



Company Number SC407011

Charity Number SC042593

High Life Highland
(A company limited by guarantee)
Report and Financial Statements
31 March 2021

Contents

	Page
Company Information	2
Report of the Chair	3
Report of the Chief Executive	4
Trustees' and Directors' Report – including the Strategic Report	5 -17
Report of the Independent Auditors	18 - 22
Group Statement of Financial Activities	23
Company Statement of Financial Activities	24
Group Balance Sheet	25
Company Balance Sheet	26
Notes to the Financial Statements	27 - 50

Charity No: SC042593

Company No. SC407011

Company Information

Directors

W Ross

M Tate

D McLachlan

K Nicol

N Finnigan

T Ligema

A Jarvie

L Munro

T Heggie

M Golding

D Finlayson

J Thompson

Company secretary

S Fraser

Auditors

Saffery Champness LLP

Kintail House

Beechwood Park

Inverness

IV2 3BW

Bankers

Clydesdale Bank

15 Academy Street

Inverness

IV1 1JN

Registered Office

13 Ardross Street

Inverness

IV3 5NS

Charity No: SC042593

Company No. SC407011

Report of the Chair

The dominant influence on High Life Highland (HLH) over the last year has of course been the Covid 19 Pandemic. Throughout this period and beyond I have been consistently impressed by the commitment and efforts of all our staff. HLH has made use of the furlough scheme for a number of staff, but was still able to maintain a number of key services throughout the period, including youth work and music tuition. HLH has been creative and innovative in permitting continued access to services within the limitations of the required restrictions and social distancing. Many of our staff, including those on furlough have still continued to make a significant contribution to Highland communities as volunteers, supporting the good work of Highland Council, NHS Highland and others - ensuring people across the Highlands have access to very necessary services and support.

The HLH Board and senior management team have taken early and effective steps to mitigate the impact of the Pandemic and believe there are no structural concerns over the HLH operational model. As an organisation HLH remains committed to maintaining our ability to protect the future delivery of services. There is no doubt that our services will become even more important to Highland communities as we come out of the Pandemic, with an emphasis on social inclusion and promoting community resilience. As an organisation, HLH is committed to protecting jobs and fully recognises that it is our staff who ensure the quality and accessibility of our many facilities and services across the Highlands.

Effective governance has been maintained over the year, with regular and some additional Board and committee meetings continuing to take place via the online medium of MS Teams. As chair, I have also had regular contact with the Chief Executive and other Executive Directors. The Board has continued to make the necessary strategic decisions and provide the appropriate constructive challenge and scrutiny during these unprecedented times. The Board also agreed to carry out a strategic review and is currently in the process of producing a new business plan – this is to ensure that full account is taken of the impact of the Pandemic and any changes in the nature of service delivery are fully considered and accommodated.

During the year to 31 March 2021, there were changes to the make-up of the Board: with grateful thanks and a fond farewell to Councillor Duncan Macpherson and Independent Directors Ella MacRae and John Murray. A warm welcome is extended to Councillor Ben Thompson and Independent Directors Nick Finnigan and David Finlayson who joins us from the charity's trading company.

I want to formally place on record my appreciation of the support and contribution of our active, able and enthusiastic Board of Directors. I also want to record my thanks to Highland Council elected members and officers who have maintained their much valued support to HLH – this is greatly appreciated.

W.J (Ian) Ross, OBE

Chair

Charity No: SC042593

Company No. SC407011

Report of the Chief Executive

As highlighted by the Chair in his introduction, the last year has witnessed the Covid-19 pandemic changing daily life in ways that no-one could have foreseen, severely disrupting the operation of the charity and limiting our ability to provide vital services in the community.

With all facilities closed in the first and final quarters of the year, new ways had to be found to serve the community. Face-to-face meetings and contacts with vulnerable young people and adult learners were replaced with video and phone calls as well as outdoor meetings. Our Archive Centres created new and innovative online offerings and our Libraries operated a click-and-collect service to provide books for the community. With leisure centres closed for half of the year, fitness classes were provided online and even outdoors when restrictions allowed and the Highland weather permitted.

I would like to take this opportunity to express my gratitude to our dedicated, professional and hard-working staff for their dedication, flexibility and hard work over the last year, enabling services to operate safely in difficult and ever-changing circumstances. Unfortunately, we were unable to hold our annual Staff and Volunteer Awards this year due to restrictions but will hold a special "Covid-19" ceremony later in the year to recognise and express our appreciation for these most noteworthy efforts.

Whilst the last year has been difficult, important progress has been made. Our catering strategy continues to develop. Café Botanics opened in Inverness at the end of July, proving to be very popular and will only continue to flourish as we return to normality, enhancing the offering to those visiting the gardens while contributing to the financial sustainability of the charity.

Funding from sportscotland allowed the creation of a new strength and conditioning unit at Inverness Leisure, providing international-standard facilities for highlife members and elite athletes alike. I greatly appreciate the support provided and welcome the ongoing commitments from sportscotland to support more opportunities to work in partnership to improve mental and physical health, fitness and participation in sport.

The transformation of Inverness Castle into a world-class visitor attraction continues to progress with construction work due to start Autumn 2021. Due to open in 2024, the Castle will be a fantastic asset to both Inverness and the Highlands.

As we enter the new financial year, I look forward to seeing our facilities reopening and services returning. With savings measures in place as well as financial support from The Highland Council and an adequate level of reserves, we have the resources to move forward and continue to grow.

Finally, I'd like to formally record my sincere gratitude for the support, direction and guidance from the Chair and the Board of Directors during what has been the most challenging period in the charity's history.

Steve Walsh, OBE
Chief Executive

Charity No: SC042593

Company No. SC407011

**Trustees' and Directors' Report – including the Strategic Report
at 31 March 2021**

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 2021.

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 well-being.

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.

Charity No: SC042593

Company No. SC407011

**Trustees' and Directors' Report – including the Strategic Report
at 31 March 2021**

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, and up to the date of signing the financial statements were:

W Ross
M Tate
D McLachlan
K Nicol
E Macrae (Resigned 27 August 2020)
T Ligema
A Jarvie
L Munro
T Heggie
M Golding
J Murray (Resigned 27 August 2020)
J Thompson (Appointed 4 August 2020)
D MacPherson (Resigned 18 June 2020)
N Finnigan (Appointed 26 March 2021)
D Finlayson (Appointed 26 March 2021)

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.

