



Company Number SC407011

**High Life Highland**  
**(A company limited by guarantee)**  
**Report and Financial Statements**  
**31 March 2017**

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Charity No: SC042593

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## Company information

### Directors

D Graham (Resigned 22 March 2017)  
D McLachlan  
K Nicol  
J Douglas (Resigned 4 May 2017)  
K Gowans (Resigned 4 May 2017)  
F Parr (Resigned 4 May 2017)  
W Ross  
J Welch  
D Somerville  
E Macrae  
M Tate  
M Green (Resigned 4 May 2017)  
T Ligema (Appointed 22 March 2017)  
L Munro (Appointed 1 June 2017)  
A Jarvie (Appointed 1 June 2017)  
D Macpherson (Appointed 1 June 2017)  
T Heggie (Appointed 1 June 2017)

### Company secretary

M Morris

### Auditors

Ernst & Young LLP  
Ten George Street  
Edinburgh  
EH2 2DZ

### Bankers

Clydesdale Bank  
15 Academy Street  
Inverness  
IV1 1JN

### Registered Office

13 Ardross Street  
Inverness  
IV3 5NS

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## Report of the Chairman

High Life Highland's fifth full year of operation has been a year of growth mixed with challenging financial circumstances.

During the year to 31 March 2017, there were changes to the make-up of the Board: with grateful thanks and a fond farewell to Director Douglas Graham, one of the original HLH Independent Directors. Douglas has kindly agreed to continue working with staff when he can as a "friend of High Life Highland". A warm welcome is extended to Tracy Ligema who joins the Charity Board, as well as to Freda Newton and Lorraine Christie who have joined the Trading Board.

2017 saw the successful strategic combination of the two charitable organisations, High Life Highland and Inverness Leisure including the transfer of previous Inverness Leisure Directors into the HLH governance structure.

Incremental improvement is routinely sought across the work of the charity, with examples during the year being:

- The achievement of HLH operated libraries in gaining re-accreditation with the Customer Service Excellence scheme
- A record numbers of engagements with HLH services at 6.6M for the year, up from 5.4M the year before.
- The winning of a national sportscotland award by the Aviemore Community Sports Hub – "Sports Hub of the Year"
- The Leadership programme for young people resulting in a significant increase in numbers of young girls taking part in physical activity. The programme has been used by others as an example of good practice, including a demonstration of peer led dance to the First Minister.

The year also saw progress towards the goal of "trusted partner" status for the charity with independent community groups, the Prison Service as well as The Highland Council asking HLH to operate key local services.

The development of a Memorandum of Understanding with the University of the Highlands and Islands (UHI) will help broaden opportunities for study for local students. It will also provide HLH with an academic partner with which to pursue the measurement of outcomes of HLH programmes, particularly related to health and wellbeing. The establishment of the Fraser MacKintosh Literature Dissertation prize, with HLH offering a work placement as part of the prize, is one of a range of developments underway with the university.

Senior Management spent several months in the early part of the year working with Council colleagues to explore the Business Case for transferring some or all of the Council's Catering, Cleaning and Facilities Management service to HLH. In the end, the decision was to transfer the work internally within the Council to the Development and Infrastructure Service. The process of analysing such a diverse suite of services was an intensive but nevertheless useful experience and one which has led to a greater understanding of the skills and motivations of HLH by a range of Council officials.

The continuing reduction in public finances remains a concern. A growth in new business, properly funded, can add to the charity's flexibility during difficult times. Directors are nonetheless aware of and are monitoring the resultant pressure on their Management staff.

Another very busy and productive year and I look forward to another stimulating and challenging year ahead.

**Donald McLachlan, Chairman**

## Report of the Chief Executive

A clear focus on the budget was a strong feature of the work of the senior management team over the year. A budget savings target of £1.3M, together with growth over a range of new or refreshed facilities made for another complex, challenging, but rewarding twelve months.

A range of new services have been added to the HLH portfolio this year, delivered through transferred, renewed and new facilities. I commend the team at Inverness Leisure, as well as those centrally who together, helped smooth the transfer of the largest set of services to HLH since its inception in 2011. During a time of significant upheaval for staff, customer numbers were increased and efficiencies delivered. The management and operation of the previously independently operated facility is now fully embedded into the HLH family of facilities.

The operation of the Council's Inverness plant nursery operation transferred to HLH in April 2016. Now managed through Inverness Botanics, the nursery is responsible for producing much of the public planting and hanging baskets in Inverness and surrounding areas.

Inverness Royal Academy Sports Centre was opened in the summer of 2016 providing the community with an accessible, modern facility. The centre has two large 4-court sports halls, gymnasium, dance studio and a modern fitness suite. The centre has shared access with Inverness Royal Academy and is open to the wider community evenings and weekends with increased opening hours during school holidays.

Thurso Leisure Centre re-opened to the public in January 2017 after refurbishment and expansion. As well as much 'behind the scenes' work to replace the roof and much of the electrics and plumbing, there were service enhancements for customers. The reception area has been upgraded to allow customers easier access to the activity area of their choice, which includes the largest fitness suite in the HLH leisure estate, as well as a new fitness studio. The wet side changing accommodation has been modernised to provide a family changing village and the sauna and steam rooms on poolside have been replaced with modern upgrades. The official opening was held on Friday 17<sup>th</sup> February, with Caithness political leader Councillor Gillian Coghil and HLH Director Ken Nicol officiating.

Nucleus, the Nuclear and Caithness Archive in Wick, opened to the public on 14th February 2017. Nucleus is home to the archives of the UK civil nuclear industry and the historic (Council) archives of the county of Caithness and its people. HLH was part of the winning operations bid by Restore, a private records management company, whereby HLH operates the front of house of the facility and Restore manages the cataloguing and transporting north of records from the UK's 17 nuclear sites. As well as offering unique opportunities to HLH to be involved in the interpretation of the 50 years of the nuclear industry in the UK, the very impressive new building provides a much improved service to local customers, with extended opening hours, additional staff and a fully accessible building with facilities to hold events and activities.

The new community facilities at Wick High School Campus opened to the public after the school Easter holiday 2017. The East Caithness Community Facility has a six lane swimming pool with movable floor for swimming lessons, a family changing village and sauna and steam rooms on poolside. The dry side facilities include a two storey library, which also doubles as the main reception and foyer area of the building. There is a spacious fitness suite, fitness studio, two sports halls and a multi-functional

## **Report of the Chief Executive**

performance space. The facilities at the campus are a significant expansion to those they replaced and the integration of the library and leisure facilities will increase the opening hours of the library and generate additional customer visits.

HLH has been asked by The Highland Council to play a significant role in supporting a Project Board made up of two Scottish Government Ministers and Council and HLH Director representatives, which is leading the regeneration of Inverness Castle, Museum and Art gallery, one of the City Deal projects currently underway.

The range and spread of services provided by HLH continues to grow and I am heartened by regular feedback from partners about the positive light in which HLH staff are viewed.

**Ian Murray, Chief Executive**

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## High Life Highland Staff & Volunteer Awards 2017

One of the first things the Directors of the High Life Highland charity (HLH) did when it was set up over five years ago was to establish a process for acknowledging and celebrating the huge range of excellent and innovative work carried out by staff and volunteers across all aspects of the company and in all parts of the Highland area. The Awards process has worked really well so far and following a consultation process with staff it was agreed to change the format slightly this year, to make sure it remains fresh and in a form that gives everyone across all HLH services an equal opportunity to be recognized regardless of whether you work in a front facing role or in a support role behind the scenes.

