



MAKING LIFE BETTER

Report and Financial Statements
Aithisg agus Aithrisean Ionmhasail
31 March 2022 | 31 Màrt 2022

COMPANY INFORMATION FIOSRACHADH COMPANAIDH

DIRECTORS

M Tate
M Golding
W Ross
D McLachlan
A Jarvie
D Finlayson
I Campbell
K Nicol
M Hutchison
N Finnigan
S Rawlings
T Ligema

COMPANY SECRETARY

S Fraser

AUDITORS

Saffery Champness LLP
Kintail House
Beechwood Park
Inverness
IV2 3BW

BANKERS

Virgin Money
15 Academy Street
Inverness
IV1 1JN

REGISTERED OFFICE

13 Ardross Street
Inverness
IV3 5NS

High Life Highland
A company limited by guarantee
Company Number SC407011
Charity Number SC042593

High Life na Gàidhealtachd
Companaidh cuibhrichte le
barrantas

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44
facilities and
services
adopted to date

The Story So Far An Sgeul gu Ruige Seo

Effectiveness

In its ten years of operation High Life Highland has proven to be both efficient and effective in delivering public services on behalf of the Highland Council. When it was set up in 2011/12 it had 2.3 million customer visits across its nine service areas. By 2019/20 this had almost quadrupled to nearly 9m and the services it delivers have become significantly more important to the people of the Highlands than they have ever been.

Efficiency

At the same time as the growth in customer numbers was being achieved, the charity was becoming more efficient – when it was set up in 2011/12 79% of its funding came from the Highland Council and by 2019/20 this had reduced to 50%. This balance of efficiency and effectiveness has enabled High Life Highland to deliver £20m in savings to the Highland Council over ten years.

Adaptability

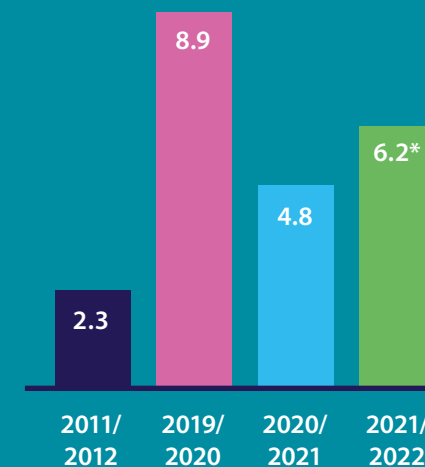
Part of the growth has been due to High Life Highland's willingness to adapt, take risks and deliver new services and while High Life Highland started out with nine service areas it now has twelve and has taken on a total of 44 new buildings and services in the ten years of its existence.

Enabled Savings to The Highland Council since formation

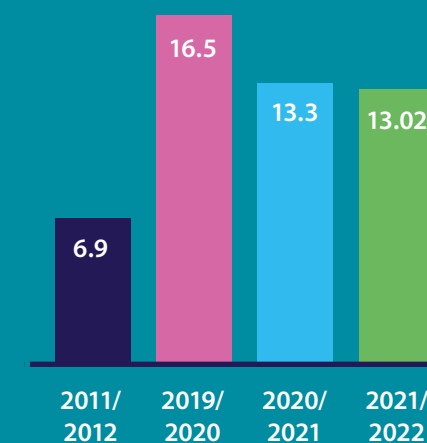
£19,700,143



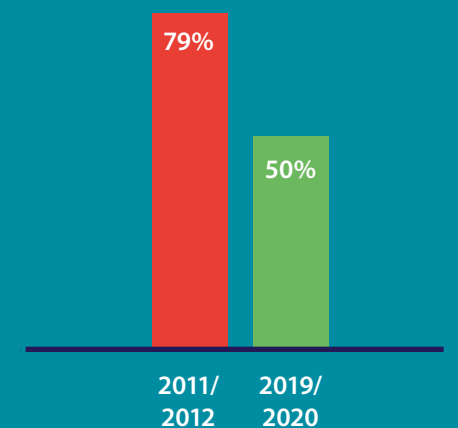
Customer Engagements
(Millions)



Income generated
(£ Millions)



Reliance on
Council Funding



* Customer Engagements	2021/22
Adult and Youth	64222
Archives	1,742,751
Arts and Museums	262,250
Leisure	1,377,339
Libraries	2,574,221
Music Tuition	84,245
Countryside Rangers and Outdoor Activities	6204
Sport	106,651
Total	6,217,883

2021/22 new operations



North Coast Visitor Centre, New Alness Pool (replacement), Bellfield Park in Inverness, Inverness City Area Committee Events and Festivals

Report of the Chair

Aithisg a' Chathraiche



There is no doubt that this annual report covers a period of unprecedented challenge as the country mapped out its recovery from the pandemic. High Life Highland has upheld its position as a sector leader in the leisure and culture sectors, heading the field in the recovery of services that have been crucial to the health and wellbeing of communities across the Highlands.

Our hard-working, passionate teams across all areas, deserve enormous credit for their bravery, hard-work and spirited approach to keeping our products fresh and for delivering much-needed services direct to their communities.

The past year also witnessed some major changes in the HLH Board with my predecessor, Ian Ross stepping down as Chair and Michael Golding taking responsibility as Chair of HLH (Trading) C.I.C. My sincere thanks go to Ian for his hard work, commitment and leadership in steering the Charity through the strategic shock of the pandemic and for providing diligent governance and strategic direction to guide our successful recovery.

I'd also like to pay tribute to Councillor Tom Heggie who sadly passed away in February of this year. Tom served on the Board of High Life Highland from 2017 and made a much-valued contribution to the development of the Charity.

It is clear that customer behaviours and expectations have changed as a direct result of recent experiences. This, coupled with a shift in the socio-economic environment, informed a comprehensive review of our business plan to match our growth priorities with the shifting nature of market and community demands. As ever, our growth priorities are underpinned by a focus on our charitable objectives to provide opportunities in sport, leisure and culture at an affordable price, underpinned by the board's commitment to environmentally responsible and sustainable operations and these will become increasingly important given the social and economic situation we find ourselves in locally, nationally and globally.

In the ten years since the creation of High Life Highland we have witnessed growth in customer engagements from 2.3 million to nearly 9 million per year and adopted 44 additional services and facilities, including the iconic Strathpeffer Pavilion and becoming the only arms length organisation in the country to deliver Music Tuition.