Charity No: SC042593

Company No. SC407011

Trustees' and Directors' Report – including the Strategic Report at 31 March 2021

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, Steve Walsh in consultation with the appointed Service Directors; Director of Sport and Leisure, Douglas Wilby; Director of Inverness Castle, Fiona Hampton; Director of Culture & Learning, John West and Director of Corporate Services, James Martin. The pay of key management personnel is part of the Highland Council Payscale, subject to NJC national agreement.

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. 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.

Charity No: SC042593

Company No. SC407011

**Trustees' and Directors' Report – including the Strategic Report
at 31 March 2021**

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 reserves policy is to advance the charitable objectives of the Company with the Directors agreeing a target of 3% of the total budget for reserves. As the charity recovers its income streams in the wake of the pandemic it is forecast that up to two million pounds of unrestricted reserves will be required to fund the projected deficit in financial year 2021/22.

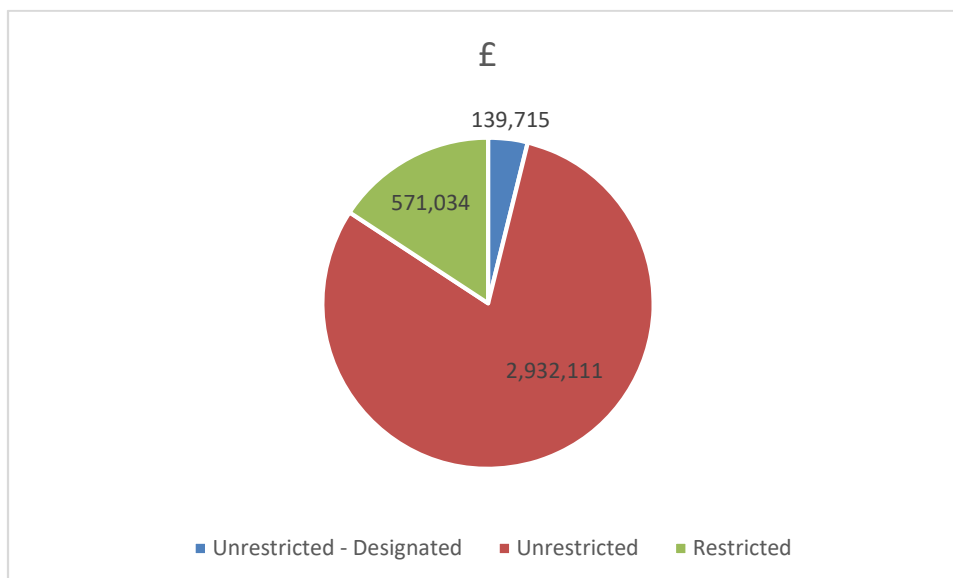
The total reserves held at year end excluding the pension liability of £29,150,000 (2020 - £9,730,000) was £3,642,860 (2020 - £1,083,063), of which £3,071,826 (2020 - £791,055) was unrestricted and £571,034 (2020 - £292,008) was restricted.

Of the £3,071,826 unrestricted reserves, £139,715 has been designated for capital works 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 2021:

Charity No: SC042593

Company No. SC407011

**Trustees' and Directors' Report – including the Strategic Report
at 31 March 2021**



Plans for the future

A new Business Plan covering the period to March 2026 is currently being prepared to set out the Company's objectives and plans for the future. The Business Plan will include priorities for growth, with an Operational Plan to guide activity across the company in a co-ordinated, measurable way.

STRATEGIC REPORT

Review of the Business

The operations of the charity were severely affected by the impact of the pandemic.

Following the imposition of lockdown measures, all HLH offices and facilities were closed for the first quarter of the year, with the majority of staff placed on furlough leave as part of the Government's Job Retention Scheme.

The Senior Management Team and a small core of staff continued working in order to maintain closed facilities and provide service provision where possible. Without being able to interact with customers in person, the use of technology proved essential. Youth Workers and Adult Learning teams were able to interact with their clients through video conferencing while the Leisure team were able to provide online fitness classes. Music tutors provided tuition throughout, maintaining a vital service for young people in lockdown.

With the easing of restrictions in the second quarter, facilities and services were able to resume in a limited capacity with libraries and leisure centres re-opening to the public. This continued until the end of quarter 3 when Lockdown restrictions were re-imposed and all facilities closed for the remainder of the year.

Charity No: SC042593

Company No. SC407011

Trustees' and Directors' Report – including the Strategic Report at 31 March 2021

Volunteers played an important role in helping deliver services across the Highlands. HLH has over 1,700 volunteers working with staff in Sport, Libraries, Adult Education and Youthwork to improve health and wellbeing through activities such as team sports, reading groups, digital skills classes and youth clubs.

Whilst on furlough, a significant number of staff volunteered for local humanitarian hubs, providing support to vulnerable members of the community.

Culture

- Inverness Museum & Art Gallery and Highland Folk Museum were amongst the first museums in Scotland to re-open when lockdown restrictions were relaxed in July 2020. Visitor feedback was extremely positive on both the overall visitor experience and on how “Covid-safe” the museums were.
- Full curation and cataloguing of Highland Folk Museum’s Shinty collection was completed, as part of working with a local community group to deliver the hugely successful ‘Badenoch Shinty Memories’ initiative, which was ‘lockdown redesigned’ to continue to improve the lives of people living with dementia and their carers.
- Archives developed and expanded its existing online offering and also created a suite of new digital experiences and opportunities. This included making many services previously only available in-person accessible online resulting in the total number of engaged users increasing from 1.3m in 2019/20 to just short of 2m in 2020/21.
- In partnership with Creative Scotland, the Exhibitions Unit ran the Visual Arts and Craft Makers Awards (VACMA) programme. Its purpose is to provide financial support towards artists’ and craft makers’ professional development. As the creative sector has been hit particularly hard by the pandemic demand from the sector was extremely high. Thirty-six fixed fee bursaries, totalling £20k were awarded.