It was a really difficult job for the four Directors involved in the selection process, along with the Chief Executive, to whittle down the many excellent submissions to those winners selected. Once again this year staff throughout HLH have been submitting examples of outstanding work to the Board, in the form of 'Successes'. This year there were also over 50 volunteer submissions from which five winners were selected. In addition, the Board selected a team to receive the Chair's Special Award for outstanding contribution for a very professional and brave act during the past year.

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

This year's event took place on Thursday 15th June in the Strathpeffer Pavilion, which HLH will be managing for the next three years while the community work to develop a bid to purchase the building from owners Scottish Historic Buildings Trust and welcomed the Chair and Vice Chair from the Community Steering Group.



High Life Highland

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## High Life Highland Staff & Volunteer Awards 2017



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## High Life Highland Staff & Volunteer Awards 2017

### VOLUNTEERS

*Iain MacKintosh – Active Schools – Grantown*

**Presented by John MacDonald, Area Manager, Scottish Fire and Rescue**

Iain has been a volunteer with Active Schools for over eight years, enhancing the local Active School programme by delivering twice weekly evening sessions of shinty and football. In addition, Iain works with other area coaches to enter combined teams to enable entries to higher level competitions, widening opportunities for pupils. Iain was instrumental in reforming the local soccer 7s inter schools group of tournaments. Iain is actively involved in recruiting other coaches to ensure future sustainability and also mentors pupils taking part in the HLH Leadership Programme.



*Adam Cowan – Youth Work – Fortrose Academy*

**Presented by Derek Yule, Director of Finance, The Highland Council**

Adam's energy and passion to help others is second to none. Along with the support he provides to HLH Youth Services staff, he supports many different departments in Fortrose Academy and is taking part in the HLH Leadership and Saltire Award. Adam leads techno classes, introducing older people to new technology in school time but also gives up an hour every week in school holidays to continue providing support helping older people to feel happier and less isolated and have more interaction. Adam has supported over 40 projects and has over 1,000 hours in his Saltire Award. He has received a Highly Commended Lord Lieutenant's Award, a national Generations Working Together Award and an HLH adult literacies award.

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## High Life Highland Staff & Volunteer Awards 2017



### ***Grace Watson – Adult Learning – Fort William*** **Presented by Tracy Ligema, NHS Highland**

A volunteer tutor for 29 years, Grace is always trying to improve the level of customer service offered by HLH, she is continually updating her skills and knowledge, and attends any training opportunities available. Grace has been involved in working with individuals in one to one learning situations, with groups co-delivering “A Book and Blether” sessions in Lochaber providing extra support for those taking part and has volunteered to attend partnership events to help promote the learning opportunities available through HLH Adult Learning. Grace is always willing to get involved and is a positive role model for those around her.



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## High Life Highland Staff & Volunteer Awards 2017

*Josie Aitken, Highland Disability Sport*

**Presented by George MacDonald, Chief Superintendent, Police Scotland**

Highland Disability Sport is a local charity that co-ordinates all sport and leisure activities for people with disabilities regardless of age or ability across schools and groups throughout the Highlands. For the last 14 years Josie has been a tremendous influence with the disability sporting sector with her drive and enthusiasm. A founding member of the Disability Inverness Sports Club she still runs weekly sessions with a small band of volunteers. Josie also helped to establish the Highland Disability Swim Team and she regularly organizes fundraising and teambuilding events for all disability groups. Josie is an excellent example of the important role played by volunteers in supporting and building sports for people with disabilities across the Highlands.



*Wojciech Kubiak – Adult Learning – Inverness*

**Presented by Joe Moore, Corporate Services Director, Scottish Natural Heritage**

Wojciech began working with Adult Learning as a learner, attending ESOL classes twice weekly with an Adult Learning Tutor as part of a small group. As his learning progressed and his English language improved, Wojciech began working with HLH as a volunteer community representative and as part of this role committed 16 weeks to volunteering within two primary schools in priority areas around Inverness encouraging children to engage with reading for enjoyment, reading aloud in English and also making use of his multilingualism to support bilingual children. Wojciech also supports Adult Learning, Inverness at events by encouraging engagement from the most difficult to reach areas of the community. He also volunteers as a Tutor Assistant in ESOL classes and delivers one to one work club support to speakers of other languages who experience multiple barriers to accessing employment.



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## High Life Highland Staff & Volunteer Awards 2017

### INDIVIDUAL STAFF AWARD

*Kelly Skinner, Facilities Manager*

**Presented by Ella MacRae, MBE, HLH Independent Director**

Kelly is an outstanding role model for HLH who leads by example. Looking for opportunities to add value, she always strives for excellence and tries to find a solution for customer problems.

Kelly has facilitated positive outcomes for individuals and families in the wider community, including older adults, people with health conditions and people who are socially isolated. Developing activity programmes in a sustainable way that responds to community needs by providing classes that have not previously been offered and providing outreach classes in community settings such as day care centres, care homes and village halls. Taking a positive and proactive approach to new opportunities to work with the wider community and partners, such as NHS Highland, Kelly has shown dedication and diligence by looking at the health and wellbeing of the community first and running a programme to meet their needs.



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## High Life Highland Staff & Volunteer Awards 2017

### TEAM STAFF AWARD

#### *Movers & Shakers*

**Presented by Alison Matheson, Director, HLH Trading (CIC)**

Leadership training and support for young people is a large area of work for HLH Active School Co-ordinators across the Highlands. Movers & Shakers was designed in response to low activity levels amongst teenage girls, who when asked what they would like to do, said dance. Dance terrified many traditional “sporties” so the need to upskill staff at the same time as participants was vital. The geographical spread of schools across Highland also needed the building of a team of young leaders to help get more young people active. Over the course of just a year, 24 leader courses were delivered, training nearly 180 young leaders, attracting nearly 1,800 girls (and some keen boys!) delivered through 2,500 hours of volunteer activity with the whole Highland wide Active Schools team backing up the work of the Movers & Shakers tutor. This project has exceeded all expectations with, for the first time, HLH able report more first year girls than boys taking part in the active schools programme.



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## High Life Highland Staff & Volunteer Awards 2017

### CHAIRMAN'S AWARD –

#### *Fort William Library*

**Presented by Philip MacRae, Superintendent, Police Scotland**

On 25 May 2017 just days after the Manchester suicide bombing, an individual walked into Fort William Library and put what looked like a firearm on the counter.

The Chairman of the HLH Board was so impressed by reports from the local Police Scotland Commander about the calm and brave reaction of the staff in the library at that time, that he asked for special recognition to be given to them at the Awards ceremony. Police Scotland Superintendent Philip MacRae in presenting the award said that the reaction of the staff, in calmly clearing members of the public from the building and locking the front door to prevent further library users entering the danger area and their clear description of the person concerned meant that the incident was able to be dealt with swiftly by Police and without danger to the wider public.



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## **Trustees' and Directors' Report**

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 2017.

The financial statements have been prepared in accordance with the accounting policies set out in note 2 to the financial statements and comply with the company's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### **Formation of High Life Highland**

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

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

### **Principal activities and objectives**

The principal activities of the company are to develop and promote opportunities in culture, learning, sport, leisure and health and well-being.

