

REGISTERED NO. SC646337

CHARITY REGISTRATION NO. SC050701

SHETLAND UHI
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

SHETLAND UHI CONTENTS

	Page
Legal and administrative information	2
Report of the trustees' and strategic report	4 – 17
Statement of Corporate Governance and Internal Control	18 - 22
Statement of Directors responsibilities	23
Independent Auditor's Report	24 – 27
Statement of Comprehensive Income	28
Statement of Changes in Equity	29
Statement of Financial Position	30
Cashflow Statements	31
Notes to the Financial Statements	32 - 46

SHETLAND UHI LEGAL AND ADMINISTRATIVE INFORMATION

Members	<p>Andrew Anderson (resigned 20 October 2021) Christopher Bolton (appointed on 11 May 2022 and resigned on 24 October 2022) Maria Bell (appointed 19 November 2021) Simon Clarke (appointed 20 November 2021) Simon Collins (appointed 19 November 2021) Grant Cumming (appointed 19 November 2021 and resigned 14th February 2023) Lauren Doughton Rory Gillies (appointed 19 November 2021 and resigned 21st April 2023) Glenn Gilfillan (resigned on 20 October 2021) John Goodlad Karen Hall Graeme Howell Florence Jansen (resigned on 18 February 2022) Jane Lewis Cally Jane Mair (resigned on 29 April 2022) Ian McCormack (appointed 1 July 2022 and resigned 7th January 2023) Elizabeth Mouat (resigned on 20 October 2021) David Sandison Angela Sutherland (appointed 20 October 2021) George Wallington (resigned on 20 October 2021) Lucy Wilson (appointed on 11 May 2022 and resigned on 16 November 2022) Susan Beer (appointed 29th March 2023) Sinead Lucock (appointed 3rd February 2023) Valerie Nicolson (appointed 12th April 2023) Mason Robbins (appointed 17th April 2023)</p>
Chief Executive	Jane Lewis
Company Secretary	<p>Matthew Sierocinski King Roger Sendall (resigned 1 August 2021)</p>
Registered Office	<p>Gremista Industrial Estate Lerwick Shetland ZE1 0PX</p>
Registered Number	SC646337
Charity Registration Number	SC050701
Bankers	<p>Virgin Money 106 Commercial Street Lerwick ZE1 0JJ</p>
Solicitors	<p>Thorntons Solicitors 1 West Regent Street Glasgow G2 1RW</p>

**SHETLAND UHI
LEGAL AND ADMINISTRATIVE INFORMATION**

External Auditors Wylie & Bisset (Audit) Limited 168 Bath Street Glasgow G2 4TP	Internal Auditors BDO 70 York Street Glasgow G2 8JX
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SHETLAND UHI

REPORT OF THE TRUSTEES AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2022

[Shetland UHI](#) is the new college for Shetland, formed through the merger of the NAFC Marine Centre UHI, Shetland College UHI and Train Shetland vesting on 1st August 2021. As a new tertiary college, bringing together provision from across Shetland we seek to develop productive partnerships with key stakeholders to ensure we continue to provide the research, knowledge, and skills to support education, research, engagement and sustainable economic development for the Isles.

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

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

The college operates across two campuses – in Lerwick and Scalloway, with Learning Centres across the Isles in North Mainland, Brae, Whalsay and Northern Isles.

Introduction

The long-awaited merger and creation of Shetland UHI came during the Covid-19 pandemic. In common with the rest of the sector, Covid-19 proved an extremely challenging environment for staff and students. Providing teaching and learning with covid mitigations created additional issues, and took considerable innovation and resilience from staff and students to continue to operate in a more remote way.

The new college was created using a 'phoenix model' requiring new processes procedures and methods of working to be developed for operation. Whilst initial preparations were underway at the point of vesting, the first year of operation was a time of exploration of the different ways of working across the organisation and development and implementation of new processes and procedures for the new entity. Alongside this a review of structure was instigated with senior management restructure completed by May 2022 and both professional services and academic restructure begun.

Strategic vision

A new strategic plan, aligned to the UHI strategy '[Daring to be Different](#)' was developed for the college for 2021-25 and approved by the Transition Board on 21st July 2021.

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Mission

The purpose of the college is:

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

Vision Statement

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

Values

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

- Collaboration
- Openness
- Respect
- Excellence

Strategic Aims

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

Tertiary Education

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

Research and Knowledge Exchange

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

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Engagement

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

Enterprise

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

Implementation

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

Financial Results

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

	2021-22 £'000
(Deficit) before other gains and losses	(657)
Deduct:	
Pension adjustment – Net service cost	1,029
Pension adjustment – Net interest cost	177
Adjusted operating (deficit)	(1,863)

Taxation Status

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

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Treasury Policies and Objectives

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

Cash Flows

The College had a net cash inflow of £369,000 in the year to 31st July 2022.

Liquidity

The College had cash balances of £369,000 at the year end.

Creditor Payment Policy

The College aims to pay its suppliers within 30 days.

The College's average creditor payment period is 50 days in 2022. Trade Creditors were £284,000 at 31st July 2022. The College did not pay any interest during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

Charitable Objectives

Activities and achievements of Shetland UHI for 2021- 2022 are given below against our charitable objectives

Objective 1

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

In academic year 2021-22 Shetland UHI delivered the following:

- 3060 overall enrolments
 - 72 Full Time Further Education
 - 2585 Part Time Further Education
 - 128 Full Time Higher Education
 - 275 Part Time Higher Education
- There were 99 new Apprenticeships undertaken by people in the Shetland Isles supported by Shetland UHI
- Shetland UHI offered a wide range of short courses
 - 234 short courses run supporting local people and companies.
 - 1719 delegates attended these courses
 - This equates to 573 days of training provided by Shetland UHI.