Finally, our strategic partnership with the Highland Council has been vital in the Charity's success. The Inverness Castle and Levelling Up Fund projects present further opportunities for High Life Highland to work closely with our Council colleagues and regional and national partners to deliver on our shared purpose to continue to make life better across the whole of the region. We look forward to a successful partnership over the next 10 years working with equal passion and ambition to serve our communities.

Mark Tate
Chair

Report of the Chief Executive Aithisg an Àrd-Oifigeir



After the most challenging period in our history, this year's annual report concentrates on the progress that we have made since re-opening and also recognises our achievements as we celebrate the milestone of our 10-year anniversary.

The Pandemic presented an existential threat to High Life Highland with an immediate cessation of our income-generating services and losses of income over the past two years in excess of £15 million. The cross-subsidy model that we operate, where our income generating services subsidise those services that are free to communities, exacerbated the challenge. Prudent utilisation of the UK government Job Retention (Furlough) scheme and support from the Highland Council via the Scottish Government Lost Income Recovery Scheme, coupled to a careful approach to cost management during recovery has stabilised our financial position with a healthy reserve as we recover from Pandemic restrictions.

Echoing the words of the Chair, great credit has to go to our brilliant staff whose passion and commitment has been a beacon of resilience during our recovery. Learning lessons from the pandemic is also critical to future resilience, we must harness innovative practices, most notably from our music tuition, archives and leisure staff and build back better as a result of some hard-earned experiences.

The past year has witnessed some significant achievements, the opening of the North Coast Visitor Centre embellishes our growth in the visitor attraction and tourism sector. Partnership working has been the hallmark of the Inverness Castle and Levelling Up Fund projects where the Spirit of the Highlands has cultivated a positive vision that stakeholders have coalesced around to work collaboratively and maintain momentum. I have also been encouraged that a number of international sports teams have come to the Highlands for training camps, an indication that our Highland-wide leisure facility investment programme is not only attracting talent to the region, but also an encouragement for young people to stay in a region where they can reach their full potential.

Our purpose is to make life better by creating services that enable communities to thrive. This annual report includes a highlight from each of our services which demonstrates outstanding commitment to our charitable objectives. The next year will undoubtedly present new and different challenges. However, we will work hard to continue to thrive and cross subsidise essential services, protecting social safety nets like our *highlife* budget scheme, swimming for all young people as part of the *highlife* scheme and our life-changing youth and adult learning work. The first 10 years has seen High Life Highland establish itself as a sector-leading Charity, we all look forward to continuing to create great stories as we enter the next decade of operations.

Steve Walsh, OBE
Chief Executive



Trustees' and Directors' Report – including the Strategic Report at 31 March 2022

**Aithisg nan Urrasairean
is nan Stiùirichean – a' gabhail
a-steach na h-Aithisg
Ro-innleachdail
aig 31 Màrt 2022**

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 2022.

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 Cruthachadh High Life na Gàidhealtachd

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 Prìomh ghnìomhachd agus mhion-amasan

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 recognised and respected as the leading organisation for developing, promoting and inspiring opportunities in these areas and by growing the business in a sustainable and innovative way by enabling services that the public value and by being valued as a trusted and effective partner.

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

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

- Adult Learning
- Archives
- Arts
- Catering and Commercial
- Countryside Rangers
- Leisure Facilities
- Libraries
- Museums
- Music Development
- Outdoor Activities
- Sport
- Youth Work

Directors Stiùirichean

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:

M Tate
M Golding
W Ross
D McLachlan
A Jarvie (Resigned 5 May 2022, Appointed 9 June 2022)
D Finlayson
I Campbell (Resigned 5 May 2022, Appointed 9 June 2022)
K Nicol
L Munro (Resigned 5 May 2022)
N Finnigan
T Heggie (Resigned 23 February 2022)
T Ligema
S Rawlings (Appointed 8 June 2022)
M Hutchison (Appointed 8 June 2022)

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

The Board consists of eight independent Directors and four Highland Council nominated Directors. The retiral and replacement of the Directors is also governed by the Memorandum and Articles of Association.

The Company has a Nominations Committee, the purpose of which is to oversee the selection of independent Directors to the Board and to make recommendations for appointment to the Highland Council. In carrying out its function the Board 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, all 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 Memorandum and 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 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 An luchd-comhairleachaidh againn

Our advisors are listed on page 2.



Objectives and activities

Mion-amasan agus gnìomhachd

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

The eleven business outcomes identified are:

- Seek to continuously improve standards of health and safety
- Commit to the Scottish Government's zero carbon targets and maintain the highest standards in environmental compliance
- Use research and market analysis to develop and improve services to meet customer needs
- Increase employee satisfaction, engagement and development to improve staff recruitment and retention
- Improve the financial sustainability of the company
- Value and strengthen the relationship with THC
- Develop and deliver the HLH Corporate Programme and seek to attract capital investment
- Use research and market analysis to develop and deliver proactive marketing and promotion of HLH and its services
- Initiate and implement an ICT digital transformation strategy across the charity
- Develop and strengthen relationships with customers, key stakeholders and partners
- Deliver targeted programmes which support and enhance the physical and mental health and wellbeing of the population and which contribute to the prevention agenda

In striving to achieve these outcomes, the Company has regard to eight 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
- To reduce the environmental impact of the organisation
- To contribute to achieving zero carbon targets
- To promote diversity and inclusion

From 1 October 2011 the responsibility for the delivery of culture and leisure services on behalf of the Highland Council was entrusted to High Life Highland. 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.

Transfer of management of over

800	117	80
employees	Buildings	open spaces

Disabled employees Luchd-obrach ciorramach



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.