Libraries

- HLH Libraries were awarded Customer Service Excellence Status for another year achieving full compliance against all 57 criteria while also being recognised as ‘Compliance Plus’, sector leading, on 21 criteria. This prestigious award has been developed by the Cabinet Office to acknowledge excellence in public services.
- The impact of Covid-19 restrictions led to library buildings remaining closed for much of the year. Services were adapted to meet changing customer needs with much of the focus on developing the online offer. While physical footfall was minimal with 20,000 visits over the year, virtual footfall increased by 42% resulting in 2,188,500 visits in 2020/21.

Charity No: SC042593

Company No. SC407011

Trustees' and Directors' Report – including the Strategic Report at 31 March 2021

- Bookbug sessions for pre-school children and their families were adapted to take place online. Proving immensely popular with our customers, these sessions resulted in 70,000 views over the year. Makaton signing was incorporated into these story, rhyme and song sessions to promote inclusivity. The charity also worked with partners to widen opportunities for further customer engagement by taking part in local virtual events such as Belladrum Live.
- HLH Libraries gave a presentation at the Scottish Library & Information Council Showcase event in November 2020. This virtual workshop provided an excellent opportunity to shine a light on innovation and best practice taking place in the library sector in Scotland. This year's theme was focussed on Health and Wellbeing.

Sports & Outdoor Activities

- The Sports team made a significant contribution to COVID-19 resilience work in the community throughout the year. At the start of the first lockdown in April 2020, staff volunteered to support The Highland Council and community organisations with their humanitarian assistance work, particularly through the 10 humanitarian assistance centres and childcare hubs.
- An on-line 'Lets Move Lets Shake' live online dance session was introduced and delivered weekly throughout lockdown with additional online resources and activities videos launched.
- Following the first easing of lockdown restrictions, 25,955 visits were made by 6,886 young people as part of the community-based activity programme delivered between August and December.
- 57 Young People started the new "Choose To Lead" leadership course using an online platform with virtual activity sessions delivered to pupils that were required to self-isolate.
- New innovative opportunities were developed including night mountain bike riding which was hugely successful in Inverness and Fort William at a time when most regular activities for children and young people had stopped.
- The team went on to work in partnership with Highland Council's education team to support the return of school pupils in March 2021, providing invaluable Health and Wellbeing opportunities during school time.
- Over 4,500 Highland young people representing 114 Schools took part in the in the new Virtual Running Series during March 2021.

Facilities – Leisure

- A number of facility improvements were made during the year with the creation of a new strength and conditioning suite at Inverness Leisure and the installation of new, competition-standard floodlighting at Queen's Park athletics facility. In addition, the fitness equipment at the Fingal Centre in Portree was replaced with a range of state of the art cardiovascular, fixed resistance and strength and conditioning equipment, improving the customer offering and generating additional income.
- Leisure services were adapted during the pandemic with online and outdoor fitness classes being provided to both highlife members and the general public, helping to improve their health and wellbeing.

Charity No: SC042593

Company No. SC407011

Trustees' and Directors' Report – including the Strategic Report at 31 March 2021

- Online joining and subscription management was introduced for the highlife scheme to make it easier for new members to take out a subscription.

Youth Work

- The Youthwork team adapted to the restrictions imposed through the pandemic to provide support to vulnerable young people in humanitarian hubs, schools and online. A specialist post co funded by High Life Highland and The Highland Council maintained crucial engagement with care experienced young people and employability programmes supported young people into work or further learning.
- Over £100,000 in external funding was secured to support young people and to help mitigate the impact of the pandemic upon them. This included three school-based youth work posts in Caithness and £57,000 from the national youth work education recovery fund to develop projects in East Sutherland, Dingwall and Fort William support young people particularly affected by the pandemic.
- In the summer of 2020 and again between January and April 2021, youth workers and young people across Highland co-created tailored learning and care packs to help address mental health and wellbeing issues. The Highland Youth Parliament was supported by the Youthwork team in their work with partners to improve the mental health and wellbeing of young people including a review of Personal and Social Education in schools.

Adult Learning

- During periods of Lockdown Adult Learning became an important lifeline for some of our most vulnerable learners including those with low levels of literacy and digital skills. Resources were focussed on reducing isolation, connecting people to services and support as a first response to the pandemic.
- Support was even more individualised this year through mainly online interactions and some outdoor sessions when restrictions permitted. Despite activities being significantly impacted by the pandemic, 3,627 Adult Learning contacts and 4,150 learning hours were achieved helping to support reductions in health inequalities.
- Over 40 digital devices/internet connections were provided with the aid of Connecting Scotland funding, facilitating family learning and supporting home schooling.
- Community language support and provision of ESOL courses helped those whose first language is not English access services during the pandemic, reducing isolation and understanding vital public health messaging.

Health & Wellbeing

- In response to the coronavirus pandemic High Life Highland remained committed to providing support for participants with a range of different long-term conditions, including those who are clinically vulnerable, involving over 300 individual people.
- People who had previously attended specialist exercise programmes including those affected by cardio-vascular disease, Parkinson's Disease, cancer and those at risk of falling were supported across the Highland area via telephone and email from specialist exercise instructors providing specifically tailored information on how to exercise safely at home and access resources on topics like how to eat well and modify risk factors.

Charity No: SC042593

Company No. SC407011

**Trustees’ and Directors’ Report – including the Strategic Report
at 31 March 2021**

- “Active Health” live interactive online exercise classes were led by highly qualified exercise instructors, helping participants improve functional capacity, fitness and quality of life as well as reducing the risk of ill health, disease recurrence, deterioration of condition, risk of falling and even acute hospital admissions whilst providing social contact and reducing isolation during a very challenging time.

Music Tuition

- Delivery of all tuition moved online within 2 weeks of lockdown in March 2020, allowing children to continue learning while at home.
- An additional full-time Pipe Band Drumming Instructor post was created in Wester Ross, taking over services previously undertaken by local youth pipe bands and ensuring a continued provision of service.
- The Inverloch Primary Band Project increased to 3 classes and combined online contact with face-to-face work to help mitigate the impact of Education Scotland guidelines whereby instruments could not be played in class.
- The Music Tuition Service’s social media platforms enabled continued awareness and engagement across Highland communities and further afield, with regular video posts of individual pupils and remotely recorded groups.