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

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

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## Trustees' and Directors' Report

### Principal activities and objectives (continued)

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

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

### Directors

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

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

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

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

The strategic management and policy decisions of the company are the responsibility of the Board of Directors who are elected under the terms of the company's Articles of Association. The day to day management of the company are the responsibility of the Chief Executive in consultation with the appointed Heads of Service

Chief Executive: Ian Murray, Head of Resources: Graham Watson, Head of Performance: Douglas Wilby, Head of Business: Fiona Hampton and Head of Development: James Martin.

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

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

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## Trustees' and Directors' Report

### Our advisors

Our advisors are listed on page 2.

### Objectives and activities

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

The eight business outcomes identified are:

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

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

- To act legally and safely
- To provide quality services, important to individuals and communities
- To be a good employer
- To take steps to reduce our environmental impact
- To be a trusted partner
- To encourage innovation and entrepreneurship in staff and volunteers

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

### Results and Performance

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

### Disabled employees

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

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

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## Trustees' and Directors' Report

### Investment policy

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

### Reserves policy

The purpose of the reserve policy is to advance the charitable objectives of the company, the Directors have agreed a long term target of 3% of the total budget for reserves recognising the need for reserves particularly for business out with the Service Delivery Contract agreement with The Highland Council noting the difficulty in achieving the target in the current economic climate.

The total reserves held at year end excluding the pension liability of £10,872,000 (2016: £3,737,000) was £1,473,340 (2016: £1,354,108), of which £1,146,561 (2016: surplus of £914,573) was unrestricted and £326,779 (2016: £439,535) was restricted.

### Plans for the future

The company has prepared a Business Plan covering the period to March 2019 which clearly sets out its objectives and plans for the future. The company intends to be recognised and respected as the leading organisation in the Highlands for developing and promoting opportunities in culture, learning, sport, leisure, health and wellbeing.

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

### Key areas of focus

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

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

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## Trustees' and Directors' Report

### STRATEGIC REPORT

#### Review of the Business

HLH in the furtherance of its charitable objectives continues to develop all of the key areas of work. During the year a number of key projects were undertaken and key achievements realised in line with the Company's Business Plan.

#### Culture

- New visitor attraction, Inverness Castle Viewpoint, developed with very positive stakeholder and customer feedback
- Highland Folk Museum continues to be ranked amongst TripAdvisor's "Top 10 Scottish Museums"
- HLH contracted by the new Nuclear and Caithness Archive's operators to run all public facing services in the Highlands
- Munro of Foulis archive collections returned to Highland from the National Records in Edinburgh
- Partnership with the National Galleries continues to secure unique opportunities, including Inverness being the only venue in Scotland to which their "Remembering the Great War" toured.

#### Libraries

- Over three million visits to libraries, an increase of 23% on previous year with two million physical visits to libraries ( increase of 16% on previous year) and over 1 million online visits to libraries (increase of 37% on previous year)
- 325,000 participants at Library outreach events an increase of 45% on previous year.
- Achievement of Customer Service Excellence accreditation with no partial compliances over 57 indicators and four sector leading areas of "Compliance Plus".
- Launch of state of the art libraries in Caol, Grantown, Alness and Wick, the latter two featuring fully integrated HLH library/leisure teams to further improve customer service

#### Sports Development

The Active Schools team and wider sports development continue to deliver high quality output much of which is recognised by partners as best practice.

- Delivered the Active School programme in conjunction with our partners, sportscotland.
- The team continues to increase participation in the Active Schools programme with the highest percentage of Distinct Participants on mainland Scotland.
- The Leadership Programme continues to develop with more than 500 young people actively delivering peer led sessions in the active schools programme.

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## Trustees' and Directors' Report

- Our peer led dance project which was launched in 2015, Movers and Shakers, has shown a significant impact with HLH invited to showcase at the Learning Event organised by Spirit of 2012 led by Active Scotland Division. This area of work was also a finalist at the UK Sports Awards.
- The Community Sport Hub in Aviemore was recognised by Team Scotland as the Community Sport Hub of the Year at their Scottish Sports Awards.
- We have developed nine Community Sport Hubs across the Highlands with 110 Community Clubs affiliated to them.

### Facilities – Leisure

- In 2016/17 the total user numbers across all High Life facilities was 2,579,178 with High Life Subscriptions increased by 5.9% from 18,574 in 15/16 to 19,649 in 16/17.
- New sites include Inverness Royal Academy, Inverness Leisure and East Caithness Community Campus with significant refurbishments having taken place at Thurso Leisure Centre, Avern Leisure Centre and The Craig MacLean Leisure Centre.
- The “Love to Swim” programme was launched in 15/16 with 4,481 lessons and has grown by 13% in 16/17.
- Under the Health and Wellbeing programme, staff were trained to deliver Postural Stability and Cardiac Rehabilitation classes with new classes now delivered in various locations. New opportunities have also developed with the local health board, enabling some physiotherapy services to be delivered in leisure facilities which is providing patients a smooth transition from treatment to self-management whilst also providing a solution which supports HLH and partners objectives.

### Youth Work

- 2016/17 saw an increase in partnership working between school and the HLH Youth Development Team as the result of a partnership agreement developed by HLH to standardise previous best practice in specific areas. From supporting diversionary activities such as Rock Challenge to complementing the delivery of Personal and Social Education in schools on issues such as Drugs and Alcohol and Child Sexual Exploitation, closer working between formal and informal educators is working towards the best support for young people.
- Our Youth Democracy structures continued to support a strong voice from young Highlanders in 2016/17 with the Highland Youth Parliament and local youth forums making better connections between local and regional work.
- Projects developing peer led support for mental health issues were established this year to meet acute needs and a partnership project with the Scottish Health Council gained national recognition for this.
- Towards the end of 2016/17 youth workers were increasingly involved in supporting young people to take part in local community partnerships to have their voice heard and influence decision making. The Youth Development Team supported over 6,500 attendances per month.

## Trustees' and Directors' Report

### Adult Learning

- 2016/17 saw the HLH Adult Learning Team, in the role of trusted partner, providing community based English for Speakers of Other Languages classes to support the settlement of the first Syrian Refugees into Highland. This work forms part of a Community Planning Partnership wide range of support offered to the refugees. In delivering the Service Delivery Contract we continue to support the development of the Highland Adult Learning Partnership which attracts over 15 partner organisations from various sectors that support and promote adult learning in the region. This work culminates in an annual conference coordinated by HLH and hosted by our partners at the University of the Highlands and Islands. At the core of our provision we continue to provide bespoke learning support for adult literacies learners across Highland with specific focus on recognised areas of deprivation. The Adult Learning team supported over 800 attendances per month.

### Health & Wellbeing

The Company plays an important role in the development and implementation of a range of projects and programmes that support improving the health of the population and reducing inequalities in Highland. This work underpins all services in HLH and is supporting the Company to successfully position itself as the partner of choice with organisations with responsibility and interest in the delivery of health and social care services.

Two key areas of work in 2016/17:

- **Falls Prevention Exercise** – gentle exercise classes, that can help reduce the risk of falling in older adults, have been offered in a range of locations including leisure centres, care settings and community halls, resulting in almost 7,000 attendances at classes during the year.
- **Exercise Referral Among Breast Cancer Survivors** - supporting people with breast cancer to improve their health and wellbeing through using community leisure facilities with specially trained exercise instructors to become more physically active.

