate	5.80	4.90
Average future life expectancies at age 65 are summarised below:		
Future pensioners (males / females)	22.6 / (25.1)	21.9 / (24.7)
Current pensioners (males / females)	21.3 / (23.5)	20.6 / (23)
The employer contributions for year to 31 July 2026 will be approximately	655	726

Notes to the Financial Statements (continued)

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table below. The sensitivity analyses are determined based on reasonably possible changes of assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation of the scheme	Increase in Assumption £'000	Decrease in Assumption £'000
0.1% decrease in Real Discount Rate (2%)	-	368
1 year increase in member life expectancy (4%)	827	-
0.1% increase in salary increase rate (0%)	22	-
0.1% increase in the Pension Increase/Rev Rate (CPI) (2%)	355	-

Impact on the College's Cash Flows

The triennial valuation was completed at 31 March 2023, which is effective from 31 July 2023.

The total contributions expected to be made to the Local Government Pension Scheme by the College in the year to 31 March 2026 is £655k. If actual assumptions are the same, the total pension cost recognised in the Statement of Comprehensive Income and Expenditure in 2025/26 is estimated to be £478k.

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and other relating to the validity of certain historical pension changes. This case may have implications for other defined schemes in the UK. The impact of the case is continuing to be assessed and any potential impact of the College accounts will be considered in future year

22. Non-cash allocation

The College's adjusted operating position as at 31 July 2025 is illustrated below:

	2024/25	2023/24
	£'000	£'000
Deficit before other gains and losses (FE/HE SORP basis)	(1,650)	(2,522)
Add back: Non-cash allocation for depreciation (net of deferred capital grant) also pension adjustments	622	78
Operating (deficit) on Central Government accounting basis	(1,028)	(2,444)

Following reclassification, Colleges received additional non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, Colleges show a deficit equivalent to net depreciation (where funds are spent on revenue items) in order to meet Government accounting rules and the requirement to spend the entire cash allocation.

Notes to the Financial Statements (continued)

Under the FE/HE SORP, the College recorded an operating deficit of £1,650k for the year ended 31 July 2025. After taking account of the Government non-cash budget, the College shows a deficit on a Central Government accounting basis. This demonstrates that the College was not operating sustainably within its funding allocation.

Underlying Operating Position		
	2024/25	2023/24
	£'000	£'000
Deficit before other gains and losses	(1,650)	(2,513)
<u>Add back:</u>		
- Depreciation (net of deferred capital grant release)	806	642
- Exceptional non-restructuring costs (e.g. impairment)	-	-
- Pension adjustment - Net service cost (FRS102 Staff cost adjustment)	(107)	(232)
- Pension adjustment - Net interest costs	(8)	(338)
- Pension adjustment - Early retirement provision	(69)	6
- Costs of middle management job evaluation exercise not matched by revenue	242	1,432
<u>Deduct:</u>		
- Revenue funding allocated to loan repayments and other capital items*	47	47
Underlying Operating Surplus/(Deficit)	(833)	(1,050)

* This line eliminates the extent to which the Cash Budget for Priorities (net depreciation) is used for capital items otherwise the operating position is overstated.

Part of the College's Financial Recovery Plan involved a Voluntary Severance Scheme (VSS). As the College was unable to fund the cost of the VSS, an application for financial assistance was made to the SFC. When the SFC agreed to fund the cost of the scheme, it initially proposed that financing would come in the form of grant income. This would have resulted in a nil net effect on the Income & Expenditure Statement. Subsequently, the SFC advised that financing would be provided as a loan. The VSS was completed in December 2024 at a cost of £774k which is reported as expenditure in the current period but clearly with no income offset.

23. Capital commitments

At 31 July 2025 the College had no capital commitments (2023/24 £nil).

24. Financial commitments

At 31 July 2025 the College had annual commitments under non-cancellable operating leases as shown:

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Other		
Falling due within one year	22	22
Falling due within one and two years	-	44
Falling due within two and five years	-	-
	22	66

Notes to the Financial Statements (continued)**25. Related party transactions**

The Board of Management of UHI Moray is a body incorporated under the Further and Higher Education (Scotland) Act 1992, which is a member of the University of Highlands and Islands Regional Board and supported sponsored by the Scottish Funding Council (SFC), who in turn are sponsored by the Scottish Government Advanced Learning and Science Directorate (SGALSD).

SGALSD is regarded as a related party. During the year the College had various material transactions with other entities for which SGALSD is regarded as the sponsoring directorate. These include UHI, SAAS and the SFC. Transactions with UHI are shown below.

The College had no transactions in the year with publicly funded or external bodies in which members of the Board of Management hold or held official positions.

Aggregate transactions with the University of the Highlands and Islands*:

	2025	2024
FE Funding	6,726,385	6,737,707
HE Funding	2,445,126	2,553,826
Sales ledger	212,384	278,388
Purchase ledger	88,204	199,440
Debtors	24,744	29,026
Creditors	262	8,967

*Amount/ balances shown below are exclusive of other funding passed via UHI (i.e. FWDF, ESIF etc)

26. Post balance sheet events

The College had no post balance sheet events.

27. Bursaries and other student support funds

	FE Bursaries £'000	FE Hardship £'000	EMA £'000	HE Hardship £'000	2024/25 Total £'000	2023/24 Total £'000
At 1 August	122	8	30	82	242	259
Allocation received in year	1,302	146	53	230	1,731	2,353
Virements	-	-	-	-	-	(11)
Expenditure	(1,056)	(154)	(51)	(232)	(1,493)	(1,546)
Repaid to Funding Council as clawback	(211)	-	-	-	(211)	(248)
In year Re-Distribution	-	-	-	-	-	(565)
At 31 July	157	-	32	80	269	242

Represented by:

Repayable to UHI as clawback	-	-	-	-	-	-
Repayable to Region for Re-distribution	-	-	-	-	-	-
Repayable to Funding Council as clawback	-	-	-	-	-	-
Retained by College for students	157	-	32	80	269	242
	157	-	32	80	269	242

Notes to the Financial Statements (continued)

Funding Council grants are available solely for students and the College acts as paying agent only. Funds held in trust are reflected on the balance sheet as both cash and a current liability, and the grants and related disbursements are excluded from the income and expenditure account.

28. Childcare funds

	2024/25	2023/24
	£'000	£'000
At 1 August	36	37
Allocation received in year	68	143
Expenditure	(104)	(144)
Repaid to Funding Council as clawback	-	-
Virements	-	-
At 31 July	-	36
Represented by:		
Repayable to UHI as clawback	-	-
Repayable to Region for Re-distribution	-	-
Repayable to Funding Council as clawback	-	-
Retained by College for students	-	36
	-	36

FE Childcare transactions are included within the College income and expenditure account in accordance with the Accounts Direction issued by the Scottish Funding Council.

APPENDIX 1 - 2024-25 Accounts direction for Scotland's Colleges

1. It is the Scottish Funding Council's direction that institutions⁵ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts⁶.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned Colleges).
3. Incorporated Colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2024-25 (FReM) where applicable. In case where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated Colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2025.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated Colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
14 August 2025

⁵The term "institutions" includes Colleges and Glasgow Colleges' Regional Board.

⁶ Glasgow Colleges' Regional Board was dissolved on 30 July 2025. The Scottish Funding Council will be responsible for preparing the 2024-25 accounts. This applies to all references made to Glasgow Colleges' Regional Board throughout this document.

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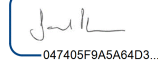
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Certified Delivery Events

Status

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Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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Payment Events	Status	Timestamps