



Company Number SC407011

High Life Highland
(A company limited by guarantee)
Report and Financial Statements
31 March 2019

Charity No: SC042593

Company No. SC407011

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Company Information

Directors – 31 March 2019

D McLachlan

K Nicol

W Ross

J Welch (Resigned 21 March 2019)

D Somerville (Resigned 10 September 2018)

E Macrae

M Tate

T Ligema

A Jarvie

D Macpherson

L Munro

T Heggie

M Golding (Appointed 21 March 2019)

J Murray (Appointed 21 March 2019)

Company secretary

S Fraser

Auditors

Saffery Champness

Kintail House

Beechwood Park

Inverness IV2 3BW

Bankers

Clydesdale Bank

15 Academy Street

Inverness

IV1 1JN

Registered Office

13 Ardross Street

Inverness

IV3 5NS

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Report of the Chair

During this, the seventh year since the creation of High Life Highland, there were changes to the make-up of the Board following the resignation of Independent Directors Donald Somerville and Jenny Welch and a warm welcome was extended to John Murray and Michael Golding who were appointed to these vacancies. I look forward to working with them and I am confident that the Board continues to blend the necessary skills and experience to develop and implement our new Business Plan which will steer the work of the charity in the five years from 2019 to 2024.

As part of a programme of governance reviews, Directors this year participated in a Board Development Session facilitated by Mr Kenny McDowall from HLH's external auditors, Saffery Champness – covering the topics listed below:

- Developments in financial reporting
- Developments with the regulator
- Governance best practice
- Trustee duties
- Risk management
- Reserves and reserves policies

This year saw the conclusion of HLH's first full Business Plan. In reviewing the work delivered through the 2015-19 Business Plan the Board has noted progress across several key indicators, since the initiation of HLH:

1. Reliance on Council funding as a proportion of turnover has reduced from 79% to 53%
2. Income generated has increased from £6.9M to £13.5M
3. Customer visits have increased from 2.3M to over 8M
4. Subsidy per visit across all HLH services has reduced from £7.17 to £2.03

Directors look forward to the practical implementation of the new Business Plan for 2019-24 from a position of strength and deeper understanding of the charity's work and aspirations.

The continued growth of the charity was again contributed to by requests from The Highland Council and community groups for HLH to adopt additional services. This has added further critical mass to the organisation, along with many other benefits and some challenges. The transfer of the Highland Music Tuition service from The Highland Council this year followed a detailed review by the Council's Redesign Board which along with HLH, decided that the service had the potential to receive the focus and development with HLH that was not currently possible within the Council.

The results of that transfer have been transformative for the service and after just one year, 21% more young people are engaged in music tuition than were the year before transfer. The service adds to and strengthens the HLH cultural offering.

In addition to the ongoing challenge of reducing public finances, key personnel within the Council retired this year, resulting in a significant loss of "corporate memory". Rebuilding the understanding of the relationship between the two organisations will be a key feature of next year's work for Directors and the Chief Executive.

Donald McLachlan, Chairman

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Report of the Chief Executive

Continued Growth - The charity continued to grow during the year with the transfer of the operation of a community facility in Kingussie, Talla nan Ros and the adoption of the Council's Music Tuition service, and discussions began or continued relating to an HLH involvement in several other Council and community facilities. Specifically, the business case for the adoption of the day to day operation of Lochalsh Leisure was agreed by the HLH Board in December 2018, with a transfer date to be agreed once improvements to enable the granting of a new Public Entertainments License are addressed by the buildings owners. The Council and Dounreay Site Restoration Ltd engaged HLH in ongoing discussions on the feasibility of HLH adopting the operation of Caithness Horizons a substantial visitor centre and museum in the centre of Thurso. Work on a business case relating to the facility has begun pending confirmation of available funding and capital repairs from the two potential funders. HLH's first foray into management consultancy at Moray Leisure Centre continued with very significant improvements to the usage numbers and income being reported. HLH will continue working with the Board of Moray Leisure Ltd to stabilise and grow the operation of the centre.

Relationship with The Highland Council -The Chair's report refers to the loss of corporate memory during 2018/19, in relation to High Life Highland, within its major partner and funder The Highland Council. The retiral of its Director of Care and Learning and Chief Executive added to previous senior management and Member changes. On a practical basis that has meant that many normally straightforward issues have taken longer to discuss or justify as temporary or new managers take up post. It is hoped that 2019/20 will see this significant turnover begin to be reversed. The process of renewing a common understanding of roles, responsibilities and purpose of each organisation will take time and willingness on behalf of both parties.

HLH's reputation outwith the area – This was enhanced this year by adopting the chairmanship of the renamed Community Leisure Scotland, a representative body for all cultural and leisure Arms' Length Organisations (ALEOs). Chairmanship means that the Highland perspective, which can be missing from debates and in some circumstances is better represented. The High Life low cost membership model was adopted by a fifth area, Argyll and Bute, in the form of Live Argyll with a launch at the beginning of the next financial year. It will be interesting to track the change in usage and income as a result of the commencement of the scheme, with the last area Moray reporting upwards of a 30% increase to both over the first three years. The HLH Chair referred to the successful transfer of the Music Service. Since the decision to transfer the Service to HLH was taken, the national music providers grouping asked HLH staff to present the business case for transfer and the initial results. In addition, HLH has seen visits from two Council areas interested in potentially going down the same route as Highland.

Customer Service Excellence – Customer Service Excellence (CSE) is a nationally-recognised quality mark designed to identify best practice and drive customer-focused change. High Life Highland has used the CSE framework to continuously improve its libraries and over the past four years visits have increased from 2M to 3.5M and savings of £1M have been made. The most recent external CSE assessment was in May 2019 where: the accreditation was renewed as the service is fully compliant in all 57 indicators (11 partial compliances are allowed), 41 areas of good practice were identified (an increase from last year when there were 32), and 19 areas of Compliance Plus were identified (there were 17 last year). "Compliance plus" refers to behaviours or practices which exceed the requirements of the standard and are viewed as exceptional or as exemplar to others, either within the applicant's organisation or the wider customer service arena. Following the assessment the feedback from the Senior Lead Assessor, HM Cabinet Office, was that with 19 compliance pluses, HLH libraries are now the highest performing service (of any kind) in the country. The HLH Culture team are currently working towards the CSE standard with accreditation scheduled for Spring 2020.

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Signing of the Armed Forces Covenant- On 25th November 2018, the Chief Executive took part in an official re-signing of the Armed Forces Covenant and the presentation to HLH of its Bronze Award for the contribution it makes to the lives of those involved in the armed forces. The purpose of the Covenant is to try as far as possible to ensure that members of the armed forces and their families are not disadvantaged through their involvement and deployment with the forces.

New Business Plan for 2019-24 - The latter part of the financial year saw a programme of Chief Executive's update sessions with 20 separate groupings of staff in locations right across the Highlands. The purpose of the briefings was to take time to look back over the achievements of the charity since its inception and then to look forward, beginning to plan the practical implementation of the new Business Plan, for the years 2019-24. The new plan contains the following Statement of Purpose, Ambition and Core Values.

- **Statement of Purpose** – HLH is a charity that makes the Highlands a better place to live, work and visit by working in partnership to develop and promote opportunities in culture, learning, sport, leisure, health and wellbeing.
- **Ambition** - To be recognised and respected as the leading organisation for developing, promoting and inspiring opportunities in culture, learning, sport, leisure, health and wellbeing and to grow the business in a sustainable and innovative way by enabling and facilitating services that the public value and by being valued as a trusted and effective partner.
- **Core values** - To act ethically, legally and safely; to provide quality services, important to individuals and communities; to balance community, social and financial objectives; to encourage and enable innovation and entrepreneurship; to continue to be a good employer and partner; and to reduce our environmental impact.

New Business Outcomes and Opportunities for Growth and Potential New Business are already shaping the day to day work of the teams across the charity.

The Business Outcomes are:

1. Sustain a high standard of health and safety, and environmental performance
2. Implement the Service Delivery Contract with THC
3. Improving customer engagement and satisfaction
4. Improving staff engagement and satisfaction
5. Enhance the positive company image
6. Be a trusted and effective partner
7. Achieve sustainable growth across the organisation
8. Develop health and wellbeing across Highland communities
9. Develop and promote the High Life brand

The following key areas for business growth have been prioritised by the Board:

- | | |
|-------------------------------|----------------------------------|
| • The HLH tourism offering | • Community Partnership projects |
| • Other management portfolios | • Commercial opportunities |
| • Outdoor activities | • Events development |

Ian Murray, Chief Executive

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High Life Highland Staff & Volunteer Awards 2018/19

One of the first things the Directors of the High Life Highland charity (HLH) did when it was set up was to establish a process for acknowledging and celebrating the huge range of excellent and innovative work carried out by staff and volunteers across all aspects of the charity and in all parts of the Highland area. HLH has come a long way since then and continues to grow and flourish as a charity. The awards process has worked really well so far and Directors are keen to ensure it remains fresh and in a form that gives everyone across all of the services HLH delivers an equal opportunity to be recognised regardless of whether they work in a front facing role or in a support role behind the scenes.

Once again this year staff throughout HLH have been submitting examples of outstanding work to the Board, in the form of 'Successes', and it was a really difficult job for the Directors involved in the selection process, along with the Chief Executive, to whittle down the many excellent submissions to select the overall category winners. This year there were over 24 volunteer submissions in total and for the first time this year young volunteers were recognised separately. In its second year, public nominations for a person or team who has provided exceptional service increased significantly and five overall winners were selected from almost 90 submissions. In addition, a special recognition award was made to a team involved in external management consultancy work and the Board selected an individual to receive a Chair's Special Award where she was able to use her HLH training to save a family member's life. Finally, as part of the inaugural staff Health and Wellbeing week the winning step count challenge team was recognised. This year a total of 19 awards were made – the most awards yet.

