

COMPANY REGISTRATION NUMBER: SC425808
CHARITY REGISTRATION NUMBER: SC043521

Highland Third Sector Interface Ltd
Company Limited by Guarantee
Financial statements
31 March 2021

FKF ACCOUNTING LIMITED
Chartered accountants & statutory auditor
Metropolitan House
31-33 High Street
Inverness
IV1 1HT

Highland Third Sector Interface Ltd

Company limited by guarantee

Financial statements

Year ended 31 March 2021

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Highland Third Sector Interface Ltd

Company limited by guarantee

Trustees' annual report (incorporating the director's report)

Year ended 31 March 2021

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2021.

Reference and administrative details

Registered charity name Highland Third Sector Interface Ltd

Charity registration number SC043521

Company registration number SC425808

Principal office and registered office Thorfin House
Bridgend Business Park
Bridgend Road
Dingwall
IV15 9SL

The trustees

Alexandria Mary Gilchrist
Valerie Anne Stewart Gale
Margaret Judith Holliday
Margaret Somerville (Chair)
Catherine Wright
Elaine Fetherston
Isobel Grigor
David Caulfield

Resigned 9th December 2020
Resigned 9th December 2020

Company secretary Mhairi Wylie

Auditor FKF Accounting Limited
Chartered accountants & statutory auditor
Metropolitan House
31-33 High Street
Inverness
IV1 1HT

Highland Third Sector Interface Ltd

Company limited by guarantee

Trustees' annual report (incorporating the director's report) *(continued)*

Year ended 31 March 2021

Structure, governance and management

Articles of Association

The Charity is a company limited by guarantee. It is governed by its articles of association which were reviewed and adopted most recently on the 22nd November 2019.

Appointment of Directors

The Board of Trustees meet on a quarterly basis. The membership of the board allows up to eight elected by the general members of the TSI, four Trustees appointed by the Board based on a skill need and two seats nominated by the organisations delivering local TSI services. There are currently eight members, two appointed and six elected from the membership, with a further appointment due to take up their role in November 2021.

Management

Day to day management of the HTSI is overseen by the Chief Officer, this post is currently being held by Mhairi Wylie, who is supported in this role by the Management Team formed across the various teams and functions of HTSI work and activity.

The Chief Officer attends the board meetings to present reports and provide assurances to the Trustees.

The Trustees are aware of their responsibility towards their staff and have taken out all the necessary insurances. A training and development policy has been written and the Trustees are committed to supporting the growth and development of staff.

Objectives and activities

Charitable Purpose

The Highland Third Sector Interface has been formed to promote the benefit of the public within Highland by advancing citizenship and community development, including rural and urban regeneration and the promotion of civic responsibility, volunteering, the voluntary sector and the effectiveness and efficiency of charities.

Activities

Our activities for the period are summarised in a separate Annual Report but focus on the continued deliver of the core organisational purpose, the Scottish Government Funded activity, the development of the LGOWIT project, the Custody Link Project, Health Walks and the development of the Social Café that HTSI inherited as part of their restructure in the 2020/21 financial year.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Highland Third Sector Interface Ltd

Company limited by guarantee

Trustees' annual report (incorporating the director's report) *(continued)*

Year ended 31 March 2021

Achievements and performance

The Highland Third Sector Interface continues to sustain income from various sources reflecting the increasing diversity of the activity of the organisation. The staffing numbers fluctuate within the organisation to reflect Project adjustments.

In 2020/21, in addition to the organisation's work in response to COVID-19, HTSI merged with the TSI services provider within the Inverness and Nairn area, In This Together, and decommissioned Ross-Shire Voluntary Action to form a new team within the organisation for direct delivery of TSI services within the Inner Moray Firth.

This was in particular response to the reduction in real terms of the primary funding streams due to standstill budgets over the last 10 years and pressures to ensure that we can maximise the diminishing purchase power of the funding.

The separate annual report will detail the response to COVID within the organisation and the various activities that were undertaken to support both the members of HTSI and emerging community organisations as well as the members of the public.

Finally the organisation signed off a new strategic plan in January 2021 and the Management team have begun operationalising the ambitions, with the first annual operational work plan due to go to the Board in the 2021/2022 financial year.

Financial review

Presently the HTSI core activities are funded through an agreement with the Scottish Government and while this is agreed in principle for a three-year period it is subject to annual confirmation and is presently at a standstill figure. Although this presents the organisation with some longer-term planning challenges open dialogue and working with other TSI partners and the Scottish Government, helps to ensure the Board manage any associated risks to the fullness of their ability.