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:

	2021	2020
Customer Visits	4,865,333	8,876,161
High Life Subscriptions (monthly average for year)	9,008	20,259
Average Monthly Staff Turnover	0.48%	0.53%
Average Staff Absence Rate	1.23	3.3
Positive Media Clippings	18	381
Neutral Media Clippings	1	83
Negative Media Clippings	0	64
Number of Complaints Received	31	51
RIDDOR Accidents/Incidents	2	3

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 – 17 customer surveys were carried out across 7 Services in 2020/21.

Charity No: SC042593

Company No. SC407011

Trustees' and Directors' Report – including the Strategic Report at 31 March 2021

- 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 survey was deferred in 2020/21 due to the pandemic.

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 2021, the charity was able to deliver and develop its services as far as was possible within the constraints imposed by the pandemic and recorded a deficit of £16,860,203 (2020 surplus - £2,064,562) after allowing for the actuarial loss posted through the statement of financial activities of £17,201,000 (2020 gain – £5,670,000) on the pension fund for the year ended 31 March 2021.

The Trading Company recorded a loss of £124,902 for the year (2020 – £487,959 profit). 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 restrictions imposed as a consequence of the pandemic resulted in a substantial loss of earned income, particularly in leisure facilities with customer numbers substantially lower in comparison with the previous year. This was mitigated through funding from the Government's Job Retention Scheme (JRS) in addition to savings in staff and other operating costs resulting in a positive year-end position, allowing the charity to supplement its unrestricted reserves for utilisation in 2021/22.

With lockdown restrictions continuing into the new financial year, income streams will take time to recover to pre-pandemic levels as constraints are gradually eased and customer numbers increase. While funding from The Highland Council and grant providers including sportscotland and Creative Scotland has been assured, earned income from activities including leisure and museums will be lower than budgeted. The loss of income will be mitigated through support from the Government's JRS while facilities remain closed in addition to planned savings in staffing and other operating costs due to limited operations. Taking these factors into account with facilities reopening from the end of April 2021 and restrictions largely removed from August 2021, a deficit of circa £5.2M is forecast for financial year 2021/22.

The Highland Council, as the parent company of HLH, has committed to supporting the charity during the coming year and will look to underwrite any year-end deficit incurred with £3.4M of reserves earmarked for that purpose. In addition, High Life Highland has made provision to utilise £2M of its own reserves to ensure the charity's ongoing financial sustainability.

The Directors consider that, with assurance of support from The Highland Council and adequate reserves, the company has access to sufficient funds to continue as a going concern for the next 12 months.

Charity No: SC042593

Company No. SC407011

**Trustees' and Directors' Report – including the Strategic Report
at 31 March 2021**

At the year-end the Company has a deficit on its balance sheet of £25,382,238 (2020 – £8,646,937) including the actuarial adjustment. As explained above, there is a linkage between the level of service required and the funding provided. 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. As the sole owner of High Life Highland, The Highland Council has committed to act as guarantor to cover potential pension risks while the Company remains an Admitted Body within its pension scheme.

Whilst recognising that the pension liability can change significantly year on year, the substantial increase in the pension scheme liability to £29,150,000 as at 31st March 2021 remains a concern. Directors and Senior Management will liaise with The Highland Council to seek clarification on future measures required to address the liability.

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.

The Company identifies the closure of facilities and the consequent loss of income as the principal risk facing the Company.

Charity No: SC042593

Company No. SC407011

Trustees' and Directors' Report – including the Strategic Report at 31 March 2021

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 – including the Strategic Report
at 31 March 2021**

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.

Mark Tate
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 (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the group statement of financial activities, company statement of financial activities, group balance sheet, company 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 2021 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which describes the impact of the Coronavirus pandemic on the future of the group and parent charitable company.

As stated in note 1.2, although the group has significant capacity to control discretionary spend, in the event of a deficit beyond 31 March 2022, there is uncertainty as to the amount and availability of future funding. This indicates that a material uncertainty exists that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

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:

- proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, 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 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 group and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Office of the Scottish Charity Regulator.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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

Charity number: SC042593
Company number: SC407011

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the parent 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 parent 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 parent charitable company, the parent 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 £	2021 total £	2020 total £
Income from:					
Donations and legacies	4	2,242,824	-	2,242,824	2,242,824
Charitable activities	5	25,639,713	2,268,703	27,908,416	29,012,422
Other trading activities	6	327,498	-	327,498	1,921,679
Total income		28,210,035	2,268,703	30,478,738	33,176,925
Expenditure on:					
Raising funds	6	651,341	-	651,341	1,433,720
Charitable activities	7	27,496,923	1,989,677	29,486,600	35,348,643
Total expenditure		28,148,264	1,989,677	30,137,941	36,782,363
Net income/(expenditure)		61,771	279,026	340,797	(3,605,438)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	20	(17,201,000)	-	(17,201,000)	5,670,000
Net movement in funds		(17,139,229)	279,026	(16,860,203)	2,064,562
Reconciliation of funds:					
Total funds brought forward		(8,938,945)	292,008	(8,646,937)	(10,711,499)
Total funds carried forward		(26,078,174)	571,034	(25,507,140)	(8,646,937)

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 27 to 50 form part of these financial statements.

	Note	Unrestricted funds £	Restricted funds £	2021 total £	2020 total £
Income from:					
Donations and legacies	4	2,242,824	-	2,242,824	2,730,783
Charitable activities	5	25,440,772	2,268,703	27,709,475	29,012,422
Total income		27,683,596	2,268,703	29,952,299	31,743,205
Expenditure on:					
Charitable activities	7	27,496,923	1,989,677	29,486,600	35,348,643
Total expenditure		27,496,923	1,989,677	29,486,600	35,348,643
Net income/(expenditure)		186,673	279,026	465,699	(3,605,438)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	20	(17,201,000)	-	(17,201,000)	5,670,000
Net movement in funds		(17,014,327)	279,026	(16,735,301)	2,064,562
Reconciliation of funds:					
Total funds brought forward		(8,938,945)	292,008	(8,646,937)	(10,711,499)
Total funds carried forward		(25,953,272)	571,034	(25,382,238)	(8,646,937)

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 27 to 50 form part of these financial statements.