Reserves policy Poileasaidh chùl-stòran

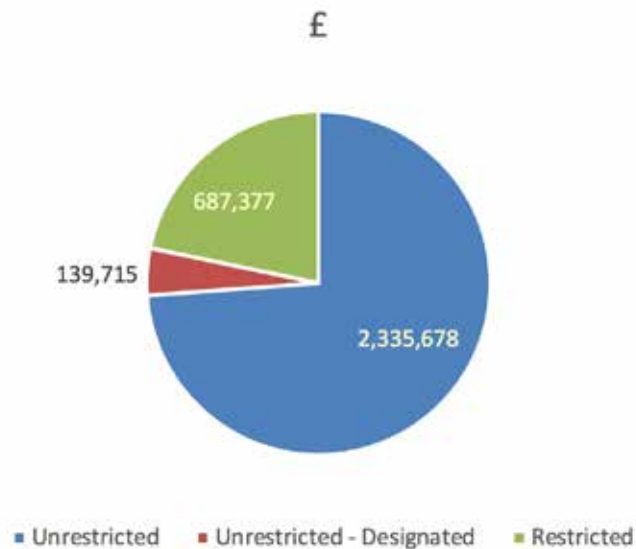
The purpose of the reserves policy is to advance the charitable objectives of the Company with the Directors agreeing a target of 3% of the total budget for reserves.

As the charity recovers its income streams in the wake of the pandemic, £1.67m of unrestricted reserves has been earmarked to fund the revenue shortfall in financial year 2022/23.

The total reserves held at year end excluding the pension liability of £25,763,000 (2021 – £29,150,000) was £3,162,770 (2021 – £3,642,860), of which £2,475,393 (2021 – £3,071,826) was unrestricted and £687,377 (2021 – £571,034) was restricted.

Of the £2,475,393 unrestricted reserves, £139,715 has been designated for capital works at Inverness Leisure following the transfer of business from Inverness Leisure to High Life Highland on 1 April 2016. The following chart illustrates the breakdown of reserves as at 31 March 2022:

Unrestricted reserves of
£1.67m
earmarked to fund revenue
shortfall for 2022/23



Results and Performance Toraidhean agus Coileanadh

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



Plans for the future

Planaichean airson an ama ri teachd

The Company has prepared a Business Plan covering the period to March 2027 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, promoting and inspiring opportunities in culture, learning, sport, leisure, health and wellbeing.

As part of the Business Plan, the Service Directors have prepared operational plans in collaboration with the Charity's Heads of Service. These operational plans are used to guide activity across the charity in a co-ordinated, measurable way.



Investment policy

Poileasaidh cur an seilbh

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

Review of the Business

Ath-sgrùdadh dhen Ghnothachas

The operations of the charity continued to be affected by the impact of the pandemic.

Following the ending of lockdown in late April 2021, where possible High Life Highland facilities reopened for business in line with continuing COVID restrictions for the remainder of the year. All offices were closed for the majority of the year with staff mostly working from home.

Staff whose ability to work was affected by the pandemic remained on either full or part-furlough as part of the Government's Job Retention Scheme until the end of September. Thereafter with the majority of restrictions having been lifted, all staff returned to work.

The growth of the Omicron variant from Christmas onwards had an impact on the operations of the business with a significant number of employees absent from work and self-isolating following positive COVID tests, resulting in disruption to services.

Volunteers played an important role in helping deliver services across the Highlands. High Life Highland has over 1,000 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.

HLH has over
1,000
Volunteers

Key Areas of Focus

Prìomh Roinntean Fòcais

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

- Increasing *highlife* subscriptions
- Development of catering
- Increasing donations
- Events and festivals
- Outdoor activities
- Visitor attractions
- Prevention agenda
- Levelling Up Fund projects





Archives, Art and Museums

Tasglannan, Ealain agus Taighean-tasgaidh

- The North Coast Visitor Centre (NCVC) in Thurso opened, providing the people of Caithness and visitors to the area with a local museum again. The previous museum there was forced to close several years ago, due to operating difficulties. This was widely regarded as a huge loss to the area, culturally and economically. The community and local stakeholders are delighted that the museum has reopened and are strong supporters of NCVC.
- The Museums team took advantage of several external funding and partnership opportunities to enable a range of projects. These included the development of reminiscence and learning resources, youth group summer day visits, historic buildings refurbishment and exhibition development. External funding also enabled a significant digital project at Highland Folk Museum, creating a legacy of 360-degree digital tours of its historic buildings and unique collections.
- The Archives Service achieved Accreditation – one of the first Archives in Scotland to do so. Being Accredited demonstrates that the service meets or exceeds exacting professional standards and practices and delivers high quality outcomes for service users.
- The archives digital offering was further expanded by the addition of online classes and courses. Overall, there were 1.58 million electronic engagements throughout the year. The hugely popular ‘Learn with Lorna’ weekly webcast celebrated its 100th edition and was featured on the STV evening news.
- A partnership with the National Galleries of Scotland resulted in ‘A Portrait Without Likeness’, a prestigious exhibition of the work of the renowned contemporary artist Alison Watt, being exhibited in Inverness Museum & Art Gallery immediately after it debuted at the National Portrait Gallery in Edinburgh. Inverness was the only place outwith Edinburgh given the opportunity to host the exhibition.

1.58m
electronic engagements

Sport Spòrs

- With funding from the Highland Council, the Sports team operated the Milton Holiday Hub in Easter Ross for the duration of the summer holidays. In addition to offering participation in a range of sporting activities and day trips, the children were provided with breakfast, lunch plus food packages to take home.
- All Active Schools Coordinators were trained in the Paralympic sport of Boccia. This training along with investment in Boccia sets enabled Boccia sessions to be created in Wick, Alness, Nairn, Inverness and Glen Urquhart with more planned in the coming year.
- The Highland Athlete Travel Scheme was launched offering grants to support athletes to access training facilities and competitions which would benefit their development. 14 athletes were successful, representing a variety of sports including athletics, golf, badminton, surfing and downhill mountain biking

14

athletes benefited from the
Highland Athlete Travel Scheme



Leisure Cur-seachad

- A number of facility improvements were made during the year including the expansion and development of the gym at Inverness Leisure, doubling its size and installing state of the art cardiovascular, fixed resistance and strength and conditioning equipment. In addition, a new strength and conditioning unit was developed at Lochaber Leisure Centre.
- Indoor Group Cycling – one of the Charity's most popular studio classes – was introduced for the first time in Thurso and Wick, broadening the fitness offering in the Caithness area.
- External funding from donors enabled the team at Inverness Botanic Gardens to create nearly 100m of disability access growing space, spreading the enjoyment of gardening to more people.

Health & Wellbeing Slàinte & Sunnd

- The charity continued to provide support for people with a range of long-term health conditions and older adults through online and face-to-face activities and exercise classes with participation levels continuing to recover well following the pandemic.
- Along with external partners (Parkinson's UK and NHS Highland) High Life Highland received the "Highland Partnership" award from the Highland Third Sector Interface recognising the joint work of the organisations in supporting people affected by Parkinson's Disease.