HTSI have identified income from within the period towards costs associated with refurbishing our accommodation, something that was complete in the 2020/21 financial year.

Currently almost all other funded projects are operating on more than one year continued funding and are able to look at more long term strategic planning.

The HTSI endeavours to maintain an unrestricted reserve of at least three months core running costs. This was reviewed in the 2020/21 year to reflect changes in liabilities related to the redesign of TSI service delivery within Highland and an expanded core staff team and is now maintained at a minimum of £90,000. The Board remain committed to maintaining the three months running costs as a minimum for the foreseeable. Additional reserves are also held and ringfenced at the moment for delivery of some core ambitions within the strategic plan, including a revised census of the sector and ongoing work to strengthen our members services and third sector representation pathway.

Additionally, the HTSI maintains a restricted reserve composed of unspent money related to projects or specific pieces of work which have yet to be completed. The reserve figure at the end of the financial year is predominantly made up of sums applicable to work undertaken through the LGOWIT, Custody link, Community Justice and Health Walk activities. All of which is committed to expenditure in the following financial year.

Highland Third Sector Interface Ltd

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Trustees' annual report (incorporating the director's report) *(continued)*

Year ended 31 March 2021

Plans for future periods

The HTSI continues to be committed to implementing the recommendations of the national TSIs Framework agreed with the Scottish Government in 2018. As a consequence of reviewing these expectations and recurring standstill budgets we have instigated changes in the period around commissioning of TSI works across the Inner Moray Firth area which impacted on the structure of TSI delivery in 2020/21.

The 2021/22 financial year is likely to focus on the ongoing response and recovery to the COVID-19 pandemic while continuing the work of settling changes as a result of the redesign of TSI services and strengthening the planning and working cycles of the organisations; reflecting the growing work and size of HTSI.

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Highland Third Sector Interface Ltd

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Trustees' annual report (incorporating the director's report) *(continued)*

Year ended 31 March 2021

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

The trustees' annual report and the strategic report were approved on 10 December 2021 and signed on behalf of the board of trustees by:



Mhairi Wylie
Charity Secretary

Highland Third Sector Interface Ltd

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Independent auditor's report to the members of Highland Third Sector Interface Ltd *(continued)*

Year ended 31 March 2021

Opinion

We have audited the financial statements of Highland Third Sector Interface Ltd (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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 FRS 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 charity's affairs as at 31 March 2021 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Highland Third Sector Interface Ltd

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Independent auditor's report to the members of Highland Third Sector Interface Ltd *(continued)*

Year ended 31 March 2021

Opinions on 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' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

To identify risks of material misstatement due to fraud ("fraud risks"), we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of trustees and management as to the charity's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Highland Third Sector Interface Ltd

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Independent auditor's report to the members of Highland Third Sector Interface Ltd *(continued)*

Year ended 31 March 2021

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that grants and other charitable income are recorded in the incorrect accounting period, the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Inspecting grant agreements and circularising grant providers to determine if income has been recognised in line with accounting policy
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the trustees and other management (as required by auditing standards). We discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including the Charities SORP) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have an effect: health and safety, employment law and aspects of company and charity legislation, recognising the nature of the charity's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Highland Third Sector Interface Ltd

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Independent auditor's report to the members of Highland Third Sector Interface Ltd *(continued)*

Year ended 31 March 2021

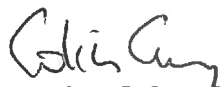
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's members 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Colin Gray B.Com CA (Senior Statutory Auditor)

For and on behalf of
FKF Accounting Limited
Chartered accountants & statutory auditor
Metropolitan House
31-33 High Street
Inverness
IV1 1HT

17.12.2021

Highland Third Sector Interface Ltd

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Statement of financial activities (including income and expenditure account)

Year ended 31 March 2021

		2021	2020		
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Charitable activities	5	732,725	738,313	1,471,038	1,261,176
Investment income	6	8	—	8	240
Other income	7	22,095	37,927	60,022	87,011
Total income		<u>754,828</u>	<u>776,240</u>	<u>1,531,068</u>	<u>1,348,427</u>
Expenditure					
Expenditure on charitable activities	8,9	661,293	629,587	1,290,880	1,243,439
Total expenditure		<u>661,293</u>	<u>629,587</u>	<u>1,290,880</u>	<u>1,243,439</u>
Net income and net movement in funds		<u>93,535</u>	<u>146,653</u>	<u>240,188</u>	<u>104,988</u>
Reconciliation of funds					
Total funds brought forward		119,696	164,691	284,387	179,399
Total funds carried forward		<u>213,231</u>	<u>311,344</u>	<u>524,575</u>	<u>284,387</u>

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 13 to 21 form part of these financial statements.