Group balance sheet
For the year ended 31 March 2021

Charity number: SC042593
Company number: SC407011

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	11		289,095		202,376
Current assets					
Stocks	13	102,378		114,756	
Debtors	14	4,322,018		6,239,363	
Cash at bank and in hand		20,638		21,877	
		<u>4,445,034</u>		<u>6,375,996</u>	
Creditors: amounts falling due within one year	15	(1,091,269)		(5,495,309)	
Net current assets			<u>3,353,765</u>		<u>880,687</u>
Net assets excluding pension liability			<u>3,642,860</u>		<u>1,083,063</u>
Defined benefit pension scheme liability	20		(29,150,000)		(9,730,000)
Net liabilities			<u>(25,507,140)</u>		<u>(8,646,937)</u>
Funds					
Unrestricted funds	17		3,071,826		791,055
Restricted funds	18		571,034		292,008
Pension reserve	20		(29,150,000)		(9,730,000)
Total funds			<u>(25,507,140)</u>		<u>(8,646,937)</u>

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

.....
Mark Tate
Director

Date:

The notes on pages 27 to 50 form part of these financial statements.

Company balance sheet
For the year ended 31 March 2021

Charity number: SC042593
Company number: SC407011

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	11		289,095		202,376
Investments	12		100		100
			289,195		202,476
Current assets					
Stocks	13	26,350		15,728	
Debtors	14	4,522,848		6,338,291	
Cash at bank and in hand		20,638		21,877	
		4,569,836		6,375,896	
Creditors: amounts falling due within one year	15	(1,091,269)		(5,495,309)	
Net current assets			3,478,567		880,587
Net assets excluding pension liability			3,767,762		1,083,063
Defined benefit pension scheme liability	20		(29,150,000)		(9,730,000)
Net liabilities			(25,382,238)		(8,646,937)
Funds					
Unrestricted funds	17		3,196,728		791,055
Restricted funds	18		571,034		292,008
Pension reserve	20		(29,150,000)		(9,730,000)
Total funds			(25,382,238)		(8,646,937)

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

.....
Mark Tate
Director

Date:

The notes on pages 27 to 50 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.

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.

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

1.2 Going concern

The Board of Directors recognise the significant financial challenges ahead due to the loss of revenue from its operations during lock-down and the likelihood of lower than normal levels of revenue for the duration of the recovery. The group has two main sources of income:

a) revenue funding provided by The Highland Council under a contract running to 2036. This funding from The Highland Council is agreed annually. The funding for the year to 31 March 2022 is agreed at £14,589,795. The funding for the year to 31 March 2023 is due to be agreed in January 2022 and is anticipated to be at the same level as financial year 2021/22. The funding for future years is subject to review, and

b) revenue generated from its operations. Due to Covid-19 the group's facilities were closed to the public from the 28 March 2020 to the 31 August 2020. They closed again from the 26 December 2020 and began re-opening to the public from the 26 April 2021 .

We have prepared financial forecasts for the group which are based on prudent assumptions and other industry intelligence. Even so, it is difficult to forecast revenue from operations with any degree of certainty; coming out of lock-down is a new experience and the risk of future lockdowns impacting our future trading, remains and is beyond our control.

1.2 Going concern (continued)

High Life Highland plays a vital role in communities throughout the Highlands providing services essential to the wellbeing of its inhabitants as well meeting Public Service Obligations on behalf of The Highland Council. The Council is committed to supporting High Life Highland during the coming year and will look to underwrite any year-end deficit. Nevertheless, beyond 31 March 2022 there is a material uncertainty as to the amount of and availability of future funding to cover the downturn in revenue during the recovery period.

To mitigate any potential loss of income, costs can be reduced where necessary in line with revenue generation and operational capacity. High Life Highland has significant capacity to control discretionary spend as has been demonstrated since the onset of the pandemic.

Having due regard to the above, the Board of Directors is confident that the level of funding from The Highland Council when taken together with other anticipated revenues and facility to reduce expenditure will be sufficient to enable the group to continue trading and meets its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements and as such have prepared the financial statements on the going concern basis.

1.3 Group financial statements

The consolidated accounts incorporate the accounts of the company and its subsidiary undertaking for the year ended 31 March 2021.

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.

Donation of services is recognised in the accounts at the amount that the charity would pay in the open market for an alternative item that would provide an equivalent benefit to the charity as the donated service.

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.

1.7 Employee benefits (continued)

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

The judgement surrounding the ability of the group and parent charitable company to continue as a going concern is discussed in note 1.2.

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 (group and company)

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Gift aid donation from subsidiary	-	-	-	487,959
Donation of services - overheads	2,242,824	2,242,824	2,242,824	2,242,824
	<u>2,242,824</u>	<u>2,242,824</u>	<u>2,242,824</u>	<u>2,730,783</u>

All income from donations and legacies in the current and prior year was unrestricted.

5 Income from charitable activities (group)

	Unrestricted funds £	Restricted funds £	2021 total £	2020 total £
Management fee - The Highland Council	14,760,876	-	14,760,876	14,469,637
Other grants	67,245	2,102,619	2,169,864	2,232,571
Job retention support grants	6,810,792	-	6,810,792	200,678
Delivery of service delivery contract	4,000,800	166,084	4,166,884	12,109,536
	<u>25,639,713</u>	<u>2,268,703</u>	<u>27,908,416</u>	<u>29,012,422</u>

Income from charitable activities was £27,908,416 (2020 - £29,012,422) of which £25,639,713 (2020 - £26,909,410) was unrestricted and £2,268,703 (2020 - £2,103,012) was restricted.