In his opening remarks Donald McLachlan, Chair of HLH Board of Directors, welcomed staff, volunteers, sponsors and guests and commented on the importance of partnership working to the success of HLH and welcomed representatives from five community planning partners, from The Highland Council, NHS Highland, Police Scotland, Scottish Fire and Rescue Service and Highlands and Islands Enterprise. These guests are key partners who HLH work with on the nine Community Partnerships across the Highlands.

This year's event again took place in the Strathpeffer Pavilion on Thursday 20 June, which HLH has been managing while the community work to develop a bid to purchase the building from owners Scottish Historic Buildings Trust and welcomed representatives from the Community Steering Group.

High Life Highland Staff & Volunteer Awards 2018/19



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High Life Highland Staff & Volunteer Awards 2018/19

VOLUNTEER AWARDS – over 1,700 volunteers do an enormous amount on a regular basis to support the work of HLH, often leading activities themselves, giving up their time to gain qualifications and to mentor others. The volume of work of the charity is significantly enhanced by dedicated volunteers.

Sponsored by Ulverscroft Books and presented by High Life Highland Director, Ella MacRae, MBE.

Brian Parry, Adult Learning

Brian is a positive, professional and supportive volunteer who has volunteered with HLH Adult Learning for many years. In this role, Brian embraces every challenge, working creatively with learners who have a varying range of goals, circumstances and needs. Brian gives up a full day each week to volunteer with Adult Learning, often working with multiple learners at a time, and has a big, positive impact on the capacity of the Adult Learning team.



Lawrence Carlile, Outdoor Activities

Lawrence has been a committed and dedicated volunteer with High Life Highland's Outdoor Activities team for just over a year. During that time Lawrence has completed over 400 hours of volunteer work and has made many changes for the better during this time. This has included great work in maintaining the equipment used for Outdoor Activities and also in reorganising the stores for the team. Lawrence has been involved in planning and delivering many outdoor activities over the last year and has also made great progress toward gaining many new National Governing Body qualifications. Willie MacLeod, Outdoor Activities Officer collected the award on Lawrence's behalf.



High Life Highland Staff & Volunteer Awards 2018/19

VOLUNTEER AWARDS

Sponsored by Ulverscroft Books and presented by High Life Highland Director, Ella MacRae, MBE.

Douglas Rennie – Active Schools

Douglas has been an Active Schools coach for approximately two years, running cricket sessions at weekends. Over the last year Douglas has gone above and beyond his duties by running extra sessions on his days off from work. Working with all 15 primary schools in Caithness, Douglas delivered sessions for pupils in P5, 6 and 7 that were a mixture of curricular and extra curricular sessions so that the maximum number of pupils possible could take part. These sessions, combined with Douglas's passion and enthusiasm, mean that the number of children attending the weekend sessions doubled.

It didn't stop there, Douglas also organised a mini cricket tournament at the end of last year, and has attended other courses, including first aid, to improve his own skills for the job.

Finally, with an eye to the future, Douglas has been encouraging some of the older children who attend to take on a leadership role and help with running the session, with one going on to gain her cricket coach support worker course. Darren Reid, Area Sports Development Officer collected the award on Douglas's behalf.



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High Life Highland Staff & Volunteer Awards 2018/19

YOUNG VOLUNTEER AWARDS

Sponsored by McCallum's Bagpipes and presented by High Life Highland Trading Board Director, Alison Matheson.

Callum and Ross Kinnaid - Highland Libraries Young Leaders

Callum and Ross signed up for the HLH Leadership Programme during their first week of S1. They were immediately recruited for High Voltage, the library part of the High Life Highland Leadership Programme. Since then they have both been reliable and keen volunteers in both Nairn Academy and Nairn Libraries.

Callum and Ross run the weekly S1/S2 lunchtime Library Club at the Academy where they lead the activities, and proactively generate and implement new ideas.

In Nairn Library the duo have been running the twice monthly Lego Club, and have recently held their first Technobot session. These events would not have happened without Callum and Ross.

Callum and Ross became the “faces” of High Voltage by doing a fantastic job of introducing and signing off the promotional video for the programme. To sum up, Callum and Ross are excellent ambassadors for HLH.



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High Life Highland Staff & Volunteer Awards 2018/19

YOUNG VOLUNTEER AWARDS

Sponsored by McCallum's Bagpipes and presented by High Life Highland Trading Board Director, Alison Matheson.

John Munro - Active Schools and Youth Development

John was recognised for this award because he is a dedicated community volunteer, and one who has himself gained much from volunteering with Active Schools and Youth Development.

Each Monday after school, John goes to the Youth Café in Cromarty where he leads dodgeball, as well as helping out with all of the other activities.

During the past school year John decided to take an extra class, leading to a pass in his "I can Lead Sports Leader Course" and if that was not enough of a challenge, John completed his class learning for SCQF – Level 5.

John is always willing to say "yes". He has helped with many other community activities including Culbokie Community Trust, orienteering, Cromarty Coastal Rowing, the Choose to Lead Day at Inverness Airport, activities in Fortrose Academy, play schemes at Black Isle Leisure Centre - such a wide variety of groups. We should also say thank you to John's parents who are always there to drive him home.

John has a ready smile, and always looks out for younger pupils, making sure they are enjoying themselves. John is proud to wear his HLH hoodies and talks frequently to others about his volunteering under the wings of Active Schools and Youth Development.



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High Life Highland Staff & Volunteer Awards 2018/19

YOUNG VOLUNTEER AWARDS

Sponsored by McCallum's Bagpipes and presented by High Life Highland Trading Board Director, Alison Matheson.

Corrie Bell - Active Schools

Corrie Bell is the ultimate Leadership Programme role model. His impressive leadership journey from primary school saw him as one of the first Young Leaders awarded the gold hoodie, recognising his contribution of over 500 hours of Leadership volunteering.

Corrie's 'can do' attitude resulted in him experiencing many leadership opportunities, and this wider achievement was also recognised through the 500 hours Saltire Award, celebrating, recognising and rewarding the commitment, contribution and achievements of young volunteers in Scotland.

To date Corrie has completed 12 courses, including basketball, gymnastics, competition organiser training, badminton, dodgeball leaders and child protection.

He was selected as one of Nairn Academy's Young Ambassadors for Sport and is actively involved in Nairn Community Sports Hub, helping to organise the first "School Sports Fayre".

Corrie is now involved with the new partnership with Highland Hospice. As Hospice leader he is involved in events, trained in moving and handling and food hygiene – and even dressed as an elf at Santa's Grotto!

Corrie took part in the HLH "Choose to Lead" residential conference where he increased his leadership skills in disability sports, and took part in defibrillator training.



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High Life Highland Staff & Volunteer Awards 2018/19

STAFF AWARDS – ROLE MODEL CATEGORY

Being a good role model is about creating a positive influence on those around you and inspiring them in a way that they willingly follow in the direction of a defined goal. Nominations were invited on behalf of individuals or teams who have supported an improvement in another individual and/or team that demonstrates a positive outcome for those involved, their service and/or the wider work of HLH.

Sponsored by J Thomson colour printers and presented by High Life Highland Director, John Murray.

Alison Parfitt, Curator (Collections and Engagement), Inverness Museum and Art Gallery

Alison was nominated for this award for many reasons, particularly her understanding of the value of literacies learning, as well as her sensitivity to museum visitors whose previous life experiences may make engaging with exhibitions and events more challenging.

Alison has facilitated several learning events and short courses in collaboration with HLH Adult Learning that have enabled learners to take steps towards achieving their learning goals by engaging with the museum's resources and collections.

However, it is more than just a vision for collaborative working that makes Alison a High Life Highland role model. Alison is flexible in her approach to partnership working, understands the complex needs of our service users, and never fails to go the extra mile to ensure projects are a success.

Alison shows great commitment to working with internal partners and approaches new projects with great enthusiasm, even at busy times.



High Life Highland Staff & Volunteer Awards 2018/19

STAFF AWARDS – COLLABORATION CATEGORY

Collaboration is about bringing people and projects together to deliver a common positive outcome. Nominations were invited from or on behalf of individuals or teams who have collaborated with colleagues and/or teams within their area of work or from across HLH and/or external partners/stakeholders in a manner which has created and maintained a positive working relationship between the parties involved.

Sponsored by Technogym and presented by Chris Lonsdale from Technogym.

Sutherland Community Partners for Employability

The Sutherland Community Partnership wanted to provide an SQA approved qualification in each of its secondary schools to enhance the employability of young people living in Sutherland by providing an insight into the employment opportunities and organisations operating in the area.

The Employability Award was developed by HLH staff in collaboration with the partners for S4 pupils and focussed on developing the skills and attitudes that will help young people to make a successful move into the job market.

The year-long programme of activities in Golspie, Dornoch, Kinlochbervie and Ullapool included Police Scotland, Scottish Fire and Rescue Service, Scottish Ambulance Service, HM Coastguard, NHS Highland, The Highland Council, Armed Forces, Assynt Mountain Rescue as well as various activities provided by HLH Youth, Facilities, Active Schools and Library teams.

HLH staff co-ordinated a timetable in each area on behalf of the Community Partnership and brought employers and schools together to offer an exciting and rewarding addition to the curriculum on offer to the young people of Sutherland.

The HLH staff involved in this project have worked above and beyond their normal roles to bring this project to fruition and in doing so have significantly enhanced the reputation of HLH as a trusted partner with each of the Community Partners in the area and with the many other agencies and stakeholders involved.