Libraries Leabharlannan

- High Life Highland 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 23 criteria. This prestigious award has been developed by the Cabinet Office to acknowledge excellence in public services.
- Libraries received 2,181,989 virtual visits in 2021/22, a 42% increase from pre-covid levels. As Covid-19 restrictions gradually eased and library buildings reopened in line with Scottish Government legislation, the service transitioned from offering a click and collect service to reinstating the full library offer. Physical footfall resulted in 400,000 visits to library buildings, reflecting customer confidence gradually returning.
- New partnerships were formed including the 'Tech For Tots & Teens' digital inclusion project with local non-profit organisation Budding Engineers. Unused computer equipment within the Highland community was donated at local libraries, reconditioned and sent on to support the digital requirements of local families in need.



Music Development Leasachadh Ciùil

- Fees for children learning a musical instrument at school were removed by The Scottish Government from the start of the 2021/22 academic year, allowing for greater opportunities for all young people across the community.
- A blended delivery approach to music tuition with a combination of virtual and face-to face lessons was piloted by a number of instructors. The reduction in travel time has allowed instructors to spend more time teaching whilst reducing carbon emissions.
- The Music Tuition Service's social media platforms continued to grow in their efforts to promote awareness and engagement across Highland communities and beyond, with a steady flow of mixed media posts.

Outdoor Activities Cleansan A-Muigh



- The Outdoor Activities team partnered with the High Life Highland Youth Development Team to deliver biking and paddle-sports courses to targeted young people with difficulties engaging at school. Through this programme a number of young people found the resolve to reconnect with their education, build friendships and develop confidence in their own capabilities.
- In partnership with the High Life Highland Disability Sports team, a recreational adventure programme operated throughout the summer of 2021 delivering adaptive canoeing and archery sessions for children with disabilities.

Countryside Rangers Maoir-dhùthcha

- The Countryside Rangers team contributed to the formation of the five-year Highlands Biodiversity Action Plan published in 2021. The plan highlights what makes the Highlands special in biodiversity terms and most importantly what can be done to help both preserve and enhance our natural world.
- Online learning opportunities about Highland wildlife and biodiversity were delivered to school pupils across Highland. Utilising a virtual Google Classroom, the online classes ran through the autumn of 2021 with more than 2,000 students engaging in the opportunity.
- Progress in digital engagement with the general public was achieved with virtual educational film tours – including those around the NC500 (Bone Caves and Clachtoll beach) – receiving 2.5K views on YouTube.

2,000

Students took part in online classes

High Life Highland





Youth Work Obair Òigridh

- A successful application to the national Youth Work Recovery Fund enabled youth work in East Sutherland, Dingwall and Fort William to focus on engaging with and supporting young people, their families and communities who needed it most, including those disproportionately disadvantaged by COVID-19. Based on the “5 ways to health and wellbeing” young people articulated their thoughts, challenges and achievements demonstrating improved confidence and personal and social skills, better support for their mental health and wellbeing, increased engagement with learning and school, and more access to youth work activities including outdoor learning. There were improved partnerships internally with High Life Highland services as well as external organisations like schools, young carers and mental health charities.
- The High Life Highland Youth Work team supported four young people aged between 18 and 22 through the government employment scheme Kickstart. Aimed at those on Universal Credit and at risk of becoming long term unemployed, the Youth Work teams in Ullapool and Invergordon employed the young people on a six month placement. The experiences were varied from helping in rural skills classes, assisting in summer holiday hubs, co-leading in the delivery of John Muir Awards and High Life Highland’s Leadership Programme. All four were also involved in helping to plan and run youth clubs in the two communities. They all gained new skills, improved their confidence and developed transferable skills thereby opening up more job opportunities. As one of them put it “I feel the scheme has allowed me to grow since I started in the summer and that’s everything that I could have asked for and more.”
- A family-orientated fun day in Kinlochleven was organised by the Youth Work team involving teams from Leisure, Adult Learning, Libraries, Archives and Countryside Rangers in conjunction with community-based third sector organisations. Activities included electric bikes, yoga, cooking demonstrations, family history research, needle felting and football coaching, providing an opportunity for families to have fun and learn new skills.

Adult Learning Ionnsachadh Inbheach

- The Adult Learning team played a key role in maintaining and developing the Community Learning Development (CLD) contribution to the UK Government funded Refugee Resettlement Scheme by broadening and enriching the learning offer for Syrian and Afghan refugees settling into life in the Highlands. In particular, access to a wide range of learning activities reduced social isolation enabling individuals and families to build connections and a sense of belonging, especially for those with greater barriers to overcome such as women and people living in rural areas.
- The pandemic provided both a need and an opportunity to accelerate the digital and remote learning offer. A pilot project was delivered using a new, bespoke online learning environment which provided the opportunity for a more comprehensive digital skills programme as well as service-wide efficiencies through the development of pan-Highland projects.

Key Performance Indicators

Prìomh Chomharran

Coileanaidh

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 KPIs reported throughout the year:

	2022	2021
Customer Visits	6,351,536	4,865,333
High Life Subscriptions (monthly average for year)	12,451	9,008
Average Monthly Staff Turnover	0.85%	0.48%
Average Staff Absence Rate (days)	3.63	1.23
Positive Media Clippings	33	18
Neutral Media Clippings	22	1
Negative Media Clippings	3	0
Number of Complaints Received	69	31
RIDDOR Accidents/Incidents	6	2

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 Education Committee noted that High Life Highland had met the requirements set out in the Service Delivery Contract given the context of the COVID pandemic.
- Customer satisfaction survey – customer surveys were carried out across all services with 97% of those who responded noting their experience to be good or excellent.
- Health and safety audit – the annual external health and safety audit found that there were no charity wide actions required.
- The Highland Council’s annual survey of performance and attitudes – the survey was deferred in 2021/22 due to the pandemic.

97%

customers rated experience of services good or excellent

Results and Performance

Toraidhean agus Coileanadh

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 2022, the charity was able to deliver and develop its services following the relaxation and finally removal of COVID restrictions and recorded a surplus of £2,906,910 (2021 deficit - £16,860,203) after allowing for the actuarial gain posted through the statement of financial activities of £9,844,000 (2021 loss – £17,201,000) on the pension fund for the year ended 31 March 2022.