### Key Performance Indicators

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

#### *Non-Financial KPI's reported throughout the year:*

	2017	2016
<b>Customer Numbers</b>	6,689,578	5,280,134
<b>High Life Subscriptions (monthly average for year)</b>	18,676	12,404
<b>Average Monthly Staff Turnover</b>	0.47%	0.55%
<b>Positive Media Clippings</b>	279	562
<b>Neutral Media Clippings</b>	61	257
<b>Negative Media Clippings</b>	14	59

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## Trustees' and Directors' Report

### Results and Performance

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

The 2017 financial results reflect the first full year of operations following the charity combination with Inverness Leisure.

During the year ended 31 March 2017, the charity has been able to deliver and develop its services and recorded a deficit of £826,768 (2016 – deficit of £1,107,341) after allowing for the actuarial adjustment posted through the income statement of £946,000 (2016 – £1,337,000) on the pension fund for the year ended 31 March 2017.

The Trading Company recorded a profit of £375,284 for the year, £300,465 for the year ended 31 March 2016, of which £373,284 (2016 - £298,465) was donated to the Charity in the furtherance of its charitable objectives.

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

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

At the year-end the company has a deficit on its balance sheet of £9,398,660 (2016– £2,382,892) including the actuarial adjustment. As explained above, there is a linkage between the level of service required and the funding provided. The Directors are satisfied that the total funding received from all sources will be sufficient to enable the company to record surpluses on its general fund, excluding the pension reserve.

The level of pension strain is acknowledged by Directors. With HLH pension being part of the wider local government scheme, Directors are committed to taking action to address the level in parallel with the Highland Council and the scheme's actuaries.

### Risks and Uncertainties

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

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

### Auditors

The auditors, Ernst & Young LLP, contract finishes in December 2017. A procurement exercise will take place for audit and tax services. 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.

Charity No: SC042593

Company No. SC407011

## **Trustees' and Directors' Report**

### **Statement of trustees' and Directors' responsibilities**

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

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

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

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

### **Directors' statement as to disclosure of information to auditors**

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

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

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**Donald McLachlan**

**Director**

Date: 25 September 2017

Charity No: SC042593

Company No. SC407011

## **Independent auditor's report**

### **to the member and trustees of High Life Highland**

We have audited the financial statements of High Life Highland for the year ended 31 March 2017 which comprise Group Statement of Financial Activities (including income and expenditure account), Company Statement of Financial Activities (including income and expenditure account), Group Balance Sheet, Company Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's trustees and members, as a body, in accordance with our appointment under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the trustees and members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 22, 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.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Charity No: SC042593

Company No. SC407011

## **Independent auditor's report**

**to the member and trustees of High Life Highland**

### **Opinion on consolidated financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its 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, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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

*Stephen Reid (Senior statutory auditor)*

*for and on behalf of Ernst & Young LLP, Statutory Auditor*

*Edinburgh*

*26 September 2017*

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Charity No: SC042593

Company No. SC407011

## Group statement of financial activities (including income and expenditure account)

for the year ended 31 March 2017

	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>2017 Total</i>	<i>2016 Total</i>
<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<b><i>Income:</i></b>				
<u>Donations and legacies</u>				
Gain recognised on charity combination	3	-	-	98,039
<u>Income from charitable activities:</u>				
Management fee	4	14,463,432	-	14,463,432
Other grants	4	260,820	1,336,510	1,597,330
Delivery of service delivery contract	4	9,318,660	-	9,318,660
<u>Income from other trading activities:</u>				
Commercial trading operations	5	1,074,721	-	1,074,721
<b>Total income</b>		<u>25,117,633</u>	<u>1,336,510</u>	<u>26,454,143</u>
<b><i>Expenditure</i></b>				
<u>Expenditure on charitable activities:</u>				
Delivery of service delivery contract	6	25,197,131	1,382,343	26,579,474
<u>Costs of raising funds:</u>				
Commercial trading operations	5	701,437	-	701,437
<b>Total expenditure</b>		<u>25,898,568</u>	<u>1,382,343</u>	<u>27,280,911</u>
<b>Net income / (expenditure)</b>		<u>(780,935)</u>	<u>(45,833)</u>	<u>(826,768)</u>
Transfer between funds		66,923	(66,923)	-
<b><i>Other recognised gains/ (losses):</i></b>				
Actuarial gains/ (losses) on defined benefit pension scheme	19	(6,189,000)	-	(6,189,000)
<b>Net movement in funds</b>		<u>(6,903,012)</u>	<u>(112,756)</u>	<u>(7,015,768)</u>
<b>Opening funds at 1 April</b>		<u>(2,822,427)</u>	<u>439,535</u>	<u>(2,382,892)</u>
<b>Total funds carried forward at 31 March</b>		<u>(9,725,439)</u>	<u>326,779</u>	<u>(9,398,660)</u>
All income and expenditure derive from continuing activities				

Charity No: SC042593

Company No. SC407011

## Company statement of financial activities (including income and expenditure account)

for the year ended 31 March 2017

		<i>Unrestricted funds</i>	<i>Restricted Funds</i>	<i>2017 Total</i>	<i>2016 Total</i>
		£	£	£	£
<b>Income</b>					
<u>Donations and legacies</u>					
Gain recognised on charity combination	3	-	-	-	98,039
Gift aid donation from subsidiary	3	373,284	-	373,284	298,465
<u>Income from charitable activities:</u>					
Management fee	4	14,463,432	-	14,463,432	14,257,709
Other grants	4	260,820	1,336,510	1,597,330	1,445,558
Delivery of service delivery contract	4	9,318,660	-	9,318,660	6,329,159
		<u>24,416,196</u>	<u>1,336,510</u>	<u>25,752,706</u>	<u>22,428,930</u>
<b>Total income</b>					
<b>Expenditure</b>					
<u>Expenditure on charitable activities:</u>					
Delivery of service delivery contract	6	25,197,131	1,382,343	26,579,474	23,536,271
		<u>25,197,131</u>	<u>1,382,343</u>	<u>26,579,474</u>	<u>23,536,271</u>
<b>Total resources expended</b>					
		<u>(780,935)</u>	<u>(45,833)</u>	<u>(826,768)</u>	<u>(1,107,341)</u>
<b>Net income / (expenditure)</b>					
Transfer between funds		66,923	(66,923)	-	-
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on defined benefit pension scheme	19	(6,189,000)	-	(6,189,000)	2,490,000
		<u>(6,903,012)</u>	<u>(112,756)</u>	<u>(7,015,768)</u>	<u>1,382,659</u>
<b>Net movement in funds</b>					
<b>Opening funds at 1 April</b>		(2,822,427)	439,535	(2,382,892)	(3,765,551)
<b>Total funds carried forward at 31 March</b>		<u>(9,725,439)</u>	<u>326,779</u>	<u>(9,398,660)</u>	<u>(2,382,892)</u>

All income and expenditure derive from continuing operations.