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High Life Highland Staff & Volunteer Awards 2018/19

STAFF AWARDS – TEAM CATEGORY

Nominations in this category were invited from or on behalf of teams who have performed to an exceptional level in terms of their commitment to a common purpose/goal. Those making nominations were asked to demonstrate how the team had made an improvement to the level of service provision offered by their service(s) or the wider work of HLH.

Sponsored by Sportmax and presented by High Life Highland Director, Duncan Macpherson.

HLH Central Business Support Team

Since the formation of HLH, the central Business Support Team has reduced in size but significantly increased the level of support provided.

A total of 40 additional organisations have transferred to become part of the Charity since it was set up in 2011 contributing to a 50% growth in business and staff numbers and requiring more and more support tasks to be undertaken centrally.

Everyone in the team is committed to expanding their knowledge and taking on more to further HLH's development as required, supporting all of HLH services on a daily basis.

One of the main aims of the team is to ensure business continuity and this is possible through having robust and standardised systems and procedures in place and continuously reviewing these and looking at alternative, better ways of doing things.

The vast amount and extensive range of work undertaken by this small team behind the scenes supports all of the HLH services. As well as carrying out their regular duties and tasks, the team also responds at short notice to provide support for vacancies, sickness or other projects and pressures as needed, reprioritising other tasks to accommodate.



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High Life Highland Staff & Volunteer Awards 2018/19

STAFF AWARDS – INDIVIDUAL CATEGORY

Nominations were invited for an individual who has exceeded expectations by going the extra mile over and above the requirements of their specific role or has undertaken their duties and responsibilities in an ambassadorial manner to an exceptional standard. Nominators were asked to demonstrate how the person has made a difference to their part of a service or the wider work of HLH.

Sponsored by MacGregor Industrial Supplies and presented by Hygiene and Catering Divisional Manager, Alison Buchan.

Jennifer Mitchell – Ben Nevis Visitor Centre

Jen has had responsibility for running the Ben Nevis Visitor Centre during the seasons of 2017/18 and 2018/19.

As well as managing the day to day running of the centre, Jen has been involved in reconfiguring the retail area and sourcing new stock items, including a range of Ben Nevis branded items.

Jen has a great work ethic and has led the team extremely well, is always positive and keen to do even better and is already looking to the coming season to look at ways to improve the operation, including creating an online shop.

A recent visit from Visit Scotland gave the visitor centre ten out of ten “in recognition of Jen’s proactive, friendly and helpful service” and noted that Jen’s handling of the enquiry was “an example of professional, friendly and helpful customer service”.

Jen is a real example of someone who has totally embraced her job and moved it to the next level.



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High Life Highland Staff & Volunteer Awards 2018/19

STAFF AWARDS – INNOVATION CATEGORY

Innovation is about doing things better as well as doing better things. Nominations were invited from or on behalf of individuals or teams who have shown great creativity and innovation as part of the role they play at High Life Highland. The innovation could be by way of initiating a new idea, a new project or a new way of working which improves a process which then demonstrated a fundamental benefit to their service and/or the wider work of HLH.

Sponsored by Dynam and presented by High Life Highland Trading Board Director, David Finlayson.

Leisure Link Partnership

The Leisure Link Partnership began with an idea from the Chief Executive to develop a partnership with other trusts and local authorities to add further benefit for *highlife* members by arranging a reciprocal leisure access scheme.

Developing the idea began with an options appraisal look at technical solutions for checking member cards at each site, as well as the VAT and GDPR implications. This was followed by the preparation, costing and development of a web-based database system. While this was going on potential partners for the scheme were approached.

Staff across the organisation contributed their expertise to bring this exciting project to life, including senior management, business support, ICT, marketing and leisure management.

Five trusts had committed to Leisure Link at the time of launching, including High Life Highland, independent trusts Mallaig Pool and Assynt Leisure, Moray Council and Moray Leisure, Comhairle nan Eilean Siar, The Pickaquoy Centre Trust and Orkney Islands Council and LiveArgyll. Discussions are ongoing to expand the scheme to other areas with “hot off the press” news of LiveBorders the latest trust to join the partnership.



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High Life Highland Staff & Volunteer Awards 2018/19

PUBLIC NOMINATION AWARD CATEGORY - *Sponsored by Haydock Music*

This category allows members of the public an opportunity to nominate members of staff deserving of special recognition for going above and beyond the call of duty.

Lochbroom Leisure Centre - *presented by High Life Highland Trading Board Director, David Finlayson.*

A popular winner with over 20 nominators, who highlighted many reasons why Lochbroom Leisure Centre deserved this recognition, including:

- everyone at Lochbroom Leisure Centre not only goes the extra mile to make you feel safe and welcome but they also go a hundred more to make it a special place and team;
- they are always trying to put on new events and fundraisers to help the local community and keep the centre open. Most recently the team organised a triathlon which was extremely well organised and attended; and
- they recognise that the centre is more than just a workplace but also a local community hub.



High Life Highland Staff & Volunteer Awards 2018/19

PUBLIC NOMINATION AWARD CATEGORY - *Sponsored by Haydock Music*

Music Instructors - presented by High Life Highland Board Director, Ken Nicol.

Six music instructors from around the Highlands were nominated, the nominators had the following glowing words to say about each of the winners:

- Jim Macgregor is a fantastic teacher, he encourages his pupils and is inspiring children with his love of traditional music and ensuring it is carried on to the next generation, he is a great role model to both children and colleagues.
- Mark Bell is an amazing educator with a genuine enthusiasm and love for music. I feel that his dedication to music is truly infectious and this is why his bands/groups/pupils have a real joy of playing.
- Debbie Ross is an outstanding music tutor, who patiently teaches the strings pupils in the Tain ASG. She give up hours of her own time to the primary school junior strings group, the Tain Royal Academy school orchestra, junior Gizzenbriggs, Gizzenbriggs and is a tutor for the regional group 'snas, the Highland Schools Ceilidh band.
- Sandra Hollingdale teaches violin and always goes above and beyond what is expected and required of her as a music teacher, committing much of her spare time to helping her pupils. Her passion and dedication is outstanding, from weekly lessons to pupil participation in music festivals, school concerts and Highland Young Musician groups, all the while encouraging parents to be a part of their child's musical education.
- Rob Farmer is always willing to help and lead. His support of the Inverness Wind Band is fantastic. It couldn't run without him. He gives his time freely and is always cheerful and gives great guidance to our young musicians – and his sense of humour is always a bonus, especially on performance nights.
- Drew Caldwell dedicates his life to teaching young ones drumming and making sure they can be the best they can be. He gives 100% in everything, is an amazing instructor, he has provided exceptional service to the local youngsters, being a massive influence for so many people – as well as winning championships himself and with pipe bands he has taught!



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High Life Highland Staff & Volunteer Awards 2018/19

PUBLIC NOMINATION AWARD CATEGORY - *Sponsored by Haydock Music*

Gordon Reid (Archivist) and Garance Warburton, (Community Engagement Officer) - presented by High Life Highland Board Director, Ella MacRae, MBE.

Gordon and Garance are based at the architecturally award winning Nucleus building in Wick, in addition to being the home of the Caithness Archive it also holds the nuclear archive for the whole of the UK.

The nominators said “Gordon’s cheerful nature is a real asset to High Life Highland” and Garance goes above and beyond to provide a fantastic, warm, welcoming service at Nucleus and through her community outreach events. “Nucleus is an award winning venue in design, and its staff are also more than worthy of an award, it is having frontline staff like Gordon and Garance and the team that not only make the Caithness Archive what it is, but High Life Highland. This is the second time I have voted for them because their service is consistently excellent”.



High Life Highland Staff & Volunteer Awards 2018/19

PUBLIC NOMINATION AWARD CATEGORY - *Sponsored by Haydock Music*

Anne Fraser, Family Historian - presented by High Life Highland Board Director, John Murray.

Anne's nominator said "Anne worked hard to help me find information about my family ancestry on the Isle of Lewis. She introduced me to various members of the Mackintosh Clan at the AGM and Moy Field Day where I was made to feel so welcome. Anne made me feel as though my family ancestry search was very important".



Puffin Hydrotherapy Pool Staff – presented by High Life Highland Board Trading Board Director, Alison Matheson.

The Puffin Hydrotherapy Pool staff work for High Life Highland but they also work alongside a Board of Directors in a local charity run rehabilitation centre. This year the pool have been fund raising for a new heating system, and the Puffin Pool staff have played a huge part in fund raising, holding and participating in many fundraisers – such as sponsored walks, quiz and games nights – to help support the pool.



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High Life Highland Staff & Volunteer Awards 2018/19

STAFF HEALTH AND WELLBEING WEEK – STEP COUNT CHALLENGE - Presented by NHS Highland Chief Executive, Iain Stewart.

During the inaugural staff health and wellbeing week in May, 16 teams from across all HLH services took part in the Step Count Challenge. This challenge allowed teams of up to five staff members to record the number of steps they achieved in a day over a four week period. The team steps were entered onto the HLH Step Count Challenge online portal – and so the inter-departmental competition ensued.

The leader board was consistently changing throughout the challenge – there was tough competition and it was a very close run thing right up to the finish.

The total number of steps from all HLH teams was a mighty 23 million steps, the equivalent of 11,500 miles or the distance from Inverness to Sydney, Australia!

“Step into the Past” – a team from Archives topped the leader board with an incredible 2,210,080 steps.



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High Life Highland Staff & Volunteer Awards 2018/19

SPECIAL RECOGNITION AWARD – Presented by Andrew Wood, Chair of Moray Leisure Centre Board.