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

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

- COSCA Introduction to Counselling
- RADAR course
- Workboat Stability
- History of Shetland in 100 sites
- A new PhD Creative Practice programme was developed to be hosted by Shetland UHI and delivered online. This new post graduate research programme successfully completed external review and validation in June 2022

Objective 2

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

Shetland UHI has engaged with learners, organisations and other experts from around the world in 2021-22.

A bespoke international online course was developed and delivered for US 'Soy Bean' company in conjunction with fish farmers in seven South East Asian countries. The aim was to offer online digital training for different subject areas to promote education for off-shore cage aquaculture. There were 30 students for this course.

The **CPD Aquaculture Management** online course was developed and is continued to be delivered by UHI Shetland to enable flexible education for national and international students. Overseas students are from countries such as Iceland, Russia and Hong Kong.

Another popular international course delivered by Shetland UHI is **Fish Welfare**. This course has been delivered internationally for many years particularly Iceland and Norway. This flexible course enables overseas students to obtain the compulsory fish welfare certification for stock movements.

Shetland UHI hosted Professor Ray Hilborn of the School of Aquatic and Fisheries Sciences at the **University of Washington**. Professor Hilborn's visit formed part of UHI Shetland's strategic development in partnership with the seafood industry. Shetland UHI were able to facilitate a meeting with Professor Hilborn and the local seafood industry and research scientists, and a public lecture entitled "*The Future of the Food from the Sea*".

Shetland UHI hosted the **Island Studies International Conference** in June 2022 in *Creativity, Ingenuity and Practice*. This saw around 40 people take part in the conference from around the globe including visitors from as far afield as Canada and the Easter Islands.

In October 2021, UHI Shetland hosted a **Defence and Security Accelerator Event** with SaxaVord Spaceport. Local individuals, companies and organisations with innovative schemes or ideas in technology, data or manufacturing were invited to find out how to access support and/or funding. Speakers from organisations including DASA, Censis, The Data Lab, ESA Business Applications, KTN, Innovate and Interface presented to delegates.

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

In order to extend access to the college, plans were developed for works to refurbish the ground floor of Port Arthur House for **student accommodation** for the 2022-23 academic year.

Objective 3

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

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

Notable achievements during the reporting period include:

- Ongoing work associated with maintaining Shetland Islands Regional Marine Plan with associated research projects and publications.
- Completion of a Horizon2020 project where UHI Shetland delivered a case study on pelagic self-sampling. This has led to a strategic 5-year partnership with Scottish Pelagic Fishermen's Association to continue and develop a programme of research around pelagic fisheries science.
- Delivery of the annual shellfish stock assessment to the Shetland Shellfish Management Organisation, enabling them to continue implementation of their Fisheries Management Plans.
- Deployment of an Imaging Flow Cytobot and ongoing collaboration with Scottish Association for Marine Science (SAMS) to support harmful algal bloom and biotoxin alerts for Shetland aquaculture.
- MoU signed between UHI Shetland and 'Shetland Fishermen' to maximise benefits of mutual interests in relation to fisheries policy and fisheries management issues.

The marine planning section has undertaken research to promote positive behavioural change to reduce impacts on the marine environment by people and industry. This research leads to the creation of best practice guidance relating to the impacts of individuals and industry on the marine environment.

Early 2022 saw the initial development of the Centre for Sustainable Seafood; a new research centre based at Shetland UHI to provide an independent focus of expertise to support the seafood industry in Scotland, the UK and internationally.

Shetland UHI is building on NAFC Marine Centre's 30 years of experience in fisheries, marine spatial planning, and aquaculture, bringing a wealth of knowledge, expertise and connections to provide an excellent foundation for the Centre for Sustainable Seafood. Shetland UHI's longstanding relationships with the seafood industries have been developed and sustained through consistent delivery of the research and teaching outputs that meet sectoral requirements.

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

The Centre for Sustainable Seafood will be driven by the needs of industry first and foremost, providing the research and skills needed to address global challenges and keep the seafood sector at the cutting edge of sustainable food production.

The Centre for Sustainable Seafood at its heart will be its collaboration with industry and other stakeholders, built on strong relationships with those who work in the marine environment and their communities. The Centre will utilise the knowledge and expertise of these partners to co-create research, gather data and inform policy that is grounded in real-world knowledge and experience. The Centre will also work with industry and stakeholders to develop new educational courses and tools to encourage a wider interest in the seafood sector and address gaps in skills and knowledge.

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

- The CIC won a competitive commission to deliver The Knab Creative Strategic Framework for Shetland Arts and Shetland Islands Council. This strategy document was developed from public engagement workshops and interviews with a wide range of Shetland residents. The strategy will be used by Shetland Arts to underpin the 10 year programme of public art commissions to be developed as part of the Knab Project and funded from the Islands Growth Deal.
- Following the signing of an MoU with National Trust for Scotland, the first *Brodie Illuminated* event was held in November 2021 in the grounds of Brodie Castle near Forres. This series of night-time public events uses creative lighting, sound and projection to open up the estate at night to paying audiences. This successful event has created a new income stream for the NTS team at Brodie Castle. The MoU is due to run for three years with the option to extend to 5 years. The MoU allows for the gradual increase in the number and types of collaborations with NTS to include staff from several other disciplines over time.
- Staff collaborated with a team from RGU to host an Immersive Scotland Network workshop which attracted attendees from multiple universities across the UK.
- Collaborative research was carried out with University of the Arctic
- Carnegie funded research resulted in the publication of a paper about knitting in Shetland and Ireland
- CIC staff collaborated with researchers from Glasgow School of Art on their AHRC funded project in Shetland on Place Based Knowledge Exchange
- Work continued on the development of the Creative Islands Wellbeing programme as part of the Islands Growth Deal. CIC lead the 'Imagining an Island' workstream, a £400k programme of research, knowledge exchange and educational activities over a period of 8 years.
- Staff presented at several conferences including:
 - o The Creativity Conference in Elgin, June 2022
 - o An invited speaker night at St. Machar Cathedral, Aberdeen, March 2022
 - o A keynote speaker for Iranian Electrical Engineer, Architects and Students, Sept 2021

