

**REGISTERED COMPANY NUMBER: SC425808 (Scotland)**  
**REGISTERED CHARITY NUMBER: SC043521**

**Report of the Trustees and  
Financial Statements For The Year Ended 31 March 2022  
for  
Highland Third Sector Interface Ltd.**

The Long Partnership  
1st Floor  
Robertson House  
Shore Street  
Inverness  
Highland  
IV1 1NF

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For The Year Ended 31 March 2022**

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# Highland Third Sector Interface Ltd. (Registered number: SC425808)

## Report of the Trustees For The Year Ended 31 March 2022

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

### 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.

#### Significant 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. Additionally, the HTSI undertook to manage the distribution of the Communities Mental Health and Wellbeing Fund (phase 1) on behalf of the Scottish Government.

### STRATEGIC REPORT

#### Achievement 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 and the ongoing pressures of a competing employment market.

Key areas of work include the revision of the Members Services and development in relation to the provision of the Third Sector forums and Representative Pathway. A number of new forums have been developed and a relaunch of the Third Sector Assembly at the start of the 2022/23 financial year.

The roll out of the Scottish Government's Community Mental Health and Wellbeing fund and the delivery of the funding programme through the final half of the 2021/22 year was successful. In addition to the original £703k we were able to secure just under £1m for investment from the Government in community led activities to support mental health and wellbeing.

Café 1668, while continuing to struggle to support a sustainable financial position due to increasing demand and complexity in the needs of service users, has managed to meet all requests for support, continued to provide regular free hot meals and access to a food hub. Additionally a Link Worker based from the café and funded by Criminal Justice Social Work, supports the needs of individuals who present as homeless, experienced with the justice system, are managing misuse of drugs and alcohol or are struggling financially. A wide range of services are now working in partnership with the Cafe on a regular basis.

The Custody Link service has started to return to the Police Scotland custody suite. Additionally they have now exceeded referral rates and acceptances for the period and work is ongoing in relation to building pathways for referrals in a post pandemic environment. Our external evaluation of the project by the University of Stirling is still ongoing and is anticipated to report in the next financial year.

**Report of the Trustees  
For The Year Ended 31 March 2022**

**STRATEGIC REPORT**

**Financial review**

**Financial position**

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, this being the third year, 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. The ongoing standstill budget continues to place significant pressure on the core capacity within the TSI.

Currently almost all other funded projects are ending the term of the current multiyear funding agreement and this is likely to take forward a lot of commitment for evaluating options and securing options for the future.

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 have also held and ringfenced 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 - this is anticipated to utilise reserves over the 2021/22 and 2022/21 financial years.

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.

**Report of the Trustees  
For The Year Ended 31 March 2022**

**STRATEGIC REPORT**

**Financial review**

**Reserves policy**

**Policy Purpose:**

To ensure the stability of the mission, programs, employment, and ongoing operations of the HTSI. Our Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure.

Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of HTSI for Operating Reserves to be used and replenished within a reasonably short period of time.

The Operating Reserve Policy will be implemented in concert with the other governance and financial policies of HTSI and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

**Definitions and intentions:**

The Operating Reserve Fund is defined as a designated fund set aside by action of the Board of Directors. The minimum amount to be designated as Operating Reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum Operating Reserve Fund is equal to three months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, rent, travel, insurances, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation.

The amount of the Operating Reserve Fund target minimum will be calculated each year after the approval of the annual budget, reported to the Finance Committee/Board of Directors, and included in the regular financial reports.

**Accounting for reserves:**

The Operating Reserve Fund will be recorded in the financial records as Board-Designated Operating Reserve. The Fund will be funded and available in cash or cash equivalent funds. Operating Reserves will be maintained in a segregated bank account or investment fund, in accordance with the agreement of the Board at the start of any financial year.

**Funding of reserves:**

The Operating Reserve Fund will be funded with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for Operating Reserves. Examples may include one-time gifts or bequests, special grants, or special appeals.

**Use of reserves:**

The use of the Operating Reserves requires three steps:

**1. Identification of appropriate use of reserve funds:**

The Directors and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

**2. Authority to use operating reserves:**

The Board of Directors will receive a request to use Operating Reserves from either the Finance Sub Committee or the Chief Officer. The request will include the analysis and determination of the use of funds and plans for replenishment. The organisation's goal is to replenish the funds used within twelve months to restore the Operating Reserve Fund to the target minimum amount. If the use of Operating Reserves will take longer than 12 months to replenish, the request will be scrutinised more carefully. The Board will approve or modify the request and authorize transfer from the fund.