High Life Highland Management Consultancy

High Life Highland has been working as management consultants supporting and assisting the Board of Moray Leisure Limited at Moray Leisure Centre in Elgin since 2018.

In discussion with HLH, the Moray Leisure Board of Directors wished to acknowledge the significant progress achieved since HLH became involved in their organisation and it was felt that a Special Recognition Award would be the most appropriate mechanism to acknowledge the various sections and HLH staff involved in the process.



Charity No: SC042593

Company No. SC407011

High Life Highland Staff & Volunteer Awards 2018/19

CHAIR'S SPECIAL AWARD – Presented by Chair of High Life Highland Board, Donald McLachlan.

Helen Brook

Sometimes HLH staff can face challenging circumstances where the very essence of their training is called upon, and not always during the hours of work. These moments can range from minor first aid to serious incidents where HLH staff act as first responders until professional medical assistance arrives.

The recipient of this award used their training skill learned on the job in what can only be described as a very challenging situation in which she saved her father's life.

Helen was nominated by her mother, Moyra Brook, and this story is best told in Moyra's own words, "Helen is my daughter however I feel she should be recognised in assisting to save the life of her father. Six weeks ago her dad collapsed at home and required immediate CPR. I commenced this and shouted on Helen. Due to Helen's CPR training as a lifeguard she remained phenomenally calm, spoke to the ambulance service, and assisted me by calling out the timing of compressions, instructed me to tilt the head back to ensure air reached the lungs. She reassured me and in doing so saved her dad's life. She was incredibly impressive and knowledgeable. I believe this was fully down to the excellent training she has received. All this and only 16 years old. I truly believe Helen should be recognised as a credit to High Life Highland. Thank you."



Charity No: SC042593

Company No. SC407011

Trustees' and Directors' Report

at 31 March 2019

The Trustees, who are also the Directors of the Company for the purposes of Company law, present their report and the group financial statements for the year to 31 March 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Company's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Formation of High Life Highland

High Life Highland is a charitable Company limited by guarantee, registered in Scotland. Its registered office address is 13 Ardross Street, Inverness, IV3 5NS (Company number SC407011, Charity number SC042593). It is a subsidiary of The Highland Council, by virtue of it being the sole member of the company and having the power to appoint its Directors. The Company was formed on 8 September 2011 to deliver a range of community learning and leisure services on behalf of The Highland Council and was registered as a charity on 15 September 2011.

It has one subsidiary Company: High Life Highland (Trading) C.I.C. (Community Interest Company) (Company number SC408067) whose principal aim is to generate funds which will be utilised by the charity in pursuit of its charitable objectives.

Principal activities and objectives

The principal activities of the Company are to develop and promote opportunities in culture, learning, sport, leisure and health and wellbeing.

The Company's aim is to be acknowledged and respected as the leading organisation for developing and promoting opportunities in these areas and to grow the business in a sustainable way by providing services that the public value and by being viewed as a trusted partner making the Highlands a better place to live, work and visit.

HLH operates across the Highlands of Scotland, currently within the geographical boundary of The Highland Council's administrative area.

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Trustees' and Directors' Report

at 31 March 2019

Principal activities and objectives (continued)

The main business of the Company is the delivery of a Service Delivery Contract for The Highland Council across nine areas of work;

- Adult Learning
- Archives
- Arts
- Leisure Facilities
- Libraries
- Music
- Museums
- Sport and Outdoor Education
- Youth Work

Directors

The Trustees, who are also the Directors for the purposes of Company law, who served the charity during the year, are listed on page 2.

There are no Directors' interests requiring disclosure under the Companies Act 2006.

The Board consists of 8 Independent Directors and 4 Highland Council nominated Directors. The retirement and replacement of the Directors is also governed by the Articles of Association.

The Company has a Nominations Committee, the purpose of which is to oversee the selection of Directors to the Board and to make recommendations for appointment to the Council. In carrying out its function the committee set an appropriate skills matrix to guide it through the selection and evaluation process. Nominations are sought from a range of appropriate sources. Once appointed, Directors undergo induction and training in line with the established recruitment process for Directors.

The strategic management and policy decisions of the Company are the responsibility of the Board of Directors who are elected under the terms of the Company's Articles of Association. The day to day management of the Company is the responsibility of the Chief Executive, Ian Murray in consultation with the appointed Heads of Service; Head of Performance, Douglas Wilby; Head of Business, Fiona Hampton and Head of Development, James Martin.

The Company has an established Finance and Audit Committee the purpose of which is to assist the Board of Directors in fulfilling its responsibilities with regard to the Company's financial reporting, audit and the company's internal control procedures including risk management.

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at 31 March 2019

The Company has a Chief Executive Performance Review Committee whose remit is to agree the annual performance objectives and targets of the Chief Executive.

Our advisors

Our advisors are listed on page 2.

Objectives and activities

The Company has identified eight business outcomes which form the basis of its work. These business outcomes shape and inform the operational plans for each of the nine services.

The eight business outcomes identified are:

- To advance sustainable growth and financial sustainability
- Deliver the Service Delivery Contract with THC
- Improving staff satisfaction
- Improving customer satisfaction
- A positive Company image
- Services designed around customers and through market opportunities
- Sustain a good health and safety performance
- A trusted partner

In striving to achieve these outcomes, the Company has regard to five core values:

- To act legally
- To be non-discriminatory
- To be a good employer
- To have a safe environment for staff and users
- To take steps to reduce our environmental impact

On 8 September 2011 the responsibility for the delivery of culture and leisure services on behalf of The Highland Council was entrusted to HLH. The transfer process involved the transfer of the employment of in excess of 800 employees and the assumption of the management of over 117 buildings and 80 open spaces. Ownership of all the buildings and open spaces is retained by The Highland Council. The fixtures and fittings within these buildings were sold by The Highland Council to High Life Highland for £1.

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Trustees' and Directors' Report

at 31 March 2019

Results and Performance

Full details of the results are included in the Strategic Report.

Disabled employees

The Company and group give full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Investment policy

The Directors are governed by the Memorandum and Articles which permit funds to be invested as the Directors see fit.

Reserves policy

The purpose of the reserve policy is to advance the charitable objectives of the company, the Directors have agreed a long-term target to build up unrestricted reserves (excluding designated funds) to 3% of the total revenue budget, recognising the need for reserves particularly for business out with the Service Delivery Contract agreement with The Highland Council and noting the difficulty in achieving this target in the current economic climate.

As at 31st March 2019, High Life Highland's undesignated and unrestricted reserves were £770,502, representing 2.4% of total turnover in 2018/19. The total reserves held at year end excluding the pension liability of £11,838,000 (2018 - £6,812,000) was £1,563,501 (2018 - £1,756,894), of which £1,220,502 (2018 - £1,380,438) was unrestricted and £342,999 (2018 - £376,456) was restricted.

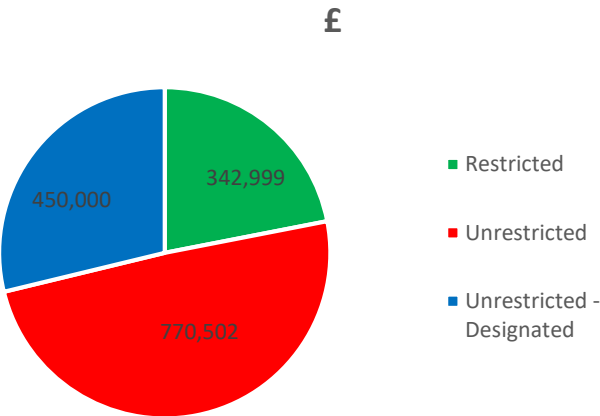
Of the £1,220,502 unrestricted reserves, £450,000 has been designated for capital works and the uplift in terms and conditions for staff at Inverness Leisure following the amalgamation of Inverness Leisure and HLH on 1st April 2016.

The following chart illustrates the breakdown of reserves as at 31st March 2019:

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**Trustees' and Directors' Report
at 31 March 2019**



Plans for the future

The Company has prepared a Business Plan covering the period to March 2024 which clearly sets out its objectives and plans for the future. The Company intends to be recognised and respected as the leading organisation in the Highlands for developing and promoting opportunities in culture, learning, sport, leisure, health and wellbeing.

As part of the Business Plan, the Directors have prepared an Operational Plan in collaboration with the Company's Highland wide area managers. The Operational Plan is used to guide activity across the company in a co-ordinated, measurable way.

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Trustees' and Directors' Report

at 31 March 2019

Key areas of focus

The Board of Directors in reviewing the Company's opportunities for growth and potential new business have prioritised the following areas:

- The Preventative Health Agenda;
- The HLH Tourism Offering;
- Other Management Portfolios; and
- Extension of the High Life Membership Scheme.

STRATEGIC REPORT

Review of the Business

During the year a number of key projects were undertaken and key achievements realised in line with the Company's Business Plan.

Culture

- The family-orientated Dinosaur exhibition at Inverness Museum & Art Gallery (IMAG) proved enormously popular, attracting nearly 9,000 visitors during its five week run.
- Museums' financial performance continued to improve: income earned from visitors rose by an average of 20% per visitor, totalling just short of £0.5m.
- Archives offered 255 events and activities across the four centres, 54% more than in the year previous and attended by 126% more people.
- Lochaber Archive Centre relocated to new purpose built, town centre facilities and trebled its opening hours to the public.
- Staff from both Archives and Museums were invited to speak about High Life Highland's work at the respective annual conferences of their national governing bodies, the Archive & Registration Association and the Museums Association.
- Commercial income earned by the Conservation Unit was double that of the previous year, at £28k. An additional conservator post has been created to increase capacity and therefore income.