The Trading Company recorded a profit of £183,265 for the year (2021 loss – £124,902). 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 Highland Council and the amount of funding provided to the Company to deliver those services.

Whilst lockdown ended in the first month of the financial year, ongoing restrictions meant the pandemic continued to have a negative effect on the Company’s ability to generate revenue, particularly in leisure facilities with customer numbers significantly lower than pre-COVID. The loss of earned income was in part mitigated by £1.5m in additional financial support from the Highland Council in addition to funding from the Government’s Job Retention Scheme (JRS) as well as savings in staffing and other operating costs; reducing the year end deficit and resultant impact on the charity’s unrestricted reserves. With the cost of living crisis and rising inflation, it is envisaged that income streams will take time to recover with customers having less disposable income.

This has been reflected in the setting of the 2022/23 revenue budget with reduced income targets mitigated by cost efficiencies and reductions in line with lower activity levels. In addition, the charity has committed up to £1.67m of its unrestricted reserves to compensate for lower revenues.

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 2023 is agreed. The funding for future years is subject to review. The Highland Council has committed to providing additional financial support to the charity during the year ended 31 March 2023, and has earmarked £1m of reserves for that purpose.

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.

At the year-end the Company has a deficit on its balance sheet of £22,600,230 (2021 – £25,382,238) 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.

Risks and Uncertainties

Cunnartan agus Mì-chinntean

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.

Statement of Trustees' and Directors' responsibilities

Aithris mu dhleastanasan nan Urrasairean is nan Stiùirichean

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

Aithris nan Stiùirichean a thaobh mar a dh'fhoillsicheadh fiosrachadh dhan luchd-sgrùdaidh

The Directors who are members of the Board at the time of approving the Directors' report are listed on page 11. 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.

Auditors

Luchd-sgrùdaidh

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:

Financial Statements

Aithrisean Ionmhasail

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 2022 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, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 March 2022 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 Companies Act 2006, 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 related to going concern

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

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

m part of these financial statements.

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

Other information

The 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 their 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 in relation to which the Companies Act 2006 and 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 32, 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 under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

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.

.....
Eunice McAdam (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

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

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

	Note	Unrestricted funds £	Restricted funds £	2022 total £	2021 total £
Income from:					
Donations and legacies	4	2,259,706	-	2,259,706	2,242,824
Charitable activities	5	25,206,364	2,793,782	28,000,146	27,908,416
Other trading activities	6	1,416,406	-	1,416,406	327,498
Total income		28,882,476	2,793,782	31,676,258	30,478,738
Expenditure on:					
Raising funds	6	1,247,637	-	1,247,637	651,341
Charitable activities	7	34,688,272	2,677,439	37,365,711	29,486,600
Total expenditure		35,935,909	2,677,439	38,613,348	30,137,941
Net (expenditure)/income		(7,053,433)	116,343	(6,937,090)	340,797
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	20	9,844,000	-	9,844,000	(17,201,000)
Net movement in funds		2,790,567	116,343	2,906,910	(16,860,203)
Reconciliation of funds:					
Total funds brought forward		(26,078,174)	571,034	(25,507,140)	(8,646,937)
Total funds carried forward		(23,287,607)	687,377	(22,600,230)	(25,507,140)

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 67 form part of these financial statements.

	Note	Unrestricted funds £	Restricted funds £	2022 total £	2021 total £
Income from:					
Donations and legacies	4	2,318,069	-	2,318,069	2,242,824
Charitable activities	5	25,191,868	2,793,782	27,985,650	27,709,475
Total income		27,509,937	2,793,782	30,303,719	29,952,299
Expenditure on:					
Charitable activities	7	34,688,272	2,677,439	37,365,711	29,486,600
Total expenditure		34,688,272	2,677,439	37,365,711	29,486,600
Net (expenditure)/income		(7,178,335)	116,343	(7,061,992)	465,699
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	20	9,844,000	-	9,844,000	(17,201,000)
Net movement in funds		2,665,665	116,343	2,782,008	(16,735,301)
Reconciliation of funds:					
Total funds brought forward		(25,953,272)	571,034	(25,382,238)	(8,646,937)
Total funds carried forward		(23,287,607)	687,377	(22,600,230)	(25,382,238)

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 67 form part of these financial statements.

GROUP BALANCE SHEET

		2022		2021	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11		605,143		289,095
Current assets					
Stocks	13	119,578		102,378	
Debtors	14	4,183,860		4,322,018	
Cash at bank and in hand		21,797		20,638	
		<u>4,325,235</u>		<u>4,445,034</u>	
Creditors: amounts falling due within one year	15	(1,767,608)		(1,091,269)	
Net current assets			2,557,627		3,353,765
Net assets excluding pension liability			<u>3,162,770</u>		<u>3,642,860</u>
Defined benefit pension scheme liability	20		(25,763,000)		(29,150,000)
Net liabilities			<u>(22,600,230)</u>		<u>(25,507,140)</u>
Funds					
Unrestricted funds	17		2,475,393		3,071,826
Restricted funds	18		687,377		571,034
Pension reserve	20		(25,763,000)		(29,150,000)
Total funds			<u>(22,600,230)</u>		<u>(25,507,140)</u>

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

.....
Mark Tate

Date:

The notes on pages 45 to 67 form part of these financial statements.

COMPANY BALANCE SHEET

		2022		2021	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11		605,143		289,095
Investments	12		100		100
			<u>605,243</u>		<u>289,195</u>
Current assets					
Stocks	13	27,248		26,350	
Debtors	14	4,276,090		4,522,848	
Cash at bank and in hand		21,797		20,638	
		<u>4,325,135</u>		<u>4,569,836</u>	
Creditors: amounts falling due within one year	15	(1,767,608)		(1,091,269)	
Net current assets			2,557,527		3,478,567
Net assets excluding pension liability			<u>3,162,770</u>		<u>3,767,762</u>
Defined benefit pension scheme liability	20		(25,763,000)		(29,150,000)
Net liabilities			<u>(22,600,230)</u>		<u>(25,382,238)</u>
Funds					
Unrestricted funds	17		2,475,393		3,196,728
Restricted funds	18		687,377		571,034
Pension reserve	20		(25,763,000)		(29,150,000)
Total funds			<u>(22,600,230)</u>		<u>(25,382,238)</u>

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

.....
Director

Date:

The notes on pages 45 to 67 form part of these financial statements.