Income from charitable activities (company)

	Unrestricted funds £	Restricted funds £	2021 total £	2020 total £
Management fee - The Highland Council	14,760,876	-	14,760,876	14,469,637
Other grants	67,245	2,102,619	2,169,864	2,232,571
Job retention support grants	6,611,851	-	6,611,851	200,678
Delivery of service delivery contract	4,000,800	166,084	4,166,884	12,109,536
	<u>25,440,772</u>	<u>2,268,703</u>	<u>27,709,475</u>	<u>29,012,422</u>

Income from charitable activities was £27,709,475 (2020 - £29,012,422) of which £25,440,772 (2020 - £26,909,410) was unrestricted and £2,268,703 (2020 - £2,103,012) 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.	
	2021 £	2020 £
Turnover	327,498	1,921,679
Cost of sales and administrative expenses	(670,341)	(1,414,720)
Other income	198,941	
Profit before taxation	(143,902)	506,959
Taxation	19,000	(19,000)
Net (loss)/profit for the year	(124,902)	487,959

Distributions paid to the parent charity under the gift aid scheme were £nil (2020 - £487,959). Expenditure on raising funds included in the group statement of financial activities on page 23 includes cost of sales, administrative expenses and taxation amounting to £651,341 (2020 - £1,433,720).

	High Life Highland (Trading) C.I.C.	
	2021 £	2020 £
The assets and liabilities of the subsidiary were:		
Current assets	95,028	99,028
Creditors: amounts falling due within one year	(219,830)	(98,928)
Net assets	(124,802)	100
Capital and reserves	(124,802)	100

Notes to the financial statements
For the year ended 31 March 2021

Charity number: SC042593
Company number: SC407011

7 Expenditure on charitable activities (group and company)

	Unrestricted funds £	Restricted funds £	2021 total £	2020 total £
Wages and salaries	20,465,746	1,577,134	22,042,880	24,791,837
Adjustment to pension charge	1,973,000	-	1,973,000	2,780,000
Property costs	509,220	10,197	519,417	783,051
Travel and transport	101,260	13,206	114,466	505,241
Supplies and services	3,850,207	370,083	4,220,290	5,707,638
Third party payments	183,963	90	184,053	280,606
Depreciation	136,974	18,967	155,941	134,771
Expected return on pension scheme asset	(885,000)	-	(885,000)	(910,000)
Interest on pension scheme liabilities	1,131,000	-	1,131,000	1,255,000
Audit and accountancy fees	30,505	-	30,505	18,850
Directors' expenses reimbursed	48	-	48	1,649
	<u>27,496,923</u>	<u>1,989,677</u>	<u>29,486,600</u>	<u>35,348,643</u>

Expenditure on charitable activities was £29,486,600 (2020 - £35,348,643) of which £27,496,923 (2020 - £33,194,640) was unrestricted and £1,989,677 (2020 - £2,154,003) was restricted.

8 Net income/(expenditure) for the year

	2021 £	2020 £
This is stated after charging:		
Fees payable to the group's auditor:		
Audit of High Life Highland	25,655	14,000
Audit of High Life Highland (Trading) C.I.C.	2,000	2,000
Preparation of financial statements	2,000	2,000
Tax compliance	850	850
Operating lease rentals	104,909	165,205
Depreciation	<u>155,941</u>	<u>134,771</u>

9 Trustee remuneration

The trustees are not entitled to any emoluments during the year. Travel expenses totalling £48 (2020 - £1,649) were reimbursed to 1 trustee during the year (2020 - 3).

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

	2021	2020
	£	£
Wages and salaries	17,994,145	20,055,101
Social security costs	1,417,274	1,445,084
Pension costs	3,018,490	3,070,802
	<u>22,429,909</u>	<u>24,570,987</u>

In 2020/21 the employer's contribution rate was 19.5% of pensionable pay.

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

	2021	2020
	Number	Number
Management	5	5
Support services	35	37
Operations	1,150	1,396
	<u>1,190</u>	<u>1,438</u>

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

	2021	2020
	Number	Number
£60,001 - £70,000	1	1
£70,001 - £80,000	3	3
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

Key management personnel

The key management personnel of the group comprise the trustees, the Chief Executive, the Director of Sport and Leisure, the Director of Corporate Services, the Director of Inverness Castle and the Director of Culture and Learning. The total employee benefits of the key management personnel of the group was £386,518 (2020 - £367,956).

Redundancies and terminations

The total amount charged for the year in relation to redundancies and terminations was £21,467 (2020 - £22,039). All amounts were fully paid in the year and therefore there are no liabilities at the balance sheet date.

11 Tangible fixed assets (group and company)

	Plant and equipment £	Fixtures and fittings £	Total £
Cost			
At 1 April 2020	1,267,990	10,431	1,278,421
Additions	242,660	-	242,660
Disposals	-	-	-
At 31 March 2021	<u>1,510,650</u>	<u>10,431</u>	<u>1,521,081</u>
Depreciation			
At 1 April 2020	1,065,614	10,431	1,076,045
Charge for the year	155,941	-	155,941
On disposals	-	-	-
At 31 March 2021	<u>1,221,555</u>	<u>10,431</u>	<u>1,231,986</u>
Net book value			
At 31 March 2021	<u>289,095</u>	-	<u>289,095</u>
At 31 March 2020	<u>202,376</u>	-	<u>202,376</u>

12 Fixed asset investments

	Shares in subsidiary £
Cost and net book value	
At 1 April 2020 and at 31 March 2021	<u>100</u>

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.

13 Stocks

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Goods for resale	102,378	26,350	114,756	15,728
	<u>102,378</u>	<u>26,350</u>	<u>114,756</u>	<u>15,728</u>

14 Debtors

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	166,213	166,213	389,981	389,981
Prepayments and accrued income	1,175,609	1,175,609	1,294,430	1,294,430
Corporation tax recoverable	19,000			
Amounts owed by group undertakings	2,961,196	3,181,026	4,554,952	4,653,880
	<u>4,322,018</u>	<u>4,522,848</u>	<u>6,239,363</u>	<u>6,338,291</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 amounts owed by group undertakings is £2,961,196 (2020 - £4,554,952) due from The Highland Council, which represents income received on behalf of High Life Highland. In the prior year there were amounts due to The Highland Council of £4,223,080 (2021 - £nil) for costs paid out on the charity's behalf in the year.