Libraries

- The Customer Service Excellence standard was achieved with full compliance in all – the Library Service is now fully compliant in all 57 indicators (up to 10 partial compliances allowed) with an increase from 10 to 17 indicators awarded at sector leading "compliance plus" level.
- Visits to libraries continued to rise with an overall annual increase of 16.5%.
- Libraries received 2,216,263 physical visits (increase of 54,263) and 1,298,754 online visits (increase of 444,479).
- There were 410,000 participants at Library events, an increase of 35,000 on the previous year.

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- Libraries were invited to present and run workshops at the Community Leisure Scotland (formerly SPORTA) Conference to discuss HLH's collaborative cross sectoral model of service design and delivery in East Caithness Community Facility, The Averon Leisure Centre and Aviemore Community & Leisure Centre.

Sports & Outdoor Activities

- The Rangers Service became fully embedded into HLH, a project of note was the collaboration with IMAG around their Dinosaur exhibition.
- Summer 2018 saw the opening of the refurbished Torrin Bunk House on Skye. Occupancy increased from 18% to 44% over the same time period in 17/18.
- The first Leadership Programme residential was held where 40 young people from across Highland came together to develop their leadership skills further. The event also saw the launch of the Gold Hoodie which was awarded to those young leaders who had truly gone above and beyond and achieved 500 hours of volunteering and leadership.
- Community Sport Hubs were successful in receiving Go Live funding (£8.5K). This has enabled the delivery of walking football on Skye, regular Friday afternoon activity targeting inactive "gamers" and a cycling project based around Inverness Royal Academy.
- The Active Schools team maintained a high level of activity and innovation across all 29 school clusters. 2018 was the final year of a four year investment by SportScotland, the standard of programme (from quality of sessions to investment in volunteers and deliverers) across Highland enabled HLH to negotiate a further 4 year investment with SportScotland.

Facilities – Leisure

- A successful Black Friday membership promotion generated 290 new memberships, representing a 303% increase on the previous year and generated £70,778 in income.
- Online booking for Adult Fitness classes was introduced across all High Life Facilities.
- Ben Nevis Visitor Centre continued to grow its retail offering to customers resulting in a growth of 147% on the previous year's income.
- Refurbishment of the Aviemore Community Centre and Craig MacLean Leisure Centre fitness rooms provided a strength and conditioning area which helped attract and retain customers.
- The agreement for access to public swimming for High Life Members at MacDonald Aviemore Highland Resort was renewed.
- The Leven Centre was introduced as a stand-alone High Life Facility.
- Total user numbers increased by 5% from 2.78M in 17/18 to 2.92M in 18/19 while High Life Subscriptions increased by 5.2% from 20,480 in 17/18 to 21,608 in 18/19.

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Youth Work

- Educational support for young people increased last year by 35% with 261,930 learning hours delivered.
- HLH's Year of Young People Digital Participation Project gained national and European recognition with the Area Youth Officer for the South shortlisted for Youth Worker of the Year Award.
- The Scottish Attainment Challenge Project, a partnership with Young Scot, helped remove barriers to Leisure access and provided free food for young people in deprived areas. 155 young people benefited from over 800 engagements including; swimming, gym sessions, free sports kit and food. The project was presented by Young Scot to COSLA as a model of good practice.
- The HLH Youth team developed a successful partnership with the Ecologia Trust to co-deliver their grow2gether programme in 8 targeted secondary schools. This project involved secondary school pupils mentoring nursery children resulting in increased wellbeing and attainment for secondary school pupils at risk of disengaging from education.

Adult Learning

- Customer visits increased by 16% last year with 15,466 attendances.
- Two full time additional posts were secured to support the additional Syrian Refugee settlements in the Dingwall area. This project supported refugees to improve their English language skills and settle into the community.
- Support was developed for the Highland Adult Learning Partnership which attracted over 15 partner organisations from various sectors that supported and promoted adult learning in the region. This work culminated in a conference for learners and practitioners coordinated by HLH and hosted by the University of the Highlands and Islands.
- The HLH Adult Learning team were successful in adding the SQA Health and Wellbeing Award to their portfolio of accredited learning opportunities.

Health & Wellbeing

- **Parkinson's Exercise** - People with Parkinson's were now offered exercise classes in some HLH leisure facilities, following an initial successful pilot phase in one facility. It's known that exercise is good for people who have Parkinson's because it can help to slow the progression of symptoms and help to manage symptoms as well such as sleep problems, fatigue and mood.
- **Chronic Health Conditions – Self Management** - HLH worked with NHS Highland to develop a pilot project to improve referral/sign posting pathways from health services to HLH services. A new process for referring people from Physiotherapy services into mainstream exercise services operated by HLH was piloted with a view to further roll out to other locations in the future.
- The Move More programme was introduced in partnership with Macmillan Cancer Support. The programme supported people affected by cancer into physical activity.

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Trustees' and Directors' Report

at 31 March 2019

Music Tuition

- On 1st April 2018, the Music Tuition Service transferred from Highland Council.
- In its first year with HLH, income increased 21% through instructors taking on additional pupils.
- In addition to the 49 FTE staff who transferred from Highland Council, five new posts were created - three funded through customer income, one through external (grant) funding and one through the Pupil Equity Fund (PEF) where the five primary schools in the Inverness High School ASG combined some of their PEF funding to create a post.
- To make it easier for parents to access the service, an on-line management and bookings system was developed which streamlined administration whilst providing staff and managers with more comprehensive statistical information on which to base future service developments
- Evening music lessons for adults and children was successfully introduced at Culloden Library with Management looking to expand provision in other areas.

Key Performance Indicators

The Finance and Audit Committee is responsible for developing and setting performance indicators for each of the business outcomes, which are reported to the Board.

Non-Financial KPI's reported throughout the year:

	2019	2018
Customer Visits	8,303,543	7,420,364
High Life Subscriptions (monthly average for year)	21,608	20,480
Average Monthly Staff Turnover	0.47%	0.68%
Average Staff Absence Rate	3.66	3.73
Positive Media Clippings	337	230
Neutral Media Clippings	114	81
Negative Media Clippings	24	37
Number of Complaints Received	51	43
RIDDOR Accidents/Incidents	3	3

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at 31 March 2019

In addition there are four non-numeric performance indicators as follows:

- Delivery of the Service Delivery Contract (SDC) with The Highland Council (THC) – this is assessed twice per year by THC and the Council's Care, Learning and Housing Committee agreed on both occasions that HLH had met or exceeded the requirements set out in the Service Delivery Contract.
- Customer surveys – all nine areas of HLH work carried out customer surveys in 2018/19.
- Health and safety audit – the annual external health and safety audit found that there were no companywide actions required.
- THC's annual survey of performance and attitudes – the Board noted the positive contributions which it made to THC's annual survey of performance and attitudes.

Results and Performance

The Trustees are satisfied with the level of results achieved during the year and the financial position at year end.

During the year ended 31 March 2019, the charity has been able to deliver and develop its services and recorded a deficit of £5,219,393 (2018 surplus - £4,343,554) after allowing for the actuarial loss posted through the statement of financial activities of £2,475,000 (2018 gain – £6,638,000) on the pension fund for the year ended 31 March 2019.

If the impact of the pension liability, including the service cost and the actuarial loss, is excluded, as detailed within Note 22 to the financial statements, the group recorded a deficit from operations of £193,393. The 2018/19 revenue budget planned to utilise £340,000 of unrestricted reserves, which included £250,000 of the Inverness Leisure designated fund and therefore a £340,000 deficit was budgeted. The outturn against budget is shown below:

	Actual (£)	Budget (£)	Favourable Variance (£)
Net (deficit)/surplus before pension adjustments	(193,393)	(340,0000)	146,607

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at 31 March 2019

Staff costs have increased by £3.6m in 2019 which equates to an 18% increase. The increase is due to the following factors:

	£m
Transfer of the Music Tuition Service from Highland Council on 1 April 2018	2.2
Transfer of Countryside Rangers Service from Highland Council part way through 2017/18	0.2
Nationally agreed 3.5% pay award and increase in the Living Wage	0.7
Increase in staffing of 10.23 Full Time Equivalent staff	0.5
	3.6

The Trading Company recorded a profit of £574,215 for the year (2018 - £380,934), of which £574,215 (2018 - £380,934) was donated to the Charity in the furtherance of its charitable objectives.

The Company's revenue stream is largely tied to the terms of its Service Delivery Contract with The Highland Council. Under the terms of that contract, there is a direct linkage between the level of service required by the Council and the amount of funding provided to the Company to deliver those services.

The Directors consider that, having due regard to the terms of the Service Delivery Contract, the Company has sufficient funds to ensure that variations in funding from other sources can be accommodated within the normal operations of the business.

At the year-end the Company has a deficit on its balance sheet of £10,274,499 (2018 – £5,055,106) including the actuarial adjustment. As explained above, there is a linkage between the level of service required and the funding provided. The Directors are satisfied that the total funding received from all sources will be sufficient to enable the Company to record surpluses on its general fund, excluding the pension reserve. The future level of contributions to the pension fund has been agreed by the Company and The Highland Council in conjunction with the scheme's actuaries with the aim of bringing the pension fund into surplus as soon as practicable.

Risks and Uncertainties

The Company maintains a comprehensive risk register which is reviewed monthly by Senior Managers and is reported to Finance and Audit Committee on a quarterly basis with an annual review by the Board.

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Trustees' and Directors' Report

at 31 March 2019

The Company identifies the reduction in The Highland Council's Management Fee, which is dependent in part on the level of funding from the Scottish Government, as the principal risk facing the Company.