Highland Third Sector Interface Ltd

Company limited by guarantee

Statement of financial position

31 March 2021

	Note	2021 £	£	2020 £
Fixed assets				
Tangible fixed assets	15		66,206	7,644
Current assets				
Debtors	16	7,687		46,884
Cash at bank and in hand		551,536		326,726
		<u>559,223</u>		<u>373,610</u>
Creditors: amounts falling due within one year	17	<u>100,854</u>		<u>96,867</u>
Net current assets			<u>458,369</u>	<u>276,743</u>
Total assets less current liabilities			<u>524,575</u>	<u>284,387</u>
Net assets			<u>524,575</u>	<u>284,387</u>
Funds of the charity				
Restricted funds			311,344	164,691
Unrestricted funds			213,231	119,696
Total charity funds	19		<u>524,575</u>	<u>284,387</u>

These financial statements were approved by the board of trustees and authorised for issue on 10 December 2021, and are signed on behalf of the board by:



Alexandria Mary Gilchrist
Trustee

The notes on pages 13 to 21 form part of these financial statements.

Highland Third Sector Interface Ltd

Company limited by guarantee

Statement of cash flows

Year ended 31 March 2021

	2021	2020
	£	£
Cash flows from operating activities		
Net income	240,188	104,988
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	12,921	4,247
Profit on disposal of assets	(13,061)	-
Other interest receivable and similar income	(8)	(240)
Accrued (income)/expenses	(1,824)	33,005
<i>Changes in:</i>		
Trade and other debtors	39,197	14,288
Trade and other creditors	5,811	5,135
Cash generated from operations	283,224	161,423
Interest received	8	240
Net cash from operating activities	283,232	161,663
Cash flows from investing activities		
Purchase of tangible assets	(76,462)	(3,551)
Proceeds from sale of tangible assets	18,040	-
Net cash used in investing activities	(58,422)	(3,551)
Net increase in cash and cash equivalents	224,810	158,112
Cash and cash equivalents at beginning of year	326,726	168,614
Cash and cash equivalents at end of year	551,536	326,726

The notes on pages 13 to 21 form part of these financial statements.

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the financial statements

Year ended 31 March 2021

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is Thorfin House, Bridgend Business Park, Bridgend Road, Dingwall, IV15 9SL.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable.

Income from investments is included in the year in which it is receivable.

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Tangible assets

All fixed assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings - 25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Highland Third Sector Interface Ltd

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Notes to the financial statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Highland Third Sector Interface Ltd

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Notes to the financial statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Limited by guarantee

Highland Third Sector Interface Ltd is a company limited by guarantee and accordingly does not have any share capital.

Each member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

5. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Grants - Other	3,975	81,140	85,115
Grants - Community Justice	14,550	165,682	180,232
Grants - Scottish Government	683,200	160,735	843,935
Grants - NHS Highland	–	30,040	30,040
Grants - Highland Council	–	32,888	32,888
Grants - LGOWIT Community Networkers	31,000	267,828	298,828
Grants - Adult Services	–	–	–
	<u>732,725</u>	<u>738,313</u>	<u>1,471,038</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Grants - Other	3,800	88	3,888
Grants - Community Justice	4,893	110,046	114,939
Grants - Scottish Government	683,200	–	683,200
Grants - NHS Highland	–	5,000	5,000
Grants - Highland Council	–	38,000	38,000
Grants - LGOWIT Community Networkers	48,147	318,694	366,841
Grants - Adult Services	13,227	36,081	49,308
	<u>753,267</u>	<u>507,909</u>	<u>1,261,176</u>

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 31 March 2021

6. Investment income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Bank interest receivable	8	8	240	240

7. Other income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Other income	22,095	37,927	60,022

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Other income	56,826	30,185	87,011

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Community Network	-	244,370	244,370
General	662,175	270,368	932,543
Adult Services	-	4,581	4,581
Community Justice	(882)	110,268	109,386
	<u>661,293</u>	<u>629,587</u>	<u>1,290,880</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Community Network	-	332,478	332,478
General	770,045	14,307	784,352
Adult Services	-	50,213	50,213
Community Justice	882	75,514	76,396
	<u>770,927</u>	<u>472,512</u>	<u>1,243,439</u>