Charity No: SC042593  
Company No. SC407011

## Group balance sheet at 31 March 2017

	<b>Company number SC407011</b>		
	<i>Notes</i>	<i>2017</i>	<i>2016</i>
		<i>£</i>	<i>£</i>
<b>Fixed assets</b>			
Tangible assets	10	435,487	462,546
		<u>435,487</u>	<u>462,546</u>
<b>Current assets</b>			
Stocks	12	106,393	126,940
Debtors	13	5,625,122	3,945,579
Cash at bank and in hand		13,850	391,539
		<u>5,745,365</u>	<u>4,464,058</u>
<b>Creditors:</b> amounts falling due within one year	14	4,707,512	3,572,496
		<u>1,037,853</u>	<u>891,562</u>
<b>Net current assets</b>		<u>1,473,340</u>	<u>1,354,108</u>
<b>Total assets less current liabilities excluding retirement benefits</b>		<u>1,473,340</u>	<u>1,354,108</u>
<b>Net pension liability</b>	19	(10,872,000)	(3,737,000)
		<u>(9,398,660)</u>	<u>(2,382,892)</u>
<b>Funds</b>			
Unrestricted funds excluding the pension fund liability	15	1,146,561	914,573
Pension reserve	15	(10,872,000)	(3,737,000)
		<u>(9,725,439)</u>	<u>(2,822,427)</u>
Total deficit on unrestricted funds		<u>(9,725,439)</u>	<u>(2,822,427)</u>
Restricted funds	16	326,779	439,535
		<u>(9,398,660)</u>	<u>(2,382,892)</u>
		<u>1,146,561</u>	<u>914,573</u>
Unrestricted funds excluding pension liability		<u>326,779</u>	<u>439,535</u>
Restricted funds		<u>1,473,340</u>	<u>1,354,108</u>
Total funds excluding pension liability		<u>(10,872,000)</u>	<u>(3,737,000)</u>
Pension Reserve		<u>(9,398,660)</u>	<u>(2,382,892)</u>

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

\_\_\_\_\_  
**Donald McLachlan**  
**Director**

Date: 25 September 2017

\_\_\_\_\_  
**William Ross**  
**Director**

Date: 25 September 2017

The notes on pages 29 to 47 form part of these financial statements.

Charity No: SC042593  
Company No. SC407011

## Company balance sheet

at 31 March 2017

Company number SC407011

	<i>Notes</i>	<i>2017</i> £	<i>2016</i> £
<b>Fixed assets</b>			
Tangible assets	10	435,487	462,546
Investments	11	100	100
		<hr/>	<hr/>
		435,587	462,646
<b>Current assets</b>			
Stocks	12	21,335	36,986
Debtors	13	5,708,080	4,033,433
Cash at bank and in hand		13,850	391,539
		<hr/>	<hr/>
		5,743,265	4,461,958
<b>Creditors:</b> amounts falling due within one year	14	4,705,512	3,570,496
		<hr/>	<hr/>
<b>Net current assets</b>		1,037,753	891,462
<b>Total assets less current liabilities excluding retirement benefits</b>		<hr/>	<hr/>
		1,473,340	1,354,108
<b>Net pension liability</b>	19	(10,872,000)	(3,737,000)
		<hr/>	<hr/>
		(9,398,660)	(2,382,892)
		<hr/> <hr/>	<hr/> <hr/>
<b>Funds</b>			
Unrestricted funds excluding the pension fund liability	15	1,146,561	914,573
Pension reserve	15	(10,872,000)	(3,737,000)
		<hr/>	<hr/>
Total deficit on unrestricted funds		(9,725,439)	(2,822,427)
Restricted funds	15	326,779	439,535
		<hr/>	<hr/>
		(9,398,660)	(2,382,892)
		<hr/> <hr/>	<hr/> <hr/>

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

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**Donald McLachlan**  
**Director**  
Date: 25 September 2017

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**William Ross**  
**Director**  
Date: 25 September 2017

The notes on pages 29 to 47 form part of these financial statements.

Charity No: SC042593

Company No. SC407011

## Notes to the financial statements

at 31 March 2017

### 1. Fundamental accounting concept

#### *Going concern*

The company 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 2018 is agreed. The funding for the year ended 31 March 2019 to 31 March 2020 has been notified by The Highland Council subject to agreement. 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 company to continue trading and meet its obligations as they fall due for at least 12 months from the date of the signing of these financial statements.

### 2. Accounting policies

#### *Statement of Compliance*

High Life Highland is a company limited by guarantee and not having a share capital. The liability of the member which constitutes the charity is limited to £1. The affairs of the company are managed by a Board of Directors. The company is a registered charity, Scottish Charity Number SC042593, and is not liable to income tax or corporation tax on its income or capital gains.

The company was incorporated in Scotland and its registered office is 13 Ardrross Street, Inverness, IV3 5NS.

The Group's financial statements have been prepared in compliance 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 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 for the year ended 31 March 2017.

#### *Basis of preparation and change in accounting policy*

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group.

#### *Basis of consolidation*

The consolidated accounts incorporate the accounts of the company and its subsidiary undertaking for the year ended 31 March 2017. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

#### *Cash flow statement and related party transactions*

The financial results of the company 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 cashflow statement under the requirements of Section 7 – Statement of Cash Flows and Section 3 – Financial Statement Presentation paragraph 3.17d. The company is also exempt under the terms of FRS 102 s33.1A Related Party Transactions from disclosing related party transactions with entities that consolidated into the financial statements of The Highland Council.

Charity No: SC042593

Company No. SC407011

## Notes to the financial statements

at 31 March 2017

### ***Judgements and key sources of estimation uncertainty***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no judgements (apart from those involving estimates) that would have a significant effect on amounts recognised in the financial statements.

The Company's key source of estimation uncertainty is the Pension adjustment.

The company 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.

### ***Fixed assets***

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

Fixed asset additions in the year to 31 March 2017 have been recorded at cost.

### ***Depreciation***

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life, as follows:

Plant and equipment	-	20% straight line
Fixtures and fittings	-	20% straight line

### ***Investments***

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

### ***Fund accounting***

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside for a particular purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. 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.

### ***Incoming resources***

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

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

Charity No: SC042593

Company No. SC407011

## Notes to the financial statements

at 31 March 2017

### *Incoming resources (continued)*

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

### *Resources expended*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category and include any irrecoverable VAT. 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 HLH.
- 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.

### *Pension costs*

The company participates in The Highland Council Pension Fund, a defined benefit scheme. The assets of the scheme are held separately from those of the company 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 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 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.

### *Stocks*

Stocks are stated at the lower of cost and 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.

### *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.

### *Taxation*

Income is stated net of Value Added Tax and expenditure includes Value Added Tax where this is not recoverable.

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

Charity No: SC042593  
Company No. SC407011

## Notes to the financial statements

at 31 March 2017

### 3. Income from donations and legacies

The income from donations and legacies for the company was £373,284 (2016: £396,504), of which was unrestricted £373,284 (2016: £389,464) and £nil was restricted (2016: £7,040).

### 4. Income from charitable activities

*Group and company*

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>2017 Total</i>	<i>2016 Total</i>
	£	£	£	£
Management fee – Highland Council	14,463,432	-	14,463,432	14,257,709
Other grants	260,820	1,336,510	1,597,330	1,445,558
Delivery of service delivery contract	9,318,660	-	9,318,660	6,329,159
	<u>24,042,912</u>	<u>1,336,510</u>	<u>25,379,422</u>	<u>22,032,426</u>

Income from charitable activities was £25,379,422 (2016: £22,032,426) of which £24,042,912 was unrestricted (2016: £20,586,868) and £1,336,510 was restricted (2016: £1,445,558).