Statement of Trustees' and Directors' Responsibilities

The Directors are responsible for preparing the Trustees' and Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the surplus or deficit of the group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to disclosure of information to auditors

The Directors who are members of the Board at the time of approving the Directors' Report are listed on page 2. Having made enquiries of fellow Directors and of the Company's auditors, each of the Directors confirms that:

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

Charity No: SC042593

Company No. SC407011

**Trustees' and Directors' Report
at 31 March 2019**

Auditors

The auditors, Saffery Champness, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In signing this report, the Trustees confirm that they have approved the strategic report in their capacity as Company Directors of High Life Highland Limited.

This report was approved by the Board and signed on its behalf.

Donald McLachlan

Director

Date:

Independent auditor's report
To the members of High Life Highland

Charity number: SC042593
Company number: SC407011

Opinion

We have audited the financial statements of High Life Highland for the year ended 31 March 2019 which comprise the group statement of financial activities, charity statement of financial activities, group balance sheet, charity balance sheet and 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report (continued)
To the members of High Life Highland

Charity number: SC042593
Company number: SC407011

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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. 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.

Other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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

- the group or the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the group or parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report (continued)
To the members of High Life Highland

Charity number: SC042593
Company number: SC407011

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 35, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company'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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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.

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 auditor's report.

Independent auditor's report (continued)
To the members of High Life Highland

Charity number: SC042593
Company number: SC407011

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 and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Donald Forsyth (Senior Statutory Auditor)
for an on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

.....
Kintail House
Beechwood Park
Inverness
IV2 3BW

	Note	Unrestricted funds £	Restricted funds £	2019 total £	2018 total £
Income from:					
Charitable activities	5	28,985,754	1,847,648	30,833,402	27,269,836
Other trading activities	6	1,913,920	-	1,913,920	1,411,730
Total income		30,899,674	1,847,648	32,747,322	28,681,566
Expenditure on:					
Raising funds	6	1,339,705	-	1,339,705	1,030,796
Charitable activities	7	32,270,905	1,881,105	34,152,010	29,945,216
Total expenditure		33,610,610	1,881,105	35,491,715	30,976,012
Net income/(expenditure)		(2,710,936)	(33,457)	(2,744,393)	(2,294,446)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	20	(2,475,000)	-	(2,475,000)	6,638,000
Net movement in funds		(5,185,936)	(33,457)	(5,219,393)	4,343,554
Reconciliation of funds:					
Total funds brought forward		(5,431,562)	376,456	(5,055,106)	(9,398,660)
Total funds carried forward		(10,617,498)	342,999	(10,274,499)	(5,055,106)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 45 to 65 form part of these financial statements.

	Note	Unrestricted funds £	Restricted funds £	2019 total £	2018 total £
Income from:					
Donations and legacies	4	574,215	-	574,215	380,934
Charitable activities	5	28,985,754	1,847,648	30,833,402	27,269,836
Total income		29,559,969	1,847,648	31,407,617	27,650,770
Expenditure on:					
Charitable activities	7	32,270,905	1,881,105	34,152,010	29,945,216
Total expenditure		32,270,905	1,881,105	34,152,010	29,945,216
Net income/(expenditure)		(2,710,936)	(33,457)	(2,744,393)	(2,294,446)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	20	(2,475,000)	-	(2,475,000)	6,638,000
Net movement in funds		(5,185,936)	(33,457)	(5,219,393)	4,343,554
Reconciliation of funds:					
Total funds brought forward		(5,431,562)	376,456	(5,055,106)	(9,398,660)
Total funds carried forward		(10,617,498)	342,999	(10,274,499)	(5,055,106)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 45 to 65 form part of these financial statements.

Group balance sheet
As at 31 March 2019

Charity number: SC042593
Company number: SC407011

		2019	2018
	Note	£	£
Fixed assets			
Tangible assets	11	250,992	362,877
Current assets			
Stocks	13	116,818	111,392
Debtors	14	6,612,016	6,307,597
Cash at bank and in hand		19,468	18,893
		<u>6,748,302</u>	<u>6,437,882</u>
Creditors: amounts falling due within one year	15	(5,435,793)	(5,043,865)
Net current assets		<u>1,312,509</u>	<u>1,394,017</u>
Net assets excluding pension liability		<u>1,563,501</u>	<u>1,756,894</u>
Defined benefit pension scheme liability	20	(11,838,000)	(6,812,000)
Net liabilities		<u>(10,274,499)</u>	<u>(5,055,106)</u>
Funds			
Unrestricted funds	17	1,220,502	1,380,438
Restricted funds	18	342,999	376,456
Pension reserve	20	(11,838,000)	(6,812,000)
Total funds		<u>(10,274,499)</u>	<u>(5,055,106)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

.....
Donald McLachlan
Director

.....
William Ross
Director

Date:

The notes on pages 45 to 65 form part of these financial statements.

Company balance sheet
As at 31 March 2019

Charity number: SC042593
Company number: SC407011

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	250,992	362,877
Investments	12	100	100
		<u>251,092</u>	<u>362,977</u>
Current assets			
Stocks	13	15,785	16,397
Debtors	14	6,712,949	6,402,492
Cash at bank and in hand		19,468	18,893
		<u>6,748,202</u>	<u>6,437,782</u>
Creditors: amounts falling due within one year	15	(5,435,793)	(5,043,865)
Net current assets		<u>1,312,409</u>	<u>1,393,917</u>
Net assets excluding pension liability		<u>1,563,501</u>	<u>1,756,894</u>
Defined benefit pension scheme liability	20	(11,838,000)	(6,812,000)
Net liabilities		<u>(10,274,499)</u>	<u>(5,055,106)</u>
Funds			
Unrestricted funds	17	1,220,502	1,380,438
Restricted funds	18	342,999	376,456
Pension reserve	20	(11,838,000)	(6,812,000)
Total funds		<u>(10,274,499)</u>	<u>(5,055,106)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

.....
Donald McLachlan
Director

.....
William Ross
Director

Date:

The notes on pages 45 to 65 form part of these financial statements.

1 Accounting policies

Company information

High Life Highland is a company limited by guarantee and incorporated in Scotland. The registered office is 13 Ardross Street, Inverness, IV3 5NS.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £ unless otherwise stated.

1.2 Going concern

The charity is dependent upon revenue funding provided by The Highland Council under a contract running to 2036. The level of the management fee is agreed annually. The funding for the year ended 31 March 2020 is agreed. The funding for future years is subject to review. The directors are confident that the level of funding available through The Highland Council under the funding agreement when taken together with other anticipated revenues will be sufficient to enable the charity to continue trading and meet its obligations as they fall due for at least 12 months from the date of signing these financial statements.

1.3 Group financial statements

The consolidated accounts incorporate the accounts of the company and its subsidiary undertaking for the year ended 31 March 2019.

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

1.4 Incoming resources

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading activities, including retail and catering facilities at sites operated by High Life Highland.
- Expenditure on charitable activities includes all the costs on activities undertaken to further the purposes of the charity and their associated support costs.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.6 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for a particular purpose. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.7 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employees services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension costs

The charity participates in The Highland Council Pension Fund, a defined benefit scheme. The assets of the scheme are held separately from those of the charity in an independently administered trust. The fund is valued every three years by a professionally qualified independent actuary and is updated at each balance sheet date with contribution payments made to the plan to ensure that the plan's assets are sufficient to cover future liabilities. Pension plan assets are measured using market values. Pension plan liabilities are measured using the projected unit method and discounted by the yield available on long-dated high quality corporate bonds. The amounts charged to the statement of financial activities in respect of the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the costs have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are charged to resources expended. Actuarial gains and losses are recognised immediately in the statement of financial activities.

1.8 Fixed assets

The ownership of the buildings and open spaces managed by the charity is retained by The Highland Council. As part of the transfer process undertaken on 1 October 2011, the contents and equipment within these buildings was sold by The Highland Council to High Life Highland for £1. This amount was expensed in the year ended 31 March 2012.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Plant and equipment	10% to 20% per annum straight line basis
Fixtures and fittings	10% to 20% per annum straight line basis

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost comprises the invoiced price of goods and materials purchased on a first in first out basis.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

1.12 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

1.13 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.14 Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

1.15 Taxation

Income is stated net of VAT and expenditure includes VAT where this is not recoverable.

The group's financial statements include the relevant corporation tax in respect of the subsidiary undertaking.

1.16 Cash flow statement

The financial results of the charity are consolidated into those of The Highland Council and consequently the company has taken advantage of the exemption available under FRS 102 from preparing a cash flow statement under the requirements of section 7 - Statement of Cash Flows and section 3 - Financial Statement Presentation paragraph 3.17d.

2 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

There are no judgements that would have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Pension

The charity participates in The Highland Council Pension Fund, a defined benefit scheme. The amounts charged to the statement of financial activities in respect of the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are charged to resources expended. Actuarial gains and losses are recognised immediately in the statement of financial activities.

4 Income from donations and legacies (company)

Income from donations and legacies was £574,215 (2018 - £380,934). All income from donations and legacies in the current and prior year was unrestricted.

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

5 Income from charitable activities (group and company)

	Unrestricted funds £	Restricted funds £	2019 total £	2018 total £
Management fee - The Highland Council	16,797,727	-	16,797,727	15,195,694
Other grants	349,280	1,803,573	2,152,853	1,677,714
Delivery of service delivery contract	11,838,747	44,075	11,882,822	10,396,428
	<u>28,985,754</u>	<u>1,847,648</u>	<u>30,833,402</u>	<u>27,269,836</u>

Income from charitable activities was £30,833,402 (2018 - £27,269,836) of which £28,985,754 (2018 - £25,989,011) was unrestricted and £1,847,648 (2018 - £1,280,825) was restricted.