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 31 March 2021

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Total funds 2021 £	Total fund 2020 £
Community Network	244,370	–	244,370	332,478
General	547,653	384,890	932,543	784,352
Adult Services	4,581	–	4,581	50,213
Community Justice	109,386	–	109,386	76,396
	<u>905,990</u>	<u>384,890</u>	<u>1,290,880</u>	<u>1,243,439</u>

10. Analysis of grants

	2021 £	2020 £
Grants to institutions		
Grant Payments – CVG	82,327	77,763
Grant Payments – RVA	36,594	85,007
Grant Payments – SLCVO	75,963	71,003
Grant Payments – VABS	53,116	47,834
Grant Payments – VAL	73,709	66,794
Grant Payments - VG ES	63,181	61,032
Grant Payments - Signpost INC	–	110,193
Grant Payments - Green Health Partnership	–	40,850
	<u>384,890</u>	<u>560,476</u>
Total grants	<u>384,890</u>	<u>560,476</u>

11. Net income

Net income is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	12,921	4,247
Profit on disposal of assets	(13,061)	–

12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2021 £	2020 £
Wages and salaries	497,708	431,832
Social security costs	42,173	37,090
Employer contributions to pension plans	24,597	20,282
	<u>564,478</u>	<u>489,204</u>

The average head count of employees during the year was 24 (2020: 21).

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the financial statements (continued)

Year ended 31 March 2021

12. Staff costs (continued)

No employee received employee benefits of more than £60,000 during the year (2020: Nil).

13. Trustee remuneration and expenses

No trustees received any remuneration or expenses in the year (2020: Nil)

14. Auditors' remuneration

This is stated after charging:

	2021	2020
	£	£
Auditors' remuneration - audit of financial statements	3,000	3,000
Non-audit services	1,626	1,470
	<u>4,626</u>	<u>4,470</u>

In common with many other charities of our size and nature we use our auditors to assist with the preparation of statutory financial statements.

15. Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2020	–	31,783	–	31,783
Additions	35,223	34,045	7,194	76,462
Disposals	–	(28,233)	–	(28,233)
At 31 March 2021	<u>35,223</u>	<u>37,595</u>	<u>7,194</u>	<u>80,012</u>
Depreciation				
At 1 April 2020	–	24,139	–	24,139
Disposals	–	(23,254)	–	(23,254)
Depreciation charge	3,522	9,399	–	12,921
At 31 March 2021	<u>–</u>	<u>10,284</u>	<u>–</u>	<u>13,806</u>
Carrying amount				
At 31 March 2021	<u>31,701</u>	<u>27,311</u>	<u>7,194</u>	<u>66,206</u>
At 31 March 2020	<u>–</u>	<u>7,644</u>	<u>–</u>	<u>7,644</u>

16. Debtors

	2021	2020
	£	£
Trade debtors	6,274	34,908
Prepayments and accrued income	1,413	952
Other debtors	–	11,024
	<u>7,687</u>	<u>46,884</u>

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 31 March 2021

17. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	7,053	4,882
Accruals and deferred income	80,078	81,902
Social security and other taxes	12,371	9,083
Other creditors	1,352	1,000
	<u>100,854</u>	<u>96,867</u>

18. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £24,597 (2020: £20,282).

19. Analysis of charitable funds

Unrestricted funds

	2020	Income	Expenditure	Transfers	2021
	£	£	£	£	£
General funds	119,696	754,828	(661,293)	-	213,231
	<u>119,696</u>	<u>754,828</u>	<u>(661,293)</u>	<u>-</u>	<u>213,231</u>

Restricted funds

	2020	Income	Expenditure	Transfers	2021
	£	£	£	£	£
LGOWIT	57,759	282,237	(241,308)	-	98,688
Adult Services	3,354	202	(4,394)	-	(838)
Community Justice	100,966	152,028	(110,268)	-	142,726
Covid-19	-	160,773	(158,426)	-	2,347
Other/General	2,612	180,990	(115,191)	-	81,965
Total	<u>164,691</u>	<u>776,240</u>	<u>(629,587)</u>	<u>-</u>	<u>311,344</u>

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 31 March 2021

20. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Tangible fixed assets	20,939	45,267	66,206
Current assets	227,646	331,577	559,223
Creditors less than 1 year	(35,354)	(65,500)	(100,854)
Net assets	<u>213,231</u>	<u>311,344</u>	<u>524,575</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Tangible fixed assets	362	7,280	7,642
Current assets	145,260	228,352	373,612
Creditors less than 1 year	(25,926)	(70,941)	(96,867)
Net assets	<u>119,696</u>	<u>164,691</u>	<u>284,387</u>

21. Analysis of changes in net debt

	At 1 Apr 2020 £	Cash flows £	At 31 Mar 2021 £
Cash at bank and in hand	<u>326,726</u>	<u>224,810</u>	<u>551,536</u>

Highland Third Sector Interface Ltd

Company limited by guarantee

Management information

Year ended 31 March 2021

The following pages do not form part of the financial statements.