### 5. Income earned from other trading activities

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

A summary of the trading results is shown below:

	<i>High Life Highland (Trading) C.I.C.</i>	
	<i>2017</i>	<i>2016</i>
	£	£
Turnover	1,074,721	577,348
Cost of sales and administrative expenses	(701,437)	(278,883)
	<u>373,284</u>	<u>298,465</u>
Net profit before Gift Aid and tax	373,284	298,465
Amount Gift Aided to HLH	(373,284)	(298,465)
Taxation	-	-
	<u>-</u>	<u>-</u>
Profit for the year	<u>-</u>	<u>-</u>

Charity No: SC042593  
Company No. SC407011

## Notes to the financial statements

at 31 March 2017

### 5. Income earned from other trading activities (continued)

The assets and liabilities of the subsidiary at 31 March 2017 were:

Current assets	85,058	89,954
Creditors: amounts falling due within one year	(84,958)	(89,854)
	<u>100</u>	<u>100</u>
Aggregate share capital and reserves	<u>100</u>	<u>100</u>

### 6. Expenditure on charitable activities – delivery of service delivery contract

Group and company

	2017	2017	2017	2016
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
	<i>funds</i>	<i>funds</i>	<i>Total</i>	<i>Total</i>
	£	£	£	£
Salaries and wages	17,789,711	1,128,211	18,917,922	16,045,185
Adjustment to pension charge for the period	798,000	-	798,000	1,337,000
Property costs	565,479	5,044	570,523	523,423
Travel and transport	280,862	33,540	314,402	299,056
Supplies and services	5,078,296	183,107	5,261,403	4,828,120
Third party payments	351,976	32,441	384,417	312,174
Depreciation	158,031	-	158,031	17,379
Expected return on pension scheme assets	(647,000)	-	(647,000)	(358,000)
Interest on pension scheme liabilities	795,000	-	795,000	513,000
Audit fee	26,250	-	26,250	18,000
Directors' expenses reimbursed	526	-	526	934
	<u>25,197,131</u>	<u>1,382,343</u>	<u>26,579,474</u>	<u>23,536,271</u>

Expenditure on charitable activities was £26,579,474 (2016: £23,536,271) of which £25,197,131 was unrestricted (2016: £22,145,514) and £1,382,343 was restricted (2016: £1,390,757)

### 7. Net outcoming resources

This is stated after charging:

	2017	2016
	£	£
Audit fee	26,250	18,000
Operating lease rentals	339,676	221,301
Depreciation	158,031	17,379
	<u>523,957</u>	<u>416,680</u>

Charity No: SC042593  
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## Notes to the financial statements

at 31 March 2017

### 8. Directors/trustees remuneration

The Directors/trustees are not entitled to any emoluments during the year. 4 Directors/trustees (year ended 31 March 2017 - 4) received reimbursement for travel expenses during the period totalling £526 (year ended 31 March 2016 – £934).

### 9. Analysis of Staff costs and the cost of key management personnel

	<i>2017</i>	<i>2016</i>
	£	£
Salaries and wages	15,612,845	13,250,950
Social security costs	1,041,277	686,673
Pension costs	2,263,800	1,853,351
	<u>18,917,922</u>	<u>15,790,974</u>

In 2016/17 the employer's contribution rate is 19% of pensionable pay

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

	<i>2017</i>	<i>2016</i>
	<i>No.</i>	<i>No.</i>
Management	5	4
Support services	30	30
Operations	1,229	1,087
	<u>1,264</u>	<u>1,121</u>

The number of employees remunerated at a rate of over £65,465 per annum in the current period was as follows:

	<i>2017</i>	<i>2016</i>
<i>2017</i>	<i>2016</i>	<i>No.</i>
	<i>No.</i>	<i>No.</i>
£60,001 – £70,000	3	3
£70,001 – £80,000	1	-
£80,001 – £90,000	1	1
	<u>5</u>	<u>4</u>

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at 31 March 2017

### 9. Analysis of Staff costs and the cost of key management personnel (continued)

#### Key management personnel

The key management personnel of the group comprise the trustees, the Chief Executive, the Head of Resources, the Head of Business, the Head of Performance and the Head of Development. The total employee benefits of key management personnel of the group was £354,659 (2016 - £280,615).

#### Redundancies and Terminations

The total amount charged for the year ended 31 March 2017 in relation to redundancies/terminations was £6,279. (2016: £64,020). All amounts were fully paid in the year, therefore there are no liabilities at the balance sheet date.

### 10. Tangible fixed assets

*Group and company*

	<i>Plant and Equipment</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2016	1,094,861	10,431	1,105,292
Additions	130,972	-	130,972
At 31 March 2017	<u>1,225,833</u>	<u>10,431</u>	<u>1,236,264</u>
Depreciation:			
At 1 April 2016	636,488	6,258	642,746
Charge for year	155,945	2,086	158,031
At 1 April 2017	<u>792,433</u>	<u>8,344</u>	<u>800,777</u>
Net book value:			
At 31 March 2017	433,400	2,087	435,487
At 1 April 2016	<u><u>458,373</u></u>	<u><u>4,173</u></u>	<u><u>462,546</u></u>

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## Notes to the financial statements

at 31 March 2017

### 11. Fixed asset investments

	<i>Shares in group companies £</i>
Cost:	
At 1 April 2016 and 31 March 2017	100
	<u>          </u>

The company holds 100% of the issued ordinary share capital of High Life Highland (Trading) C.I.C., a company registered in Scotland. These are the only shares allotted, called up and fully paid. The activities and results of this company is summarised in note 4.

### 12. Stocks

	<i>Group 2017 £</i>	<i>Company 2017 £</i>	<i>Group 2016 £</i>	<i>Company 2016 £</i>
Goods for resale	106,393	21,335	126,940	36,986
	<u>106,393</u>	<u>21,335</u>	<u>126,940</u>	<u>36,986</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The difference between purchase price or production cost of stocks and their replacement cost is not material. Stocks recognised as an expense in the year for the group and the company was £469,750(2016: £538,371).

### 13. Debtors

	<i>Group 2017 £</i>	<i>Company 2017 £</i>	<i>Group 2016 £</i>	<i>Company 2016 £</i>
Trade debtors	281,046	281,046	243,402	243,402
Prepayments and other accrued income	354,279	354,279	432,551	432,551
Amounts owed by group undertakings	4,989,797	5,072,755	3,269,626	3,357,480
	<u>5,625,122</u>	<u>5,708,080</u>	<u>3,945,579</u>	<u>4,033,433</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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## Notes to the financial statements

at 31 March 2017

### 14. Creditors: amounts falling due within one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2017</i>	<i>2017</i>	<i>2016</i>	<i>2016</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade creditors	76,506	76,506	564,207	564,207
Other creditors and accruals	1,228,958	1,226,958	2,305,633	2,303,633
Amounts owed to group undertakings	3,402,048	3,402,048	702,656	702,656
	<u>4,707,512</u>	<u>4,705,512</u>	<u>3,572,496</u>	<u>3,570,496</u>

The company does not operate a bank account. All receipts and payments are made by The Highland Council on behalf of the company and its subsidiary. HLH has complete control over cash management in that all payments and receipts are accounted for and authorised independently of the Highland Council. HLH is set up as a separate Company 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 HLH receives interest on the average cash balances held throughout the year. Therefore at any point in time HLH's cash balances can be separately identified from the Council through the intercompany account with all transactions controlled and authorised by HLH management and reported to the Trustees.

Included in Debtors in note 13, is an amount of £4,989,797 (2016 – £3,269,626) due from The Highland Council which represents income received on behalf of HLH. When this amount is settled, it will be offset against the amounts due to The Highland Council of £3,402,048 (2016 – £702,656) for costs paid out on the company's behalf in the year.