6 Income from other trading activities (group)

The wholly owned subsidiary, High Life Highland (Trading) C.I.C., is a company registered in Scotland (registration number SC408067) which provides retail and catering facilities at sites operated by High Life Highland.

A summary of the trading results is shown below:

	High Life Highland (Trading) C.I.C.	
	2019 £	2018 £
Turnover	1,913,920	1,411,730
Cost of sales and administrative expenses	(1,339,705)	(1,030,796)
Net profit before gift aid and tax	<u>574,215</u>	<u>380,934</u>
Amount gift aided to High Life Highland	(574,215)	(380,934)
Profit for the year	<u>-</u>	<u>-</u>

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

6 Income from other trading activities (group) (continued)

	High Life Highland (Trading)	
	2019	C.I.C. 2018
	£	£
The assets and liabilities of the subsidiary were:		
Current assets	101,033	94,995
Creditors: amounts falling due within one year	(100,933)	(94,895)
Net assets	100	100
Capital and reserves	100	100

7 Expenditure on charitable activities (group and company)

	Unrestricted funds £	Restricted funds £	2019 total £	2018 total £
Wages and salaries	22,004,682	1,417,634	23,422,316	19,849,907
Adjustment to pension charge	2,336,000	-	2,336,000	2,254,000
Property costs	829,854	2,250	832,104	607,764
Travel and transport	445,219	-	445,219	314,928
Supplies and services	5,908,672	364,505	6,273,177	5,864,321
Third party payments	349,308	96,716	446,024	539,053
Depreciation	155,999	-	155,999	170,864
Expected return on pension scheme assets	(831,000)	-	(831,000)	(658,000)
Interest on pension scheme liabilities	1,046,000	-	1,046,000	982,000
Audit and accountancy fees	24,625	-	24,625	18,850
Directors' expenses reimbursed	1,546	-	1,546	1,529
	32,270,905	1,881,105	34,152,010	29,945,216

Expenditure on charitable activities was £34,152,010 (2018 - £29,945,216) of which £32,270,905 (2018 - £28,734,538) was unrestricted and £1,881,105 (2018 - £1,210,678) was restricted.

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

8 Net income/(expenditure) for the year

	2019	2018
	£	£
This is stated after charging:		
Fees payable to the group's auditor:		
Audit of High Life Highland	18,125	14,000
Audit of High Life Highland (Trading) C.I.C.	2,000	2,000
Preparation of financial statements	3,000	2,000
Tax compliance	1,500	850
Operating lease rentals	421,145	337,967
Depreciation	155,999	170,864

9 Trustee remuneration

The trustees are not entitled to any emoluments during the year. Travel expenses totalling £1,546 (2018 - £1,529) were reimbursed to 2 trustees during the year (2018 - 2).

10 Analysis of staff costs and the cost of key management personnel

	2019 £	2018 £
Wages and salaries	19,045,013	16,211,600
Social security costs	1,341,768	1,092,570
Pension costs	2,878,753	2,421,922
	<u>23,265,534</u>	<u>19,726,092</u>

In 2018/19 the employer's contribution rate was 19.5% of pensionable pay.

The average weekly number of employees during the year was as follows:

	2019 Number	2018 Number
Management	5	5
Support services	37	38
Operations	1,399	1,221
	<u>1,441</u>	<u>1,264</u>

The number of employees remunerated at a rate of over £60,000 per annum was as follows:

	2019 Number	2018 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the group comprise the trustees, the Chief Executive, the Head of Business, the Head of Performance, the Head of Culture and the Head of Development. The total employee benefits of the key management personnel of the group was £314,961 (2018 - £291,408).

Redundancies and terminations

The total amount charged for the year in relation to redundancies and terminations was £2,654 (2018 - £8,289). All amounts were fully paid in the year and therefore there are no liabilities at the balance sheet date.

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

11 Tangible fixed assets (group and company)

	Plant and equipment £	Fixtures and fittings £	Total £
Cost			
At 1 April 2018	1,324,086	10,431	1,334,517
Additions	72,237	-	72,237
Disposals	(214,488)	-	(214,488)
At 31 March 2019	1,181,835	10,431	1,192,266
Depreciation			
At 1 April 2018	961,210	10,430	971,640
Charge for the year	155,999	1	156,000
On disposals	(186,366)	-	(186,366)
At 31 March 2019	930,843	10,431	941,274
Net book value			
At 31 March 2019	250,992	-	250,992
At 31 March 2018	362,876	1	362,877

12 Fixed asset investments

	Shares in subsidiary £
Cost and net book value	
At 1 April 2018 and at 31 March 2019	100

The company holds 100% of the ordinary share capital of High Life Highland (Trading) C.I.C., a company incorporated in Scotland. The activities and results of this company are summarised in note 6.

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

13 Stocks

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Goods for resale	116,818	15,785	111,392	16,397
	<u>116,818</u>	<u>15,785</u>	<u>111,392</u>	<u>16,397</u>

The difference between the purchase price or production cost of stocks and their replacement cost is immaterial. Stocks recognised as an expense in the year for the group and the charity were £624,737 (2018 - £497,514).

14 Debtors

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	291,132	291,132	363,366	363,366
Prepayments and accrued income	835,622	835,622	490,875	490,875
Amounts owed by group undertakings	5,485,262	5,586,195	5,453,356	5,548,251
	<u>6,612,016</u>	<u>6,712,949</u>	<u>6,307,597</u>	<u>6,402,492</u>

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

15 Creditors: amounts falling due within one year

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	177,213	177,213	261,796	261,796
Other creditors and accruals	2,645,810	2,645,810	2,910,794	2,910,794
Amounts owed to group undertakings	2,612,770	2,612,770	1,871,275	1,871,275
	<u>5,435,793</u>	<u>5,435,793</u>	<u>5,043,865</u>	<u>5,043,865</u>

The charity does not operate a bank account. All receipts and payments are made by The Highland Council on behalf of the charity and its subsidiary. High Life Highland has complete control over cash management in that all receipts and payments are accounted for and authorised independently of The Highland Council. High Life Highland is set up as a separate charity in the council's financial system with a separately identifiable intercompany account in the ledger which records all cash transactions. At each year end, a reconciliation is completed and High Life Highland receives interest on the average cash balance held throughout the year. Therefore at any point in time High Life Highland's cash balances can be separately identified from the council through the intercompany account, with all transactions controlled and authorised by High Life Highland management and reported to the trustees.

Included in debtors in note 14 is £5,485,262 (2018 - £5,453,356) due from The Highland Council, which represents income received on behalf of High Life Highland. When this amount is settled, it will be offset against the amounts due to The Highland Council of £2,612,770 (2018 - £1,871,275) for costs paid out on the charity's behalf in the year.

Deferred income

	2019	
	Group	Charity
	£	£
At 1 April 2018	113,028	113,028
Amount deferred in year	78,396	78,396
Amount released to income	(63,558)	(63,558)
At 31 March 2019	<u>127,866</u>	<u>127,866</u>

The deferred income represents grant income for which performance conditions had not been met at the year end and sales invoices raised in advance.

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

16 Analysis of net liabilities between funds

	Unrestricted funds £	Restricted funds £	Total £
Group			
Fixed assets	250,992	-	250,992
Current assets	6,405,303	342,999	6,748,302
Current liabilities	(5,435,793)	-	(5,435,793)
Pension liability	(11,838,000)	-	(11,838,000)
	<u>(10,617,498)</u>	<u>342,999</u>	<u>(10,274,499)</u>
Charity			
Fixed assets	251,092	-	251,092
Current assets	6,405,203	342,999	6,748,202
Current liabilities	(5,435,793)	-	(5,435,793)
Pension liability	(11,838,000)	-	(11,838,000)
	<u>(10,617,498)</u>	<u>342,999</u>	<u>(10,274,499)</u>

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

17 Unrestricted funds

	At 1 April 2018 £	Incoming resources £	Outgoing resources £	Actuarial (loss)/gain £	Transfers £	At 31 March 2019 £
Group						
General fund	797,801	30,899,674	(30,926,973)	-	-	770,502
Pension reserve	(6,812,000)	-	(2,551,000)	(2,475,000)	-	(11,838,000)
High Life Highland T&C's	382,637	-	(132,637)	-	-	250,000
Capital works	200,000	-	-	-	-	200,000
	(5,431,562)	30,899,674	(33,610,610)	(2,475,000)	-	(10,617,498)

Company

General fund	797,801	29,559,969	(29,587,268)	-	-	770,502
Pension reserve	(6,812,000)	-	(2,551,000)	(2,475,000)	-	(11,838,000)
High Life Highland T&C's	382,637	-	(132,637)	-	-	250,000
Capital works	200,000	-	-	-	-	200,000
	(5,431,562)	29,559,969	(32,270,905)	(2,475,000)	-	(10,617,498)

Designated funds

As part of the charity combination with Inverness Leisure in 2016, £584,999 of reserves that transferred across were designated for High Life Highland terms and conditions (T&C's) on the TUPE of staff and a further £200,000 of the funds were designated for capital works. Of the £584,999 designated for T&C's, £202,362 was utilised in 2016/17 and a further £132,637 in 2018/19. The balance remains in designated funds for 2019/20.

The £200,000 for capital works remains in a designated fund.