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Objective 4

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

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

Citizen science, as well as research led surveys, have been utilised to gather these data, including drone surveys, shore surveys and acoustic surveys. An updated baseline survey of the distribution of marine non-native species in the Shetland Islands was carried out across eighteen sites as part of ongoing surveillance for the arrival of high-profile invasive species which might negatively impact the marine environment. This included eDNA water sampling for the high impact species *Didemnum vexillum* which was confirmed as absent in sampled sites. **UHI Shetland sits on the working group for marine invasive species** in Scotland and has contributed to ongoing discussions about improving data management and biosecurity in Scotland.

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

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

Objective 5

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

Shetland UHI have continued to facilitate accessible learning opportunities for the benefit of learners around the islands.

The **Introduction to Care** short course was developed to support individuals into employment in the care sector. This course was ideal for those returning to work, unemployed or on temporary contracts.

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

As a college, we are reactive to requests from NHS Shetland & Shetland Island Council; responsive to request to support workforce development and needs of community. One such course was the **PDA Understanding Addictive Behaviour** to support staff working in the care sector.

Core skills within SVQs help to **upskill in ICT, numeracy and communication**. These skills are embedded in the curriculum, to support learners who are undertaking SVQs.

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

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

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

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

Objective 6

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

Shetland UHI fully engaged in the Shetland Local employability Partnership

The demand for apprenticeships remains strong within the isles. The pandemic affected the provision of the learning content, with some of our learners having to access the content online, which was hard for the courses with the practical element. Some of the content is delivered externally to Shetland through the use of subcontractors, involving the apprentices having to travel south. The travel continued to be disrupted for 21/22.

Despite the restrictions and inability to meet with people face-to-face (including at recruitment events), 99 apprentices across a range of disciplines were recruited. Our achievement rate remained in excess of 80% (SDS target 75%). In March however, we were able to attend a DYW event focussed on apprenticeships, where we were invited to speak to the audience about Foundation and Modern Apprenticeships.

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

One very good recent example of this partnership working in practice is the **Steps to Work / Employability Fund** programme where the college delivered a three-credit course to individuals on the Employability Pathway / Moving on projects. These individuals successfully completed the SQA Employability group award, part of which was an 8-week supported work placement with college drop-in support every Friday.

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

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

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

Objective 7

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

Shetland UHI's student support team were behind the development of the **Transition Group** to support care experienced young people access further education and promote inclusion. This group meets with other agencies and support workers involved in youth work and young people and can facilitate extra support for those moving to college education.

Shetland UHI are a corporate parent and participate in the local corporate parenting group 'the Meids'.

The Home and Belonging project was a collaborative project between the Centre for Creative Industries and Who Cares Scotland?, exploring the notion of 'home & belonging' with care experienced young people and their communities in Shetland and the Highlands and Islands using artistic research and socially engaged art practices. Funded by Life Changes Trust.

Courses that aim to advance citizenship and community development include the **PDA Youthwork**. This course is an excellent qualification to introduce students to youth work or working with young people. Shetland has 22 Youth Clubs operating from Baltasound to the Ness. These youth clubs are run in partnership between Shetland Islands Council Youth &

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Employability Services and voluntary management committees. Shetland Islands Council Youth & Employability provides Youth Workers for each club. The Local Authority also has staff located in secondary schools across Shetland, delivering a variety of youth work programmes and opportunities.

Another course is the **HNC Communities**. This qualification is all about how to support the development of community capacity. Providing a local, national and global view of factors which affect our communities. This course is suited to anyone working or volunteering with community-based groups, giving you the opportunity to gain a professional qualification in Community Learning and Development (CLD) The course explores issues commonly faced by communities, and looks at approaches designed to overcome those barriers, supporting community groups to make a positive impact in their local areas.

Shetland Community Wildlife Group: UHI Shetland, via HLF funding, has promoted marine citizenship via the Shetland Community Wildlife group (SCWG). The SCWG provides the community an opportunity to become involved in marine and terrestrial biological data gathering. This helps communities to become more actively involved in gathering data which underpins decision making, becoming more engaged citizens. A focus on creating a sense of community within the project, has allowed a focus on wellbeing from learning new skills, empowerment and creating new social connections. SCWG has connected with ~500 people during this reporting period.

As part of the work of UHI Shetland on marine biosecurity, community members were invited to participate in marine invasive species monitoring and engagement events to increase awareness of biosecurity issues and encourage reporting of novel non-native species. Workshops were held in Scalloway, Lerwick, Yell, Burra, and Fair Isle, and engaged with volunteers, families and the school in Fair Isle.

Objective 8

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

Shetland UHI has developed through the Centre for Islands Creativity, **the Arctic Connections** international project, Nordic Connections: Learning from the past to shape the future. This project was awarded one of the first grants by the new Scottish Government Arctic Connections fund.