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## Notes to the financial statements

at 31 March 2017

### 15. Statement of funds

*Group*

	Unrestricted Funds		Restricted Funds		Total Funds
	General	Pension	Total	Total	
	fund	reserve			
	£	£	£	£	£
At 1 April 2015 – restated	(176,385)	(4,041,000)	(4,217,385)	451,834	(3,765,551)
Income	21,164,216	-	21,164,216	1,445,558	22,609,774
Expenditure	(20,932,397)	(1,492,000)	(22,424,397)	(1,390,757)	(23,815,154)
Actuarial gain	-	2,490,000	2,490,000	-	2,490,000
Transfer from charity					
Combination (note 7)	784,999	(694,000)	90,999	7,040	98,039
Transfer between funds	74,140	-	74,140	(74,140)	-
	<u>914,573</u>	<u>(3,737,000)</u>	<u>(2,822,427)</u>	<u>439,535</u>	<u>(2,382,892)</u>
At 31 March 2016	914,573	(3,737,000)	(2,822,427)	439,535	(2,382,892)
Income	25,117,633	-	25,117,633	1,336,510	25,752,706
Expenditure	(24,952,568)	(946,000)	(25,898,568)	(1,382,343)	(26,579,474)
Actuarial loss	-	(6,189,000)	(6,189,000)	-	(6,189,000)
Transfer between funds	66,923	-	66,923	(66,923)	-
	<u>1,146,561</u>	<u>(10,872,000)</u>	<u>(9,725,439)</u>	<u>326,779</u>	<u>(9,398,660)</u>
At 31 March 2017	1,146,561	(10,872,000)	(9,725,439)	326,779	(9,398,660)

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## Notes to the financial statements

at 31 March 2017

### 15. Statement of funds

*Company*

	Unrestricted Funds		Restricted Funds		Total Funds
	General fund	Pension reserve	Total	Total	
	£	£	£	£	£
At 1 April 2015	(176,385)	(4,041,000)	(4,217,385)	451,834	(3,765,551)
Income	20,885,333	-	20,885,333	1,445,558	22,330,891
Expenditure	(20,653,514)	(1,492,000)	(22,145,514)	(1,390,757)	(23,536,271)
Actuarial gain	-	2,490,000	2,490,000	-	2,490,000
Transfer from charity Combination (note 7)	784,999	(694,000)	90,999	7,040	98,039
Transfer between funds	74,140	-	74,140	(74,140)	-
At 31 March 2016	914,573	(3,737,000)	(2,822,427)	439,535	(2,382,892)
Income	24,416,196	-	24,416,196	1,336,510	25,752,706
Expenditure	(24,251,131)	(946,000)	(25,197,131)	(1,382,343)	(26,579,474)
Actuarial loss	-	(6,189,000)	(6,189,000)	-	(6,189,000)
Transfer between funds	66,923	-	66,923	(66,923)	-
At 31 March 2017	1,146,561	(10,872,000)	(9,725,439)	326,779	(9,398,660)

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## Notes to the financial statements

at 31 March 2017

### 15. Statement of funds (continued)

<i>Restricted funds</i>	<i>Opening fund</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers to Unrestricted funds</i>	<i>At 31 March 2017</i>	<i>At 31 March 2016</i>
	£	£	£	£	£	£
<b>Restricted funds:</b>						
Coaching	48,681	-	-	(6,000)	42,681	48,681
Health & Wellbeing	-	81,999	(81,999)	-	-	-
Activity Agreements	31,500	-	-	-	31,500	31,500
Sport Scotland	66,211	998,499	(1,045,228)	(11,005)	27,873	66,211
Adult Education	39,252	-	-	-	39,252	39,252
Community Sports Hubs	19,396	-	-	-	-	19,396
Disability Sports Officer	-	17,852	(17,852)	-	-	-
Museums (Capex)	12,929	-	-	(6,944)	5,985	12,929
Alness Regeneration	5,642	-	-	(5,642)	-	5,642
Youth-work	176,680	143,816	(155,816)	-	164,680	176,680
Youth work in Sport	9,795	17,500	(19,089)	(8,206)	-	9,795
Gymnastics	7,000	17,500	(17,500)	(7,000)	-	7,000
Facilities (Capex)	15,409	-	-	(15,409)	-	15,409
Movers and Shakers	-	44,859	(44,859)	-	-	-
HFM – Regeneration Project	-	14,485	-	-	14,485	-
Scottish Executive	6,717	-	-	(6,717)	-	6,717
Dance Studio	323	-	-	-	323	323
<b>Total funds</b>	<b>439,535</b>	<b>1,336,510</b>	<b>(1,382,343)</b>	<b>(66,923)</b>	<b>326,779</b>	<b>439,535</b>

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

Coaching -	to provide support for voluntary sports coaches
Health & Wellbeing -	to provide and encourage health and wellbeing to the people of the Highlands
Activity Agreements -	to provide for young adults aged between 16 and 19 years old with the necessary skills to prepare them for employment
sportscotland -	Funding received from sportscotland to develop, promote and encourage sport in the Highlands
Adult Education -	Funding received from European Social Fund in support of the provision of language and support services for inwards migrants to the Highlands.
Community Sports Hubs -	Funding from sportscotland for the purpose of establishing the sportscotland brand model of Community Sports Hub in the Highlands.

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## Notes to the financial statements

at 31 March 2017

### 15. Statement of funds (continued)

Disability Sports Officer -	Funding received from Scottish Disability Sport Ltd to develop and support sport to disabled people of the Highlands
Museums (Capex)	Funding received from Museum Gallery Scotland for the purchase of a tractor and trailer at the Highland Folk Museum
Alness Regeneration	Funding received to provide additional youth services in a deprived area
Youthwork	Funding received to provide targeted youthwork and services in specific areas of the Highlands
Youth work in Sport	Funding to support the development of a youth worker in sport to achieve a degree level qualification
Gymnastics	Funding to further develop a gymnastics programme for primary and preschool in conjunction with Scottish Gymnastics
Facilities (Capex)	Funds received for capital programme. The Capex Works are complete with the funds transferred to unrestricted reserves,
Movers and shakers	A peer led dance leadership project funded through Legacy 2014 funding
Scottish Executive	Funding to promote access to leisure facilities for people with autism through Funding for Autism. Funds returned to Scottish Government.
Dance Studio	Funding to refurbish the dance studio from the Highland Council

#### *Designated Funds*

Within unrestricted funds there are funds that have been set aside as designated funds. £Nil (2015: £40,000 for the Library Civica project) has been designated. As part of the charity combination with Inverness Leisure in 2016 £584,999 of the reserves that transferred across was designated for High Life Highland terms and conditions (T&C'S) on the TUPE of staff and a further £200,000 (of the funds have been designated for capital works. In 2017 £202,362 has been transferred from designated funds to unrestricted funds to cover the T&C's of the year, the balance remains in designated funds for 2018. The £200,000 for Capital Works remains designated.

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## Notes to the financial statements

at 31 March 2017

### 16. Analysis of net liabilities between funds

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total</i>
	£	£	£
<i>Fund balances at 31 March 2017 are represented by:</i>			
Fixed assets	427,583	7,904	435,487
Current assets	5,418,586	326,779	5,745,365
Current liabilities	(4,707,512)	-	(4,707,512)
Pension liability	(10,872,000)	-	(10,872,000)
	<u>(9,733,343)</u>	<u>334,683</u>	<u>(9,398,660)</u>

### 17. Share capital

The company is limited by guarantee and does not have a share capital. In the event of the company being wound up, the liability of the member is restricted to £1 each.

### 18. Controlling interest and related party transactions

The company is controlled by The Highland Council. The company has taken advantage of the exemption contained in FRS 102 s33.1A Related Party Transactions, from disclosing transactions with entities whose financial results are consolidated into the financial statements of The Highland Council.