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

18 Restricted funds (group and company)

	At 1 April 2018 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2019 £
Coaching	42,681	-	-	-	42,681
Activity Agreements	31,500	-	-	-	31,500
Sport Scotland	19,472	1,065,607	(1,070,774)	-	14,305
Adult Education	39,252	-	-	-	39,252
Canal Parks	-	6,000	-	-	6,000
Youth Work	164,680	94,774	(109,771)	-	149,683
Highland Folk Museum Regeneration Project	-	44,120	(44,120)	-	-
Dance Studio	323	-	-	-	323
Disability Sports Officer	-	18,000	(18,000)	-	-
Youth Music Initiative	-	503,664	(503,664)	-	-
Esmee Fairburn Collection	52,911	12,990	(14,197)	-	51,704
Learning Ladders	14,444	-	(14,444)	-	-
Townscape Heritage	11,193	11,137	(10,252)	-	12,078
MacMillan Move More	-	33,113	(37,640)	-	(4,527)
Health & Wellbeing Manager	-	26,000	(26,000)	-	-
In the Footsteps of Dinosaurs	-	15,500	(15,500)	-	-
Coming Home	-	16,743	(16,743)	-	-
	376,456	1,847,648	(1,881,105)	-	342,999

18 Restricted funds (group and company) (continued)

The charity receives funding from a variety of sources for different purposes, all within the overall objectives of the company. Unless otherwise stated, the source of the funding was The Highland Council and the purposes of the above restricted funds are as follows:

- Coaching - To provide support for voluntary sports coaches.
- Activity Agreements - To provide young adults aged between 16 and 19 years old with the necessary skills to prepare them for employment.
- Sport Scotland - Funding received from Sport Scotland to develop, promote and encourage sport in the Highlands.
- Adult Education - Funding received from the European Social Fund in support of the provision of language and support services for inwards migrants to the Highlands.
- Canal Parks - Sinking fund to replace pitch.
- Youth Work - Funding received to provide targeted youth work and services in specific areas of the Highlands.
- Highland Folk Museum Regeneration Project - Funding received from Museums Galleries Scotland to document and conserve the Vernacular Organic Collections at the Highland Folk Museum.
- Dance Studio - Funding to refurbish the dance studio.
- Disability Sports Officer - Funding received from Disability Sport Ltd to develop and support sport to disabled people in the Highlands.
- Youth Music Initiative - Funding received from Creative Scotland to provide access to high quality music making opportunities for young people and support the development of the youth music sector.
- Esmee Fairburn Collection - Funding received to increase access to the Highland decorative arts collection.
- Learning Ladders - Funding received from the European Social Fund to engage strategies to address social exclusion and rural poverty.
- Townscape Heritage - Funding received to create a digital heritage trail in Inverness.
- MacMillan Move More - Funding received from MacMillan Cancer Support to ensure that people living with cancer are supported to become physically active, both before, during and after their treatment.
- Health & Wellbeing Manager - Contribution received from NHS Highland towards the post of Health & Wellbeing Manager.
- In the Footsteps of Dinosaurs - Contribution received from Inverness Common Good Fund towards hosting an exhibition of Scottish and other British dinosaurs at Inverness Museum and Art Gallery.
- Coming Home - Funding received from Museums Galleries Scotland for a travelling exhibition and engagement programme exploring the impact of the First World War on Highland Communities.

19 Controlling interest

The company is under the ultimate control of the Highland Council (having regard to the Council's powers as sole member) but without prejudice to the directors' duties under company law and charity law to exercise independent judgement and to further what they consider to be the best interests of the company.

The largest group and the smallest group for which consolidated financial statements are prepared which include High Life Highland is that of The Highland Council. Copies of these financial statements can be obtained from www.hIGHLAND.gov.uk.

20 Pension commitments

The charity is a member of The Highland Council Pension Fund which provides pension benefits under the Local Government Pension Scheme to employees of High Life Highland. Contributions are made to this scheme, on the advice of an independent qualified actuary, to ensure that the plans' assets are sufficient to cover future liabilities. The assets of the scheme are held separately from the charity in an independently administered fund. Contributions are recognised in the statement of financial activities in the period in which they become payable.

The valuation used for the FRS 102 disclosures has been based on rolling forward the value of the employer's liabilities from a starting position of zero at 1 October 2011, allowing for the different financial assumptions required under FRS 102. The valuation used has been based on the most recent actuarial valuation at 31 March 2017, and was updated by the actuary to assess the liabilities of the schemes at 31 March 2019. The assumptions that have the most significant effect on the results of the valuation are those relating to price increases, the rate of increases in salaries and pensions and the discount rate. Scheme assets are stated at their bid value at the balance sheet dates.

With effect from 1 April 2015, a schedule of contributions was put in place to fund the scheme's defined benefits at the current rate of 19.5% p.a. of total payroll.

The assets and liabilities of the schemes are:

	2019 £000's	2018 £000's
Fair value of scheme assets	34,519	29,028
Present value of scheme liabilities	(46,337)	(35,821)
Present value of unfunded liabilities	(20)	(19)
Liability in the scheme	<u>(11,838)</u>	<u>(6,812)</u>

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

20 Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are:

	2019	2018
Equities	70%	68%
Bonds	15%	16%
Property	12%	13%
Cash	3%	3%

The amounts recognised in the statement of financial activities are analysed as follows:

	2019 £000's	2018 £000's
Recognised in the statement of financial activities:		
Current service cost	(5,259)	(4,688)
Interest on obligation	(1,046)	(982)
Expected return on scheme assets	831	658
	<u>(5,474)</u>	<u>(5,012)</u>

The principal assumptions at the opening and closing balance sheet date were:

	2019	2018
Rate of salary increases (over life of the scheme)	3.4%	3.3%
Rate of increases in pensions in payment	2.4%	2.3%
Discount rate	2.5%	2.7%
Post retirement mortality:		
	2019	2018
Current pensions at 65 (male)	21.9 yrs	21.9 yrs
Current pensions at 65 (female)	24.3 yrs	24.3 yrs
Future pensions at 65 (male)	23.3 yrs	23.3 yrs
Future pensions at 65 (female)	26.1 yrs	26.1 yrs

20 Pension commitments (continued)

The mortality tables adopted were the 110% SIPA tables allowing for CMI projections with a long term rate of 1% per annum. 'Current' disclosures relate to assumptions based on longevity following retirement at the balance sheet date, with 'future' being that relating to an employee retiring in 20 years time. These assumptions will be reconsidered when the next triennial review of The Highland Council Pension Scheme is undertaken.

Change in assumptions at 31 March 2019:

	Approximate % increase to defined benefit obligation	Approximate monetary amount £000's
0.5% decrease in real discount rate	14%	6,708
0.5% increase in salary increase rate	2%	807
0.5% increase in pension increase rate	13%	5,808

Changes in the present value of the defined benefit obligations are analysed as follows:

	2019 £000's	2018 £000's
Opening defined benefit obligations	35,840	33,875
Current service cost	5,259	4,688
Interest cost	1,046	982
Actuarial loss/(gain)	3,605	(4,085)
Benefits paid	(286)	(354)
Contributions by scheme participants	894	735
Estimated unfunded benefits paid	(1)	(1)
	<u>46,357</u>	<u>35,840</u>

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

20 Pension commitments (continued)

Changes in the fair value of the plan assets are analysed as follows:

	2019 £000's	2018 £000's
Opening fair value of scheme assets	29,028	23,003
Expected return on scheme assets	831	658
Employer contributions	2,922	2,433
Contributions in respect of unfunded benefits	1	1
Contributions by scheme members	894	735
Benefits paid	(286)	(354)
Actuarial gain/(loss)	1,130	2,553
Estimated unfunded benefits paid	(1)	(1)
	<u>34,519</u>	<u>29,028</u>

The accumulated amount of actuarial gains and losses recognised in the statement of financial activities was an actuarial loss of £2,475,000 (2018 gain - £6,638,000).

The best estimate of contributions to be paid by the group to the scheme for the year beginning after 31 March 2019 is £2,922,000.

Amounts for the closing and opening balance sheet are as follows:

	2019 £000's	2018 £000's	2017 £000's	2016 £000's
Fair value of scheme assets	34,519	29,028	23,003	12,198
Present value of defined benefit obligation	(46,357)	(35,840)	(33,875)	(15,241)
Transfer of pension liability from charity combination	-	-	-	(694)
Net liability in scheme	<u>(11,838)</u>	<u>(6,812)</u>	<u>(10,872)</u>	<u>(3,737)</u>

Notes to the financial statements
For the year ended 31 March 2019

Charity number: SC042593
Company number: SC407011

21 Obligations under operating leases (group and company)

Future minimum rentals under non-cancellable operating leases are as follows:

	2019 £	2018 £
Within one year	135,529	197,078
In two to five years	124,579	122,197
	260,108	319,275

22 Operating results (excluding the pension liability adjustment)

	Unrestricted funds £	Restricted funds £	2019 total £
Income from:			
Charitable activities	28,985,754	1,847,648	30,833,402
Other trading activities	1,913,920	-	1,913,920
Total income	30,899,674	1,847,648	32,747,322
Expenditure on:			
Raising funds	1,339,705	-	1,339,705
Charitable activities	32,270,905	1,881,105	34,152,010
Less: pension adjustment	(2,551,000)	-	(2,551,000)
Total expenditure	31,059,610	1,881,105	32,940,715
Net income/(expenditure)	(159,936)	(33,457)	(193,393)
Transfers between funds	-	-	-
Surplus/(deficit) from operations	(159,936)	(33,457)	(193,393)

The operating results for High Life Highland for the year ended 31 March 2019, excluding the pension adjustment, report an overall deficit of £193,393 of which £159,936 is in unrestricted funds and £33,457 is in restricted funds.