The project explored two issues that threaten contemporary society — catastrophic climate change and nuclear disaster — through dialogue and mutual creative enquiry by young people, university researchers, partner organisations and individual members of the participating local island communities, Unst in Shetland and two islands, Onøy and Lurøy in northern Norway. The islands share histories as well as a deep concern for the future viability of our planet. Through the course of the project a range of other shared issues and qualities linked to daily life emerged. Partner organisations included: Baltasound Junior High School, Unst; Nord Universitet, Campus Nesna (Norway); Northern Isles Community Development, Shetland Islands Council; Onøy/Lurøy Skole; Centre for Island Creativity, UHI Shetland; UHI Moray; Unst Heritage Centre. The project generated a collection of audio recordings, a Prototype geodesic dome using an immersive gaming platform developed by Finlay MacDonald and work created by schools in their creative making activities – a film, a geodesic dome (displayed at the Unst Heritage Centre), audio interviews, drawings and

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

collages. Participating researchers gave a public talk in Unst in March 2022 and at an online conference in April 2022 for the Immersive Scotland research Network, jointly hosted by the Centre for Island Creativity and Robert Gordon University.

Students have been receiving recognition for their work this year; two Shetland UHI students had their work recognised by the Bradford Textile Society.

A Shetland UHI Fine Arts student won second place at the Shetland Screenplay (Britain's most northerly film festival) in the amateur film category.

Three Shetland UHI apprentices won at the annual ALBA awards. Lantra Scotland, the sector skills council for land, aquaculture and environmental conservation industries, hold annual Awards for Land-based and Aquaculture Skills (the ALBAs).

Derek Ferguson, Overall Modern Apprentice Runner Up and Winner of the Higher Education SCQF Level 9+ Award.

Emmanuelle Rey, Winner of the Aquaculture category.

Emily Underhill, Runner up of the Aquaculture category.

Conferences and public talks have included:

- **Rethinking visual art practices in the Highlands and Islands from an archipelagic perspective**, ICASS X Tenth International Congress of Arctic Social Sciences: Arctic Generations: Looking Back and Looking Forward, 15-19 June 2021, Arkhangelsk, RUSSIA; included students and alumni from our programme.
- **Rethinking visual art practices in the Highlands and Islands**, The Edge, hosted by HARC AND SILK research clusters, included our students and alumni examples of work. September 2021
- **Ambiguity, uncertainty and inconclusiveness**: a social art practice in Shetland, inaugural professorial lecture by Professor Roxane Permar October, UHI, 2021
- **Landscape in Pain: Viking energy wind farm and solastalgia in Shetland**, at Relate North 2021: Everyday Extremes, hosted by Tomsk State University, Russia, November 2021
- **Digital imagining: Bringing Interactive Media into Social Art Practice** with Malcolm Clark and Finlay MacDonald, Immersive Scotland Event #3, Centre for Island Creativity UHI Shetland and Robert Gordon University, April 2022.
- **Shetland: a tale of light at 60° North**, invited speaker, Women in Light Global Gathering online conference, March 2022

Objective 9

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

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

SHETLAND UHI REPORT OF THE TRUSTEES AND STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

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

Shetland UHI engaged with SaxaVord Spaceport for “**Space 101 Day**” to bring STEM and Space experts to the Shetland community through a day of talks.

Objective 10

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

Shetland UHI acts as an academic partner with UHI as Regional Strategic Body in a number of ways. Staff and students engage with UHI across the region. Ranging from Partnership Council which the Shetland UHI Principal attends, to formal and informal meetings, practitioners’ groups and training for staff around the partnership.

Shetland UHI takes part in networked courses, and research and knowledge partnerships with other academic partners around the UHI.

We contribute to the delivery of the Regional Outcome Agreement.

The University of the Highlands and Islands also announced the appointment of Shetland UHI’s Dr Beth Mouat as its first islands’ strategy director. Dr Mouat leads the delivery of its islands’ strategy which sets out the university partnership’s plans to enhance its activity for the benefits of staff, students and communities across Orkney, Shetland and the Western Isles.

Objective 11

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

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

Islands Deal: Shetland UHI contributed strongly to the development of several Islands Deal projects including Shell-volution, TalEntEd, Creative Islands and Wellbeing and leading on the Shetland campus redevelopment project for which the outline business case was approved in March 2022. Further to this the project was expanded to include space innovation elements and was revised and resubmitted for approval in June 2022.

Shetland Islands Marine Planning partnership: UHI Shetland and the Shetland Islands Council together form the Shetland Marine Planning Partnership (SMPP) (under delegated

**SHETLAND UHI
REPORT OF THE TRUSTEES AND STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**


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

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

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

To work to ensure effective skills development for Shetland we contributed to the development and activities of **Shetland Space Education and Employment Steering Committee** and **Shetland Energy Skills Transition Group**.

Approved by order of the members of the Board of Management on 26/04/2023 and signed on its behalf by:

DocuSigned by:

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Name: David Sandison
Chair

DocuSigned by:

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Name: Professor Jane Lewis
Principal and CEO

SHETLAND UHI STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

The Shetland UHI Board of Management

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

Chair

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

Executive Director

The Principal of UHI Shetland.

Independent (Non-Executive) Directors

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

(A number of members of the former Transition Board of Management were automatically appointed to the Board of Management at the vesting date on 1st August 2021.)

Staff Directors

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

Student Directors

Two student directors were appointed: the Regional President (or another regional nominee) and the Shetland Local Depute of the [Highlands and Islands Students' Association \(HISA\)](#).