Notes to the Financial Statements

Notaichean do na h-Aithrisean Ionmhasail

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 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 2023 is agreed. The funding for future years is subject to review. The Highland Council has committed to providing additional financial support to the charity during the year ended 31 March 2023, and has earmarked £1m of reserves for that purpose. 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 2022.

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.

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)

	2022		2021	
	Group	Charity	Group	Charity
	£	£	£	£
Gift aid donation from subsidiary	-	58,363	-	-
Donation of services - overheads	2,259,706	2,259,706	2,242,824	2,242,824
	<u>2,259,706</u>	<u>2,318,069</u>	<u>2,242,824</u>	<u>2,242,824</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	2022 total	2021 total
	£	£	£	£
Management fee - The Highland Council	16,151,624	237,748	16,389,372	14,760,876
Other grants	181,896	2,315,772	2,497,668	2,169,864
Job retention support grants	802,414	-	802,414	6,810,792
Delivery of service delivery contract	8,070,430	240,262	8,310,692	4,166,884
	<u>25,206,364</u>	<u>2,793,782</u>	<u>28,000,146</u>	<u>27,908,416</u>

Income from charitable activities was £28,000,146 (2021 - £27,908,416) of which £25,206,364 (2021 - £25,639,713) was unrestricted and £2,793,782 (2021 - £2,268,703) was restricted. Included in the management fee from the Highland Council in 2022 was £1,500,000 of additional covid financial support.

5 Income from charitable activities (company)

	Unrestricted funds	Restricted funds	2022 total	2021 total
	£	£	£	£
Management fee - The Highland Council	16,151,624	237,748	16,389,372	14,760,876
Other grants	181,896	2,315,772	2,497,668	2,169,864
Job retention support grants	787,918	-	787,918	6,611,851
Delivery of service delivery contract	8,070,430	240,262	8,310,692	4,166,884
	<u>25,191,868</u>	<u>2,793,782</u>	<u>27,985,650</u>	<u>27,709,475</u>

Income from charitable activities was £27,985,650 (2021 - £27,709,475) of which £25,191,868 (2021 - £25,440,772) was unrestricted and £2,793,782 (2021 - £2,268,703) was restricted. Included in the management fee from the Highland Council in 2022 was £1,500,000 of additional covid financial support.

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.	
	2022	2021
	£	£
Turnover	1,416,406	327,498
Cost of sales and administrative expenses	(1,247,637)	(670,341)
Other income	14,496	198,941
Profit before taxation	<u>183,265</u>	<u>(143,902)</u>
Taxation	-	19,000
Net (loss)/profit for the year	<u>183,265</u>	<u>(124,902)</u>

Distributions paid to the parent charity under the gift aid scheme were £58,363 (2021 - £nil). Expenditure on raising funds included in the group statement of financial activities on page 40 includes cost of sales, administrative expenses and taxation amounting to £1,247,637 (2021 - £651,341).

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

	High Life Highland (Trading)	
	2022	C.I.C.
	£	2021
		£
The assets and liabilities of the subsidiary were:		
Current assets	111,330	95,028
Creditors: amounts falling due within one year	(111,230)	(219,830)
Net assets	<u>100</u>	<u>(124,802)</u>
Capital and reserves	<u>100</u>	<u>(124,802)</u>

7 Expenditure on charitable activities (group and company)

	Unrestricted funds	Restricted funds	2022 total	2021 total
	£	£	£	£
Wages and salaries	22,137,301	1,983,326	24,120,627	22,042,880
Adjustment to pension charge	5,801,000	-	5,801,000	1,973,000
Property costs	651,137	25,739	676,876	519,417
Travel and transport	226,138	35,516	261,654	114,466
Supplies and services	4,796,030	525,806	5,321,836	4,220,290
Third party payments	238,600	75,927	314,527	184,053
Depreciation	161,251	31,125	192,376	155,941
Expected return on pension scheme asset	(1,231,000)	-	(1,231,000)	(885,000)
Interest on pension scheme liabilities	1,887,000	-	1,887,000	1,131,000
Audit and accountancy fees	20,550	-	20,550	30,505
Directors' expenses reimbursed	265	-	265	48
	<u>34,688,272</u>	<u>2,677,439</u>	<u>37,365,711</u>	<u>29,486,600</u>

Expenditure on charitable activities was £37,365,711 (2021 - £29,486,600) of which £34,688,272 (2021 - £27,496,923) was unrestricted and £2,677,439 (2021 - £1,989,677) was restricted.

8 Net income/(expenditure) for the year

	2022	2021
	£	£
This is stated after charging:		
Fees payable to the group's auditor:		
Audit of High Life Highland	15,700	25,655
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	56,717	104,909
Depreciation	<u>192,376</u>	<u>155,941</u>

9 Trustee remuneration

The trustees are not entitled to any emoluments during the year. Travel expenses totalling £265 (2021 - £48) were reimbursed to 1 trustee during the year (2021 - 1).

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

	2022	2021
	£	£
Wages and salaries	19,372,873	17,994,145
Social security costs	1,575,330	1,417,274
Pension costs	3,210,530	3,018,490
	<u>24,158,733</u>	<u>22,429,909</u>

In 2021/22 the employer's contribution rate was 19% of pensionable pay.

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

	2022	2021
	Number	Number
Management	5	5
Support services	29	35
Operations	1,117	1,150
	<u>1,151</u>	<u>1,190</u>

10 Analysis of staff costs and the cost of key management personnel (continued)

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

	2022 Number	2021 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	4	3
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1

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 £394,301 (2021 - £386,518).

Redundancies and terminations

The total amount charged for the year in relation to redundancies and terminations was £123,626 (2021 - £21,467). 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 2021	1,510,650	10,431	1,521,081
Additions	510,169	-	510,169
Disposals	(242,544)	-	(242,544)
At 31 March 2022	1,778,275	10,431	1,788,706
Depreciation			
At 1 April 2021	1,221,555	10,431	1,231,986
Charge for the year	194,121	-	194,121
On disposals	(242,544)	-	(242,544)
At 31 March 2022	1,173,132	10,431	1,183,563
Net book value			
At 31 March 2022	605,143	-	605,143
At 31 March 2021	289,095	-	289,095

12 Fixed asset investments

	Shares in subsidiary £
Cost and net book value	
At 1 April 2021 and at 31 March 2022	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.