15 Creditors: amounts falling due within one year

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	54,559	54,559	50,386	50,386
Other creditors and accruals	1,036,710	1,036,710	1,202,843	1,202,843
Corporation tax	-	-	19,000	-
Amounts owed to group undertakings	-	-	4,223,080	4,242,080
	<u>1,091,269</u>	<u>1,091,269</u>	<u>5,495,309</u>	<u>5,495,309</u>

Deferred income

	2021	
	Group	Charity
	£	£
At 1 April 2020	57,102	57,102
Amount deferred in year	35,126	35,126
Amount released to income	(57,102)	(57,102)
At 31 March 2021	<u>35,126</u>	<u>35,126</u>

Deferred income is included within other creditors and accruals and represents grant income for which performance conditions had not been met at the year end and sales invoices raised in advance.

16 Analysis of net liabilities between funds

	Unrestricted funds £	Restricted funds £	Total £
Group			
Fixed assets	276,031	13,064	289,095
Current assets	3,887,064	557,970	4,445,034
Current liabilities	(1,091,269)	-	(1,091,269)
Pension liability	(29,150,000)	-	(29,150,000)
	<u>(26,078,174)</u>	<u>571,034</u>	<u>(25,507,140)</u>
Charity			
Fixed assets	276,131	13,064	289,195
Current assets	4,011,866	557,970	4,569,836
Current liabilities	(1,091,269)	-	(1,091,269)
Pension liability	(29,150,000)	-	(29,150,000)
	<u>(25,953,272)</u>	<u>571,034</u>	<u>(25,382,238)</u>

17 Unrestricted funds

	At 1 April 2020 £	Incoming resources £	Outgoing resources £	Actuarial (loss)/gain £	Transfers £	At 31 March 2021 £
Group						
General fund	791,055	28,210,035	(25,929,264)	-	-	3,071,826
Pension reserve	(9,730,000)	-	(2,219,000)	(17,201,000)	-	(29,150,000)
	<u>(8,938,945)</u>	<u>28,210,035</u>	<u>(28,148,264)</u>	<u>(17,201,000)</u>	<u>-</u>	<u>(26,078,174)</u>
Company						
General fund	791,055	27,683,596	(25,277,923)	-	-	3,196,728
Pension reserve	(9,730,000)	-	(2,219,000)	(17,201,000)	-	(29,150,000)
	<u>(8,938,945)</u>	<u>27,683,596</u>	<u>(27,496,923)</u>	<u>(17,201,000)</u>	<u>-</u>	<u>(25,953,272)</u>

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 all had been utilised by 2019/20. Of the £200,000 designated for capital works, £60,285 was utilised in 2019/20. £139,715 remains in the designated funds at 31 March 2021 in relation to capital works which is included as part of the general fund.

Notes to the financial statements
For the year ended 31 March 2021

Charity number: SC042593
Company number: SC407011

18 Restricted funds (group and company)

	At 1 April 2020 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2021 £
Coaching	32,793	-	-	-	32,793
Activity Agreements	31,500	-	-	-	31,500
Sport Scotland	4,736	1,065,568	(1,049,058)	-	21,246
Adult Education	39,252	-	-	-	39,252
Canal Parks	6,000	12,000	-	-	18,000
Youth Work	39,660	76,673	(71,409)	-	44,924
ESOL	-	15,000	(12,426)	-	2,574
Disability Sports Officer	-	14,441	(14,441)	-	-
Youth Music Initiative	-	418,956	(418,956)	-	-
Esmee Fairburn Collection	11,846	29,000	(231)	-	40,615
Townscape Heritage	11,911	-	(21)	-	11,890
MacMillan Move More	-	125,139	(64,833)	-	60,306
Well Now	23,902	-	-	-	23,902
Paths For All	-	12,000	-	-	12,000
Creative Learning Network	13,518	-	-	-	13,518
Diabetes Online Support	-	6,272	-	-	6,272
Visual Arts and Crafts	1,972	10,000	(17,050)	-	(5,078)
Cardiac Rehab	-	32,758	-	-	32,758
Grow Project	10,000	84,828	(46,673)	-	48,155
Fingal Centre Gym Equipment	13,064	-	(3,266)	-	9,798
Life Changes Trust Cycle Friendly	-	14,911	(2,780)	-	12,131
Development Fund Shinty Memories Past and Present	27,910 (5,777)	- 28,873	(4,272) (23,096)	-	23,638 -
Erasmus	-	5,599	(5,599)	-	-
Highland Pictish Trail	29,721	-	(19,971)	-	9,750
Museums Covid	-	7,500	(7,500)	-	-
Drumming Instructor	-	50,392	(50,392)	-	-
Green Health Events	-	172,789	(169,527)	-	3,262
Nevis Outdoor Classroom	-	11,583	-	-	11,583
IL - Strength & Conditioning	-	-	(8,176)	-	(8,176)
Nairn Pitches & Playing Fields	-	12,717	-	-	12,717
North Coast Visitor	-	61,704	-	-	61,704
	292,008	2,268,703	(1,989,677)	-	571,034

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. 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.
- ESOL - Funding Provided by West Highland College to provide English to Speakers of Other Languages courses.
- 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.
- 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.
- Well Now - Funding received to deliver weight management courses.
- Paths For All - Funding received from the Scottish Government to promote active travel.
- Creative Learning Network - Funding provided by Education Scotland to support Creative Learning Networks, implement Scotland's Creative Learning Plan and champion creativity, the arts and culture in schools and communities.
- Diabetes Online Support -Funding received from NHS Highland to help support people with Type 2 diabetes access online services.
- Visual Arts and Crafts - Funding provided by Creative Scotland to support individuals to develop their creative practice in Visual arts and Crafts and support the cultural infrastructure of the local area.