Committees

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

**SHETLAND UHI
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2022**

Committees include:

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

Members of the Board of Management

- David Sandison (Chair) (Chair of Search and Nominations Committee)
- Graeme Howell (Vice-Chair) (Chair of Finance Committee)
- Jane Lewis (Principal and Executive Director)
- Maria Bell
- Chris Bolton
- Simon Clarke (Teaching Staff Director)
- Simon Collins (Chair of Human Resources and Remuneration Committee)
- Grant Cumming
- Lauren Doughton (Chair of Audit Committee)
- Rory Gillies
- John Goodlad
- Karen Hall (Chair of Learning, Teaching and Research Committee)
- Angela Sutherland (Non-Teaching Staff Director)
- Lucy Wilson
- Florence Jansen
- Cally Jane Mair
- Andrew Anderson
- Glenn Gilfillan
- Ian McCormack
- Elizabeth Mouat
- George Wallington
- Susan Beer
- Sinead Lucock
- Valerie Nicolson
- Mason Robbins

**SHETLAND UHI
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2022**

In order to support the development of the new college the Board of Management and its sub-committees met frequently throughout academic year 2021/2022.

04/08/2021	Finance and General Purposes Committee
18/08/2021	Board of Management
01/09/2021	Finance and General Purposes Committee
15/09/2021	Board of Management
29/09/2021	Learning, Teaching and Research Committee
06/10/2021	Finance and General Purposes Committee
20/10/2021	Board of Management
02/11/2021	Search and Nominations Committee
17/11/2021	Board of Management
24/11/2021	Human Resources and Remuneration Committee
01/12/2021	Finance and General Purposes Committee
08/12/2021	Search and Nominations Committee
02/02/2022	Finance and General Purposes Committee
03/02/2022	Learning, Teaching and Research Committee
09/02/2022	Board of Management
02/03/2022	Finance and General Purposes Committee
16/03/2022	Search and Nominations Committee
30/03/2022	Human Resources and Remuneration Committee
20/04/2022	Finance and General Purposes Committee
28/04/2022	Learning, Teaching and Research Committee
11/05/2022	Board of Management
18/05/2022	Human Resources and Remuneration Committee
15/06/2022	Human Resources and Remuneration Committee
29/06/2022	Finance and General Purposes Committee
13/07/2022	Audit Committee
20/07/2022	Board of Management

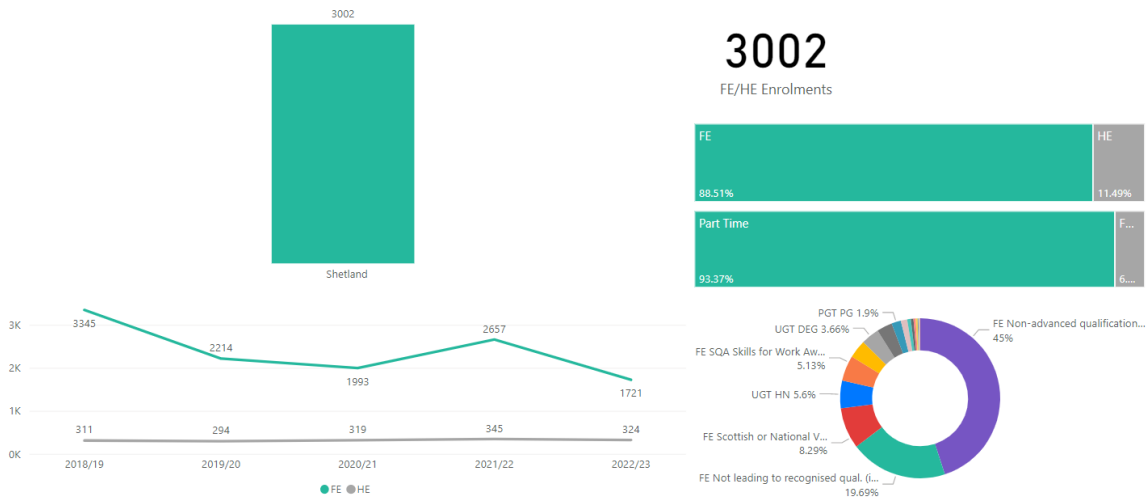
**SHETLAND UHI
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
FOR THE YEAR ENDED 31 JULY 2022**

Name	Board of Management	Committees				
		Audit	Finance and General Purposes	Human Resources and Remuneration	Learning Teaching and Research	Search and Nominations
David Sandison	85.7% (6/7)		87.5% (7/8)	75% (3/4)		100% (3/3)
Graeme Howell	100% (7/7)		100% (8/8)	75% (3/4)		33.3% (1/3)
Jane Lewis	100% (7/7)		100% (8/8)	75% (3/4)	100% (3/3)	100% (3/3)
Andrew Anderson	100% (2/2)					
Maria Bell	74.1% (5/7)		100% (1/1)		66.7% (2/3)	
Christopher Bolton	100% (2/2)	100% (1/1)				
Claire Christey	100% (2/2)	100% (1/1)				
Simon Clarke	100% (5/5)				100% (2/2)	
Simon Collins	74.1% (5/7)			100% (4/4)		0% (0/2)
Grant Cumming	74.1% (5/7)		0/1 (0%)	75% (3/4)		
Lauren Doughton	85.7% (6/7)	100% (1/1)		100% (2/2)	100% (3/3)	
Glenn Gilfillan	0% (0/2)		100% (3/3)			
Rory Gillies	57.1% (4/7)		25% (2/8)	25% (1/4)		
John Goodlad	74.1% (5/7)				66.7% (2/3)	100% (3/3)
Karen Hall	71.4 (5/7)			50% (2/4)	100% (3/3)	50% (1/2)
Florence Jansen	60% (3/5)		80% (4/5)		100% (2/2)	
Cally Jane Mair	60% (3/5)				50% (1/2)	33.3% (1/3)
Ian McCormack	0% (0/1)					
Elizabeth Mouat	100% (2/2)				100% (1/1)	
Angela Sutherland	100% (5/5)		80% (4/5)	50% (1/2)		
George Wallington	50% (1/2)		100% (3/3)			
Lucy Wilson	50% (1/2)	0% (0/1)				