13 Stocks

	2022 Group £	Charity £	2021 Group £	Charity £
Goods for resale	119,578	27,248	102,378	26,350
	119,578	27,248	102,378	26,350

14 Debtors

	2022 Group £	Charity £	2021 Group £	Charity £
Trade debtors	161,951	161,951	166,213	166,213
Prepayments and accrued income	624,595	624,595	1,175,609	1,175,609
Corporation tax recoverable	19,000		19,000	
Amounts owed by group undertakings	3,378,314	3,489,544	2,961,196	3,181,026
	4,183,860	4,276,090	4,322,018	4,522,848

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.

14 Debtors (continued)

Included in amounts owed by group undertakings is £3,378,314 (2021 - £2,961,196) due from The Highland Council, which represents income received on behalf of High Life Highland.

15 Creditors: amounts falling due within one year

	2022		2021	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	285,442	285,442	54,559	54,559
Other creditors and accruals	1,482,166	1,482,166	1,036,710	1,036,710
Corporation tax	-	-	-	-
Amounts owed to group undertakings	-	-	-	-
	1,767,608	1,767,608	1,091,269	1,091,269

Deferred income

	2022	
	Group	Charity
	£	£
At 1 April 2021	35,126	35,126
Amount deferred in year	34,456	34,456
Amount released to income	(27,237)	(27,237)
At 31 March 2022	42,345	42,345

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	592,079	13,064	605,143
Current assets	3,650,922	674,313	4,325,235
Current liabilities	(1,767,608)	-	(1,767,608)
Pension liability	(25,763,000)	-	(25,763,000)
	(23,287,607)	687,377	(22,600,230)
Charity			
Fixed assets	592,179	13,064	605,243
Current assets	3,650,822	674,313	4,325,135
Current liabilities	(1,767,608)	-	(1,767,608)
Pension liability	(25,763,000)	-	(25,763,000)
	(23,287,607)	687,377	(22,600,230)

17 Unrestricted funds

	At 1 April 2021	Incoming resources	Outgoing resources	Actuarial (loss)/gain	Transfers	At 31 March 2022
	£	£	£	£	£	£
Group						
General fund	3,071,826	28,882,476	(29,478,909)	-	-	2,475,393
Pension reserve	(29,150,000)	-	(6,457,000)	9,844,000	-	(25,763,000)
	(26,078,174)	28,882,476	(35,935,909)	9,844,000	-	(23,287,607)
Company						
General fund	3,196,728	27,509,937	(28,231,272)	-	-	2,475,393
Pension reserve	(29,150,000)	-	(6,457,000)	9,844,000	-	(25,763,000)
	(25,953,272)	27,509,937	(34,688,272)	9,844,000	-	(23,287,607)

17 Unrestricted funds (continued)**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 2022 in relation to capital works which is included as part of the general fund.

18 Restricted funds (group and company)

	At 1 April 2021 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2022 £
Coaching	32,793	-	-	-	32,793
Activity Agreements	31,500	-	-	-	31,500
Sport Scotland	21,246	1,114,488	(1,093,199)	-	42,535
Adult Education	39,252	-	-	-	39,252
Canal Parks	18,000	6,000	-	-	24,000
Youth Work	44,924	238,984	(163,835)	-	120,073
ESOL	2,574	-	(2,574)	-	-
Adult Learning - Highland					
Third Sector Interface	-	43,423	(7,790)	-	35,633
Youth Music Initiative	-	487,157	(487,157)	-	-
Esmee Fairburn Collection	40,615	-	(25,112)	-	15,503
Townscape Heritage	11,890	-	-	-	11,890
MacMillan Move More	60,306	10,078	(25,976)	-	44,408
Well Now	23,902	-	-	-	23,902
Paths For All	12,000	-	(12,000)	-	-
Creative Learning Network	13,518	-	(10,537)	-	2,981
Diabetes Online Support	6,272	-	-	-	6,272
Visual Arts and Crafts	(5,078)	24,500	(20,950)	-	(1,528)
Cardiac Rehab	32,758	11,004	-	-	43,762
Grow Project	48,155	110,519	(73,727)	-	84,947
Fingal Centre Gym					
Equipment	9,798	-	(3,266)	-	6,532
Life Changes Trust	12,131	-	(1,112)	-	11,019
Cycle Friendly					
Development Fund	23,638	-	(9,042)	-	14,596
Shinty Memories Past					
and Present	-	-	(3,198)	-	(3,198)
Wick Academy	-	24,225	(5,774)	-	18,451
Highland Pictish Trail	9,750	4,773	(14,525)	-	(2)
Healthy Island Funding	-	19,715	(9,042)	-	10,673
Drumming Instructor	-	13,820	(13,820)	-	-
Green Health Events	3,262	92,614	(92,242)	-	3,634

18 Restricted funds (group and company) (continued)

Nevis Outdoor Classroom	11,583	-	-	-	11,583
IL - Strength & Conditioning	(8,176)	-	(8,175)	-	(16,351)
Nairn Pitches & Playing Fields	12,717	-	-	-	12,717
North Coast Visitor	61,704	49,368	(49,368)	-	61,704
Nairn Gym Equipment	-	70,761	(14,152)	-	56,609
Public Library COVID	-	21,210	-	-	21,210
Spirit Journeys	-	45,113	(82,168)	-	(37,055)
Spirit 360	-	50,000	(59,624)	-	(9,624)
Health & Wellbeing	-	26,000	(26,000)	-	-
Inverness Common Good	-	47,947	(45,105)	-	2,842
Folk Museum Windows	-	-	(12,562)	-	(12,562)
Summer of Fun	-	27,156	(27,156)	-	-
Health, Wealth & Mental Health and	-	-	(35,094)	-	(35,094)
Milton Holiday Club	-	12,350	(580)	-	11,770
Inverness Castle	-	19,198	(19,198)	-	-
Development	-	223,379	(223,379)	-	-
	571,034	2,793,782	(2,677,439)	-	687,377

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.

18 Restricted funds (group and company) (continued)

- 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.
- 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
- 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.