Highland Third Sector Interface Ltd

Company limited by guarantee

Detailed statement of financial activities

Year ended 31 March 2021

	2021 £	2020 £
Income and endowments		
Charitable activities		
Grants - Other	85,115	3,888
Grants - Community Justice	180,232	114,939
Grants - Scottish Government	843,935	683,200
Grants - NHS Highland	30,040	5,000
Grants - Highland Council	32,888	38,000
Grants - LGOWIT Community Networkers	298,828	366,841
Grants - Adult Services	—	49,308
	<u>1,471,038</u>	<u>1,261,176</u>
Investment income		
Bank interest receivable	8	240
Other income		
Other income	<u>60,022</u>	<u>87,011</u>
Total income	<u>1,531,068</u>	<u>1,348,427</u>

Highland Third Sector Interface Ltd

Company limited by guarantee

Detailed statement of financial activities *(continued)*

Year ended 31 March 2021

	2021 £	2020 £
Expenditure		
Expenditure on charitable activities		
Wages and salaries	497,708	431,832
Employer's NIC	42,173	37,090
Pension costs	24,597	20,282
Supplies	2,699	—
Rent	23,352	25,804
Travel and subsistence	24,445	39,506
Computer maintenance	45,931	12,427
Repairs and maintenance	10,201	—
Insurance	3,985	1,263
Subscriptions	927	1,106
Facilitation	99,818	20,438
Staff training	58,935	13,618
Consultancy	—	2,350
Telephone	8,902	8,967
Bank charges	119	90
Depreciation	12,921	4,247
Payroll	—	(428)
Auditors remuneration	4,626	4,470
Printing, postage & stationary	35,785	10,908
Meeting room costs	651	38,879
Advertising	21,276	10,043
Direct expenses	—	68
Grant payments	384,890	560,479
(Profit)/loss on disposals	(13,061)	—
	<u>1,290,880</u>	<u>1,243,439</u>
Total expenditure	<u>1,290,880</u>	<u>1,243,439</u>
Net income	<u>240,188</u>	<u>104,988</u>

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the detailed statement of financial activities *(continued)*

Year ended 31 March 2021

	2021 £	2020 £
Brought forward	434,370	174,919
Subscriptions	907	1,011
Facilitation	75,156	10,754
Training costs	30,735	4,904
Consultancy fees	–	2,350
Telephone	6,691	2,126
Bank Charges	119	90
(Profit)/loss on disposals	(17,413)	–
Depreciation	9,675	555
Payroll	–	(428)
Auditors remuneration	4,626	4,470
Printing, postage and stationery	4,036	4,876
Meeting room costs	180	15,723
Advertising	21,171	2,523
	<u>547,653</u>	<u>223,873</u>
Grant funding activities		
Grant payments	<u>384,890</u>	<u>560,479</u>
Adult Services		
Activities undertaken directly		
Wages and Salaries	2,998	33,140
Employer's NIC	244	2,306
Employers pension costs	–	1,345
Travel and subsistence	–	1,102
Computer maintenance	–	312
Facilitation	–	600
Training	–	6,600
Telephone	22	715
(Profit)/loss on disposals	1,130	–
Depreciation	187	818
Printing, postage and stationery	–	166
Meeting room costs	–	1,118
Advertising	–	1,991
	<u>4,581</u>	<u>50,213</u>
Community Justice		
Activities undertaken directly		
Wages and salaries	88,890	46,864
Employer's NIC	7,306	4,784
Employers pension costs	3,850	772
Travel and subsistence	1,466	2,653
Computer maintenance	4,963	4,002
Facilitation	2,348	2,071
Telephone	22	876
Training costs	–	1,320
(Profit)/loss on disposals	39	–
Depreciation	–	40
	<u>108,884</u>	<u>63,382</u>
Carried forward	108,884	63,382

Highland Third Sector Interface Ltd

Company limited by guarantee

Notes to the detailed statement of financial activities *(continued)*

Year ended 31 March 2021

	2021 £	2020 £
Brought forward	108,884	63,382
Printing, postage and stationery	448	1,009
Meeting room costs	–	9,597
Advertising	55	2,408
	<u>109,387</u>	<u>76,396</u>
Expenditure on charitable activities	<u>1,290,880</u>	<u>1,243,439</u>