SHETLAND UHI STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

Summary of student numbers

Enrolments at Shetland: 2021/22



- Part time FE enrolment numbers well exceeded the levels during the pandemic years, but were not in line with pre-pandemic levels.
- Part time HE enrolment numbers were strong; the second highest for Shetland in a five-year period.
- Full-time FE enrolment numbers were down, which was seen across the wider college sector.
- Full-time HE enrolments numbers peaked in 2021, in parallel with the wider sector, which may be linked to uncertainty around Covid and the desire to remain at home. This number remained higher throughout the academic year.
- A strong Skills for Work intake; averaging an estimated 40% of all S3 learners in Shetland were engaged in the Skills for Work programme.
- Short course numbers rose with strong demand for courses linked to local industry.

Approved by order of the members of the Board of Management on 26/04/2023 and signed on its behalf by:

DocuSigned by:

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Name: David Sandison
Chair

DocuSigned by:

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Name: Professor Jane Lewis
Principal and CEO

SHETLAND UHI STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 31 JULY 2022

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

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

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

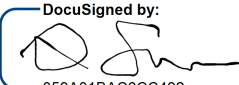
In preparing the financial statements, the Board of Management is required to:

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

The Board of Management has taken reasonable steps to:

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

Approved by order of the members of the Board of Management on 26/04/2023 and signed on its behalf by:

DocuSigned by:

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Name: David Sandison
Chair

DocuSigned by:

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Name: Graeme Howell
Vice

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

FOR THE YEAR ENDED 31 JULY 2022

Opinion

We have audited the financial statements of Shetland UHI College (the charitable company) for the year ended 31 July 2022 which comprise the Statement of Financial Activities (incorporating an income and expenditure account), the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2022, and of the College's surplus for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2016; Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

SHETLAND UHI

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

FOR THE YEAR ENDED 31 JULY 2022

Other information (continued)

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

We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

SHETLAND UHI

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

FOR THE YEAR ENDED 31 JULY 2022

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

SHETLAND UHI

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

FOR THE YEAR ENDED 31 JULY 2022

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

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

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

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

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

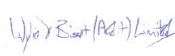
- Tested journal entries recorded on the charitable company's finance system to identify unusual transactions that may indicate override of controls.
- Reviewed key judgements and estimates for any evidence of management bias.

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

Use of our report

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

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

DocuSigned by:

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Scott Gillon
(Senior statutory auditor)
For and on behalf of Wylie & Bisset (Audit) Limited
Statutory Auditor
Glasgow
Date: 26 April 2023

SHETLAND UHI**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £'000	2021 £'000
Income			
Funding council grants	3	3,213	-
Tuition fees and education contracts	4	1,712	-
Other grants and contracts	5	673	-
Other income	6	1,273	-
Total Income		6,871	-
Expenditure on:			
Staff costs	7	6,805	-
Other operating expenses	8	1,639	-
Depreciation	12	110	-
Interest and other finance costs	9	180	-
Total Expenditure		8,734	-
(Deficit) before other gains and losses		(1,863)	-
Actuarial gain in respect of pension schemes	16	7,664	-
Total Comprehensive Income for the year		5,801	-
Represented by:			
Unrestricted comprehensive income for the year		5,801	-

The notes on pages 32 to 46 form part of these financial statements.

SHETLAND UHI**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2022**

	General Reserve 31 July 2022 £'000	Total 31 July 2022 £'000
Balance at 1 August 2020		
Surplus from the income and expenditure account	-	-
Other comprehensive income	-	-
Transfers between revaluation and income and expenditure reserve	-	-
Total comprehensive income for the year	-	-
Balance at 1 August 2021	-	-
Transfers from Shetland Fisheries Training Centre Trust	(6,545)	(6,545)
Surplus/(Deficit) from the income and expenditure account	(1,863)	(1,863)
Other comprehensive income	7,664	7,664
Transfers between revaluation and income and expenditure reserve	-	-
Total comprehensive income for the year	(744)	(744)
Balance at 31 July 2022	(744)	(744)


SHETLAND UHI**BALANCE SHEET
AS AT 31 JULY 2022**

	Note	2022 £'000	2021 £'000
Fixed assets:			
Tangible assets	12	445	-
Total Fixed Assets		<u>445</u>	<u>-</u>
Current assets:			
Debtors	13	886	-
Cash at bank and in hand		369	-
		<u>1,255</u>	<u>-</u>
Liabilities:			
Creditors falling due within one year	14	(2,140)	-
Net Current Liabilities		(885)	-
Defined benefit pension scheme liability	16	(304)	-
		<u>(744)</u>	<u>-</u>
Net Liabilities		<u>(744)</u>	<u>-</u>
Unrestricted Funds:			
Unrestricted reserves		(744)	-
Total reserves		<u>(744)</u>	<u>-</u>

The notes on pages 32 to 46 form part of these financial statements.