18 Restricted funds (group and company) (continued)

- Cardiac Rehab - Funding provided by NHS Highland to provide exercise classes for people recovering from cardiac health issues.
- Grow Project - Funding provided by The David Sutherland Trust to provide opportunities for practical horticulture for adults with a learning disability in Inverness.
- Fingal Centre Gym Equipment - Funding provided by The Highland Council Developers, contributions for the purchase of fitness equipment for the Fingal Centre in Portree
- Life Changes Trust - Funding provided by the Life Changes Trust to support people with dementia.
- Cycle Friendly Development Fund - Funding provided by Cycle Scotland to promote cycling as a healthy, sustainable and accessible way to travel to work.
- Museums Covid Adaptation - Funding received from Museum Galleries Scotland to adapt The Highland Folk Museum and Inverness Museum & Art Gallery for opening during the pandemic.
- Erasmus - Funding provided by the European Union to promote transnational learning across European museums
- Inverness Leisure Strength & Conditioning - Funding provided by sportscotland to create a new strength and conditioning gym at Inverness Leisure

- Nevis Outdoor Classroom - Funding provided by the Nevis Trust and Nevis Landscape Partnership to promote outdoor learning for children.
- Shinty Memories Past and Present - Funding provided by Museums Galleries Scotland to promote the long term sustainability of the Shinty Collections held at the Highland Folk Museum.

- Nairn Pitches & Playing Fields - Funding provided by the Nairn Fields & Pitches Management Committee for the improvement of playing fields in Nairn.
- Highland Pictish Trail - Funding provided by Heritage Lottery Fund and Highland Council to interpret and promote Highland Pictish heritage.
- North Coast Visitor Centre - Funding provided by Dounreay Site Restoration LTD and Caithness Horizons to operate a visitor centre and museum in Thurso.
- Drumming Instructor - Funding provided by Scottish Schools Pipes and Drums Trust to fund two Pipe Band Drumming instructors.
- Green Health Events - Funding provided by Highland LEADER and Scottish National Heritage to deliver a series of events and activities to help improve and sustain the health and wellbeing of participants through improved access and use of outdoor spaces.

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 an admitted body 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 plan's 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 2020, and was updated by the actuary to assess the liabilities of the schemes at 31 March 2021. 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% p.a. of total payroll.

20 Pension commitments (continued)

The assets and liabilities of the schemes are:

	2021 £000's	2020 £000's
Fair value of scheme assets	58,288	36,896
Present value of scheme liabilities	(87,418)	(46,608)
Present value of unfunded liabilities	(20)	(18)
Liability in the scheme	<u>(29,150)</u>	<u>(9,730)</u>

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

	2021	2020
Equities	70%	66%
Bonds	12%	16%
Property	10%	12%
Cash	8%	6%

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

	2021 £000's	2020 £000's
Recognised in the statement of financial activities:		
Current service cost	(4,982)	(6,206)
Past service cost	-	292
Interest on obligation	(1,131)	(1,255)
Expected return on scheme assets	885	910
	<u>(5,228)</u>	<u>(6,259)</u>

20 Pension commitments (continued)

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

	2021	2020
Rate of salary increases (over life of the scheme)	3.6%	2.7%
Rate of increases in pensions in payment	2.8%	1.8%
Discount rate	2.05%	2.3%
Post retirement mortality:		
	2021	2020
Current pensions at 65 (male)	20.9 yrs	21.0 yrs
Current pensions at 65 (female)	23.5 yrs	23.2 yrs
Future pensions at 65 (male)	22.3 yrs	22.0 yrs
Future pensions at 65 (female)	25.5 yrs	24.8 yrs

The mortality tables adopted were the 110% SIPA tables allowing for CMI projections with a long term rate of 1.25% 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 2021:

	Approximate % increase to defined benefit obligation	Approximate monetary amount £000's
0.5% decrease in real discount rate	14%	11,957
0.5% increase in salary increase rate	1%	1,142
0.5% increase in pension increase rate	12%	10,572

20 Pension commitments (continued)

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

	2021 £000's	2020 £000's
Opening defined benefit obligations	46,626	46,794
Current service cost	4,982	6,206
Past service cost	-	(292)
Interest cost	1,131	1,255
Actuarial loss/(gain)	34,501	(8,002)
Benefits paid	(736)	(284)
Contributions by scheme participants	935	950
Estimated unfunded benefits paid	(1)	(1)
	87,438	46,626

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

	2021 £000's	2020 £000's
Opening fair value of scheme assets	36,896	34,519
Expected return on scheme assets	885	910
Employer contributions	3,008	3,133
Contributions in respect of unfunded benefits	1	1
Contributions by scheme members	935	950
Benefits paid	(736)	(284)
Actuarial gain/(loss)	17,300	(2,332)
Estimated unfunded benefits paid	(1)	(1)
	58,288	36,896

The accumulated amount of actuarial gains and losses recognised in the statement of financial activities was an actuarial loss of £17,201,000 (2020 gain - £5,670,000).

The best estimate of contributions to be paid by the group to the scheme for the year beginning after 31 March 2021 is £2,930,000.

20 Pension commitments (continued)

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

	2021	2020	As restated 2019	2018
	£000's	£000's	£000's	£000's
Fair value of scheme assets	58,288	36,896	34,519	29,028
Present value of defined benefit obligatio	(87,438)	(46,626)	(46,794)	(35,840)
Net liability in scheme	<u>(29,150)</u>	<u>(9,730)</u>	<u>(12,275)</u>	<u>(6,812)</u>

The Highland Council acts as guarantor as long as High Life Highland remains an admitted body within the Council's pension scheme.

21 Obligations under operating leases (group and company)

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

	2021	2020
	£	£
Within one year	46,943	79,788
In two to five years	20,857	67,831
	<u>67,800</u>	<u>147,619</u>

22 Operating results (excluding the pension liability adjustment)

	Unrestricted funds £	Restricted funds £	2021 total £
Income from:			
Donations and legacies	2,242,824	-	2,242,824
Charitable activities	25,639,713	2,268,703	27,908,416
Other trading activities	327,498	-	327,498
Total income	28,210,035	2,268,703	30,478,738
Expenditure on:			
Raising funds	651,341	-	651,341
Charitable activities	27,496,923	1,989,677	29,486,600
Less: pension adjustment	(2,219,000)	-	(2,219,000)
Total expenditure	25,929,264	1,989,677	27,918,941
Net income	2,280,771	279,026	2,559,797
Transfers between funds	-	-	-
Surplus from operations	2,280,771	279,026	2,559,797

The operating results for High Life Highland for the year ended 31 March 2021, excluding the pension adjustment, report an overall surplus of £2,559,797 of which £2,280,771 is in unrestricted funds and £279,026 is in restricted funds.