The largest group and smallest group for which consolidated financial statements are prepared which include HLH is that of The Highland Council. Copies of these financial statements can be obtained from [www.highland.gov.uk](http://www.highland.gov.uk).

### 19. Pension commitments

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

#### **FRS102 disclosures**

The valuation used for FRS 102 disclosures has been based on rolling forward the value of the Employers liabilities from a starting position of zero as at 1 October 2011 allowing for the different financial assumptions required under FRS 102. A similar roll-forward approach was taken for the report as at 31 March 2015. 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 rate of 18% p.a. of total payroll.

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### 19. Pension commitments (continued)

*The assets and liabilities of the schemes at 31 March 2017 are:*

	2017	2016
	£000's	£000's
Fair value of scheme assets	23,003	12,198
Present value of scheme liabilities	(33,849)	(15,223)
Present value of unfunded liabilities	(26)	(18)
Transfer of pension liability from charity combination (see note 7)	-	(694)
Liability in the scheme	<u>(10,872)</u>	<u>(3,737)</u>

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

	2017	2016
Equities	70 %	67 %
Bonds	17 %	18 %
Property	11 %	11 %
Cash	2 %	4 %

*The amounts recognised in the profit and loss account and statement of total recognised gains and losses for the year are analysed as follows:*

	2017	2016
	£000's	£000's
Recognised in the profit and loss account:		
Current service cost	(3,109)	(3,207)
Interest on obligation	(795)	(513)
Expected return on scheme assets	647	358
Loss on curtailment	-	-
Total	<u>(3,257)</u>	<u>(3,362)</u>
Actual return on scheme assets	<u>-</u>	<u>-</u>

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## Notes to the financial statements

at 31 March 2017

### 19. Pension commitments (continued)

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

	<i>31 March 2017</i>	<i>31 March 2016</i>
	%	%
Rate of salary increases (over life of the scheme)	4.40	4.20
Rate of increases in pensions in payment	2.40	2.20
Discount rate	2.70	3.60

Post-retirement mortality

	<i>31 March 2017</i>	<i>31 March 2016</i>
Current pensions at 65 – male	22.5 yrs	22.5 yrs
Current pensions at 65 – female	24.1 yrs	24.1 yrs
Future pensions at 65 – male	24.7 yrs	24.7 yrs
Future pensions at 65 – female	26.8 yrs	26.8 yrs

The mortality tables adopted were the 110% S1PA tables allowing for CMI projections with a long term rate of 1% per annum. 'Current' disclosures relate to assumptions based on longevity following retirement at the balance sheet date, with 'future' being that relating to an employee retiring in 20 years time. These assumptions will be reconsidered when the next triennial review of the Highland Council Pension Scheme, is undertaken.

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### 19. Pension commitments (continued)

*Change in assumptions at 31 March 2017*

	<i>Approximate % Increase to Defined benefit obligation</i>	<i>Approximate monetary amount £000's</i>
0.5% decrease in Real Discount Rate	15%	5,201
0.5% increase in the Salary Increase Rate	5%	1,536
0.5% increase in the Pension Increase Rate	10%	3,523

*Changes in the present value of the defined benefit obligations are analysed at follow:*

	<i>2017 £000's</i>	<i>2016 £000's</i>
Opening defined benefit obligations	15,241	13,744
Current service cost	3,109	3,207
Interest cost	795	513
Actuarial (gain)/loss	9,108	(2,650)
Loss on curtailment	-	-
Benefits paid	(152)	(169)
Contributions by scheme participants	710	597
Estimated Unfunded Benefits Paid	(1)	(1)
Effect of business combinations and disposals	5,065	-
At 31 March 2017	<u>33,875</u>	<u>15,241</u>

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

	<i>2017 £000's</i>	<i>2016 £000's</i>
Opening fair value of scheme assets	12,198	9,703
Expected return on scheme assets	647	358
Employer contributions	2,310	1,869
Contributions in respect of Unfunded Benefits	1	1
Contributions by scheme members	710	597
Benefits paid	(152)	(169)
Actuarial (loss)/gain	2,919	(160)
Estimated Unfunded Benefits Paid	(1)	(1)
Effect of business combinations and disposals	4,371	-
At 31 March 2017	<u>23,003</u>	<u>12,198</u>

The accumulated amount of actuarial gains and losses recognised in the Statement of Financial Activities was an actuarial loss of £6,189,000 (year ended 31 March 2016 – gain of £2,490,000).

The best estimate of contributions to be paid by the group to the scheme for the year beginning after 31 March 2017 is £2,323,000

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## Notes to the financial statements

at 31 March 2017

### 19. Pension commitments (continued)

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

*Defined benefit pension scheme*

	<i>31 March</i> <i>2017</i> <i>£000's</i>	<i>31 March</i> <i>2016</i> <i>£000's</i>	<i>31 March</i> <i>2015</i> <i>£000's</i>	<i>31 March</i> <i>2014</i> <i>£000's</i>
Fair value of scheme assets	23,003	12,198	9,703	5,943
Present value of defined benefit obligation	(33,875)	(15,241)	(13,744)	(7,824)
Transfer of pension liability from charity combination (see note 7)	-	(694)	-	-
Net liability in scheme	<u>(10,872)</u>	<u>(3,737)</u>	<u>(4,041)</u>	<u>(1,881)</u>

### 20. Obligations under operating leases

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

*Group and company*

	<i>2017</i> <i>£</i>	<i>2016</i> <i>£</i>
Within one year	253,294	257,168
In two to five years	399,712	471,441
In over 5 years	-	-
	<u>653,006</u>	<u>728,609</u>

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at 31 March 2017

### 21. Operating results – excluding the pension liability adjustment

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£</i>	<i>£</i>	<i>£</i>
<b><i>Income</i></b>			
<b><u>Income from charitable activities</u></b>			
Management fee – The Highland Council	14,463,432	-	14,463,432
Other grants	260,820	1,336,510	1,597,330
Delivery of service delivery contract	9,318,660	-	9,318,660
<b><u>Income from other trading activities</u></b>			
Commercial trading operations	1,074,721	-	1,074,721
<b>Total income</b>	<b><u>25,117,633</u></b>	<b><u>1,336,510</u></b>	<b><u>26,454,143</u></b>
<b><i>Expenditure</i></b>			
<b><u>Expenditure on charitable activities</u></b>			
Delivery of service delivery service contract	25,197,131	1,382,343	26,579,474
<b><u>Cost of raising funds</u></b>			
Commercial trading operations	701,437	-	701,437
Less Pension Adjustment	(946,000)	-	(946,000)
<b>Total expenditure (No pension adjustment)</b>	<b>24,952,568</b>	<b>1,382,343</b>	<b>26,334,911</b>
<b>Total expenditure (No pension adjustment)</b>	<b>165,065</b>	<b>(45,833)</b>	<b>119,232</b>
<b>Transfer between funds</b>	<b>66,923</b>	<b>(66,923)</b>	<b>-</b>
<b>Surplus/(Deficit) from operations</b>	<b><u>231,988</u></b>	<b><u>(112,756)</u></b>	<b><u>119,232</u></b>

The operating results for High life Highland for the year ended 31 March 2017, excluding the pension adjustment report an overall surplus of £119,232 of which £231,988 is a surplus in unrestricted reserves and a deficit £112,756 in restricted reserves after allowing for a transfer of £66,923 from restricted reserves to unrestricted reserves in the year.