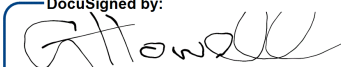
These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

Approved by the Trustees and signed on their behalf by:

DocuSigned by:

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Name: David Sandison
Chair

Date: 26 April 2023

DocuSigned by:

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Name: Graeme Howell
Vice-Chair

Company No: SC646337

SHETLAND UHI

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2022

	Note	2022	2021
		£'000	£'000
Cash flows from operating activities:			
(Deficit) for the year		(1,863)	-
Adjustment for non-cash items			
Depreciation		110	-
(Increase) in debtors		(886)	-
Increase in creditors		984	-
Net pension costs – post FRS102 adjustments		1,206	-
Interest payable		3	-
Net transfer of assets		989	-
Net cash provided by operating activities		<u>540</u>	-
Cash flows from investing activities:			
Purchase of tangible fixed assets		(171)	-
Net cash (used in)/ provided by investing activities		<u>(171)</u>	-
Change in cash and cash equivalents in the year		369	-
Cash and cash equivalents brought forward		-	-
Cash and cash equivalents carried forward		<u>369</u>	-

Analysis of Net Debt

	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
Cash at bank and in hand	-	369	369
Debt due within 1 year	-	(2,140)	(2,140)
	<u>-</u>	<u>(1,771)</u>	<u>(1,771)</u>

SHETLAND UHI

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

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

Basis of preparation

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

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

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

Basis of accounting

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

Going concern

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

Changes in Accounting Policies

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

Recognition of income

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

Tuition fees

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

SHETLAND UHI

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies (continued)

Grant funding

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

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

Donations and endowments

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

Donations and endowments with donor-imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained in a restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Capital grants

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

Accounting for post-employment benefits

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

Shetland Islands Council Pension Fund

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

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College's obligation is to provide the agreed benefits to current and former employees and actuarial risk (that benefits will cost more or less than expected) and investment risk (that return on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College.

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

SHETLAND UHI

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies (continued)

Short term employment benefits

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

Fixed assets

Recognition

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

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

Measurement

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

All assets are measured subsequently at fair value as follows:

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

Subsequent expenditure

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

Revaluations and impairment

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

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

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

SHETLAND UHI

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies (continued)

Depreciation

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

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

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

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

Intangible assets

Recognition

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

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

Leased assets

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

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

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

SHETLAND UHI

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies (continued)

Financial instruments

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

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

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

Taxation

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

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

SHETLAND UHI

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies (continued)

Provisions

Provisions are recognised in the financial statements when:

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

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

Contingent assets and liabilities

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

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

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

2 Critical accounting judgements and estimation uncertainty

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

Critical areas of judgement

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

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

Critical accounting estimates and assumptions

- Tangible fixed assets

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

- Shetland Islands Pension Fund

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

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****2 Critical accounting judgements and estimation uncertainty (continued)**

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

- Impairment of fixed assets

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

3 Funding body grants

	Year ended 31 July 2022
	£'000
SFC recurrent grant (including fee waiver)	721
Other SFC grants - FE provision	2,492
Total	3,213

4 Tuition fees and education contracts

	Year ended 31 July 2022
	£'000
FE fees – UK	1,096
HE fees	445
SDS contracts	79
Other contracts	92
Total	1,712

5 Other grants and contracts

	Year ended 31 July 2022
	£'000
European Funds	66
Other Grants	607
Total	673

6 Other income

	Year ended 31 July 2022
	£'000
Catering and Residences	36
Donations	802
Management Fees	82
Consultancy	68
Other income	285
Total	1,273

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****7 Staff costs and key management personnel remuneration**

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

	2022
	No.
Teaching staff	47
Non-teaching staff	61
Total	108

Staff costs for the above persons:

	2022
	£'000
Wages and salaries	4,428
Social security costs	453
Other pension costs	895
Sub Total	5,776
Exceptional staff costs:	
FRS 102 adjustment	1,029
Total	6,805

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

	2022
	No.
£20,001 to £30,000 p.a	3
£40,001 to £50,000 p.a.	2
£50,001 to £60,000 p.a.	2
£60,001 to £70,000 p.a.	1
£70,001 to £80,000 p.a.	1
£80,001 to £90,000 p.a.	1
Total	10

Key management personnel total remuneration is made up as follows:

	2022
	£'000
Wages and salaries	451
Social security costs	52
Other pension costs	98
Total	601

8 Other operating expenses

	2022
	£'000
Teaching costs	50
Non-teaching costs	1,156
Premises costs	433
Total	1,639

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****8 Other operating expenses (continued)**

Surplus before taxation is stated after charging/(crediting):	2022
	£'000
Auditors' remuneration:	
Financial statements audit	19
Lease commitments	39
	<hr/>

9 Interest and other finance costs

	2022
	£'000
On bank loans, overdrafts and other loans	3
FRS 102 Pension Adjustment	177
Total	<hr/> 180 <hr/>

10 Taxation

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

11 Related party transactions

Expenses paid to the trustees in the year totalled £1,687 (2021: £nil) and £764 was paid to the Board of Management's Secretary (2021: £nil). No expenses were waived for any trustees (2021: £nil).

Shetland UHI is a constituent partner of the University of the Highlands and Islands (UHI). During the year, the College transacted with UHI of which £2,000 was due from UHI and £22,000 was due to UHI and £1,156,000 monies paid as advance. During the year income of £3,771,000 was received in relation to funding body grants and £62,000 from research grants. There were net sales of £1,000 and costs of £10,000 was paid to UHI.

There were no donations made by any trustees during the year.