18 Restricted funds (group and company) (continued)

- 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.
- Adult Learning - Highland Third Sector Interface - Funding Provided by Highland Third Sector Interface to support Adult Learning and wellbeing of refugees in the Highland area.
- Wick Academy Development Fund - Funding received from French Duncan to purchase sports equipment for East Caithness Community Campus
- Healthy Island Funding - Funding received from Inspire Scotland to run a programme of activities that to promote the health and wellbeing of the Isle of Skye
- Nairn Gym Equipment - Insurance income from The Highland Council to replace damaged gym equipment at Nairn Leisure Centre.
- Public Library COVID Relief Fund - Funding Provided by The Scottish Government to support public libraries across the Highlands following the pandemic.
- Spirit Journeys - Funding from the Natural Culture and Heritage Fund to promote the culture and heritage of The Highlands
- Spirit 360 - Funding from Creative Scotland to create new art works inspired by local stories that reflect the theme 'Spirit of the Highlands'.
- Health & Wellbeing Manager - Contribution received from NHS Highland towards the post of Health & Wellbeing Manager
- Inverness Common Good Events - Funding from the Inverness Common Good Fund to host events including The Highland Games, Bonfire Night and Halloween.
- Folk Museum Windows - Funding provided by Museums Galleries Scotland to replace windows in historic buildings at Highland Folk Museum
- Summer of Fun - Funding received by Museums Galleries Scotland to provide free travel for children to attend the Highland Folk Museum
- Health, Wealth & Happiness - Funding provided by Museums Galleries Scotland to create and exhibition exploring healthcare 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
- Mental Health and Wellbeing Fund - Funding provided by Highland Third Sector Interface to promote mental health and wellbeing through experiences in nature.
- Milton Holiday Club - Funding received from The Highland Council to run a holiday club for children in Milton, Easter Ross
- Inverness Castle Development - Funding from the Highland Council for the management of Inverness Castle development project.

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 2022. 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:

	2022 £000's	2021 £000's
Fair value of scheme assets	64,086	58,288
Present value of scheme liabilities	(89,831)	(87,418)
Present value of unfunded liabilities	(18)	(20)
Liability in the scheme	<u>(25,763)</u>	<u>(29,150)</u>

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

	2022	2021
Equities	63%	70%
Bonds	12%	12%
Property	15%	10%
Cash	10%	8%

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

	2022 £000's	2021 £000's
Recognised in the statement of financial activities:		
Current service cost	(8,990)	(4,982)
Past service cost	(7)	-
Interest on obligation	(1,887)	(1,131)
Expected return on scheme assets	1,231	885
	<u>(9,653)</u>	<u>(5,228)</u>

20 Pension commitments (continued)

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

	2022	2021
Rate of salary increases (over life of the scheme)	4.0%	3.6%
Rate of increases in pensions in payment	3.2%	2.8%
Discount rate	2.75%	2.05%
Post retirement mortality:		
	2022	2021
Current pensions at 65 (male)	20.8 yrs	20.9 yrs
Current pensions at 65 (female)	23.3 yrs	23.5 yrs
Future pensions at 65 (male)	22.0 yrs	22.3 yrs
Future pensions at 65 (female)	25.3 yrs	25.5 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 2022:

	Approximate % increase to defined benefit obligation	Approximate monetary amount £000's
0.1% decrease in real discount rate	3%	2,352
1 year increase in member life expectancy	4%	3,594
0.1% increase in salary increase rate	1%	1,142
0.1% 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:

	2022 £000's	2021 £000's
Opening defined benefit obligations	87,438	46,626
Current service cost	8,990	4,982
Past service cost	7	-
Interest cost	1,887	1,131
Actuarial loss/(gain)	(8,877)	34,501
Benefits paid	(602)	(736)
Contributions by scheme participants	1,007	935
Estimated unfunded benefits paid	(1)	(1)
	<u>89,849</u>	<u>87,438</u>

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

	2022 £000's	2021 £000's
Opening fair value of scheme assets	58,288	36,896
Expected return on scheme assets	1,231	885
Employer contributions	3,195	3,008
Contributions in respect of unfunded benefits	1	1
Contributions by scheme members	1,007	935
Benefits paid	(602)	(736)
Actuarial gain/(loss)	967	17,300
Estimated unfunded benefits paid	(1)	(1)
	<u>64,086</u>	<u>58,288</u>

The accumulated amount of actuarial gains and losses recognised in the statement of financial activities was an actuarial gain of £9,844,000 (2021 loss - £17,201,000).

The best estimate of contributions to be paid by the group to the scheme for the year beginning after 31 March 2022 is £3,181,000.

20 Pension commitments (continued)

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

	2022 £000's	2021 £000's	2020 £000's	As restated 2019 £000's
Fair value of scheme assets	64,086	58,288	36,896	34,519
Present value of defined benefit obligatio	(89,849)	(87,438)	(46,626)	(46,794)
Net liability in scheme	(25,763)	(29,150)	(9,730)	(12,275)

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:

	2022 £	2021 £
Within one year	20,857	46,943
In two to five years	-	20,857
	20,857	67,800

22 Operating results (excluding the pension liability adjustment)

	Unrestricted funds £	Restricted funds £	2022 total £
Income from:			
Donations and legacies	2,259,706	-	2,259,706
Charitable activities	25,206,364	2,793,782	28,000,146
Other trading activities	1,416,406	-	1,416,406
Total income	28,882,476	2,793,782	31,676,258
Expenditure on:			
Raising funds	1,247,637	-	1,247,637
Charitable activities	34,688,272	2,677,439	37,365,711
Less: pension adjustment	(6,457,000)	-	(6,457,000)
Total expenditure	29,478,909	2,677,439	32,156,348
Net (expenditure)/income	(596,433)	116,343	(480,090)
Transfers between funds	-	-	-
(Deficit)/surplus from operations	(596,433)	116,343	(480,090)

The operating results for High Life Highland for the year ended 31 March 2022, excluding the pension adjustment, report an overall deficit of £480,090. Being a deficit of £596,433 on unrestricted funds and a surplus of £116,343 on restricted funds.

57 young people started the new *Choose To Lead* leadership course



From left - Young Leader Fahmad Askari, Sinclair Patience, Jeni Herbert from High Life Highland, Young Leader Zaigham Askari and Charlie Murray



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