There were no other related party transactions during the year.

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****12 Tangible fixed assets**

	Leasehold Property £'000	Boats & alterations £'000	Vehicles £'000	Fixtures & fittings £'000	Total £'000
Cost					
At 1 August 2021	-	-	-	-	-
Transfer- SFTC Trust	4,251	315	25	2,429	7,020
Additions	-	-	8	163	171
Disposals	-	-	-	-	-
At 31 July 2022	<u>4,251</u>	<u>315</u>	<u>33</u>	<u>2,592</u>	<u>7,191</u>
Depreciation					
At 1 August 2021	-	-	-	-	-
Transfer – SFTC Trust	4,236	267	25	2,108	6,636
Charge for year	9	6	3	92	110
At 31 July 2022	<u>4,245</u>	<u>273</u>	<u>28</u>	<u>2,200</u>	<u>6,746</u>
Net Book Value at 31 July 2022	<u>6</u>	<u>42</u>	<u>5</u>	<u>392</u>	<u>445</u>
Net Book Value at 1 August 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13 Debtors

Amounts falling due within one year:	2022
	£'000
Trade debtors	236
Prepayments and accrued income	650
Total	<u>886</u>

14 Creditors: amounts falling due within one year

	2022
	£'000
Trade creditors	284
Accruals and deferred income	398
Credit cards	5
Other taxation and social security	135
Other creditors	162
Monies received in advance	1,156
Total	<u>2,140</u>

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****15 Financial instruments**

The College has the following financial instruments:

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

The College has the following financial instruments:

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

16 Retirement benefits

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

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

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

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 July 2022 by a qualified independent actuary.

	2022
Rate of increase in salaries	2.7%
Future pension increases	2.7%
Discount rate for scheme liabilities	3.5%

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****16 Retirement benefits (continued)**

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

Life expectancy is based on the Fund's VitaCurves, with improvements in line with the CMI 2021 with an allowance for smoothing of recent mortality experience long term rates of 1.5% per annum for males and 1.5% per annum for females. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	2022
Current pensioners	
Males	20.7
Females	22.9
Future pensioners	
Males	22.1
Females	25.1

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

	2022 Fair Value
Equities	82%
Bonds	6%
Property	11%
Cash	1%
Total fair value of plan assets	<u>100%</u>
Weight average expected long term rate of return	3%
Actual return on plan assets	<u>6%</u>

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

	2022 £'000
Fair value of plan assets	16,059
Present value of plan liabilities	(16,363)
Net pensions liability	<u>(304)</u>

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****16 Retirement benefits (continued)**

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

2022
£'000

Amounts included in staff costs:

Current service cost	(1,553)
Total	(1,553)

Amounts included in interest payable:

Net interest on defined pension liability	(177)
Total	(177)

Amount recognised in Other comprehensive Income:

	2022
	£'000
Return on pension plan assets	221
Experience losses arising on defined benefit obligations	(49)
Changes in assumptions underlying the present value	11,329
Adjustment for opening liability to Shetland Island Council employees TUPE'd	(3,837)
	7,664

Amount recognised in Other Comprehensive Income**Movement in net defined liability during the year**

	2022
	£'000
Defined benefit obligations at start of period	(10,599)
Current service cost	(1,553)
Employer contributions	524
Net interest on the defined liability	(177)
Actuarial loss / (gains)	(11,501)
Defined benefit obligations at end of period	(304)

Changes in the present value of defined benefit obligations

	2022
	£'000
Defined benefit obligations at start of period	25,730
Current service cost	1,553
Interest cost	422
Contributions by scheme participants	159
Actuarial loss / (gains)	(11,280)
Benefits paid	(221)
Defined benefit obligations at end of period	16,363

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****16 Retirement benefits (continued)**

Changes in fair value of plan assets	2022 £'000
Fair value of plan assets at start of period	15,131
Interest income	245
Employer contributions	524
Contributions by scheme participants	159
Actuarial gains	221
Benefits paid	(221)
Fair value of plan assets at end of period	<u>16,059</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries.

The latest formal actuarial valuation of the TPS was 31 March 2016 (published 5th March 2019) and of the LGPS 31 March 2019.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014, published in June 2014. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218.1 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held the valuation date) of £196.1 billion
- Notional past service deficit of £22 billion
- Assumed real rate of return is 2.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.2%
- Assumed nominal rate of return is 4.86%

The employer contribution rate is 23.7% (including a 0.08% administration fees). The employer contribution rate will be payable until the next valuation (as at March 2020) becomes publicly available, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

SHETLAND UHI**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2022****16 Retirement benefits (continued)**

The pension costs paid to TPS in the year amounted to £524,000.

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

17 Financial commitments under operating leases

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

	2022
	£'000
Payments due:	
Not later than one year	40
Later than one year and not later than five years	209
Later than five years	1,748
	<u>1,997</u>

18 Post balance sheet events

There are no post-balance sheet events to note.

19 Vesting of Shetland Fisheries Training Centre Trust , Shetland UHI and Train Shetland

On 1 August 2021, assets and liabilities of Shetland Fisheries Training Centre Trust were transferred to Shetland UHI. A summary of the transfer is shown below:

	2021
	£'000
Fixed assets	384
Trade debtors	258
Trade creditors	(138)
Cash	446
Defined benefit pension scheme	(6,763)
	<u>(5,813)</u>

On 1 August 2021, assets of 'Train Shetland' run by Shetland Island Council were transferred to Shetland UHI for consideration. A summary of the transfer is shown below:

	2021
	£'000
Fixed assets	59
	<u>59</u>