**Report of the Trustees  
For The Year Ended 31 March 2022**

**STRATEGIC REPORT**

**Financial review**

**3. Reporting and monitoring:**

The Chief Officer is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve funds, the Chief Officer will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Finance Sub Committee/Board of Directors of progress to restore the Fund to the target minimum amount.

**Future plans**

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 are conscious of growing constraints on future development work and are likely to focus on maintaining and strengthening existing areas of work.

The 2022/23 financial year is likely to focus on managing the balance between strengthening existing work and facing increasing financial constraints. Additionally we will look to how we can support our Members through the increasing financial hardships they face from reduced funding, increased electricity and supplier costs and increasing demands.

**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. An update following review is being proposed for adoption at the AGM on the 16th December 2022.

**Appointment of new trustees**

The Board of Trustees meet on a quarterly basis. The membership of the board currently 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 six members, three appointed and three elected from the membership.

**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.

**Highland Third Sector Interface Ltd. (Registered number: SC425808)**

**Report of the Trustees  
For The Year Ended 31 March 2022**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

SC425808 (Scotland)

**Registered Charity number**

SC043521

**Registered office**

Thorfin House  
Bridgend Road  
Dingwall  
Ross-Shire  
IV15 9SL

**Trustees**

Ms S Amour (appointed 22.3.22)  
D Brookfield (appointed 12.8.21)  
D Caulfield  
Ms V A S Gale  
Ms A M Gilchrist Chief Executive  
Ms L A Lawton (appointed 12.8.21)  
Ms C Wright  
Dr M Somerville (resigned 23.10.21)

**Company Secretary**

Ms M C Wylie

**Senior Statutory Auditor**

Alan E Long

**Auditors**

The Long Partnership  
1st Floor  
Robertson House  
Shore Street  
Inverness  
Highland  
IV1 1NF

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Highland Third Sector Interface Ltd. for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- 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 charitable company will continue in business.

**Report of the Trustees  
For The Year Ended 31 March 2022**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued**

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on .....16/12/22..... and signed on the board's behalf by:

  
.....  
Ms M C Wylie - Secretary



## **Report of the Independent Auditors to the Trustees and Members of Highland Third Sector Interface Ltd.**

### **Opinion**

We have audited the financial statements of Highland Third Sector Interface Ltd. (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2022 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

## **Report of the Independent Auditors to the Trustees and Members of Highland Third Sector Interface Ltd.**

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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:

- adequate and proper 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 Statement of Trustees' Responsibilities, the trustees 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Report of the Independent Auditors to the Trustees and Members of Highland Third Sector Interface Ltd.**

### **Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- > the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- > we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- > we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation and charities legislation.
- > we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- > identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- > making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- > considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- > performed analytical procedures to identify any unusual or unexpected relationships;
- > tested journal entries to identify unusual transactions;
- > assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- > investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- > agreeing financial statement disclosures to underlying supporting documentation;
- > reading the minutes of meetings of those charged with governance;
- > enquiring of management as to actual and potential litigation and claims; and
- > reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

**Report of the Independent Auditors to the Trustees and Members of Highland Third Sector Interface Ltd.**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the trustees 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Alan E Long (Senior Statutory Auditor)  
for and on behalf of The Long Partnership  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
1st Floor  
Robertson House  
Shore Street  
Inverness  
Highland  
IV1 1NF

Date: ..... 16/12/22 .....

**Highland Third Sector Interface Ltd.**

**Statement of Financial Activities  
For The Year Ended 31 March 2022**

	Notes	Unrestricted fund £	Restricted funds £	31.3.22 Total funds £	31.3.21 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
<b>Charitable activities</b>					
Recovery Cafe		-	188,385	188,385	-
Community Justice		-	199,616	199,616	166,578
Projects		-	230,459	230,459	308,023
Funding		-	1,168,166	1,168,166	-
LGOWIT		-	171,816	171,816	313,237
HTSI General		683,200	-	683,200	683,200
Other income		83,683	26,551	110,234	109,555
<b>Total</b>		<b>766,883</b>	<b>1,984,993</b>	<b>2,751,876</b>	<b>1,580,593</b>
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>					
	3				
Recovery Cafe		-	214,430	214,430	-
Community Justice		-	52,115	52,115	124,818
Projects		-	173,900	173,900	281,986
Funding		-	1,137,777	1,137,777	-
LGOWIT		-	193,229	193,229	272,308
HTSI General		786,408	-	786,408	661,293
<b>Total</b>		<b>786,408</b>	<b>1,771,451</b>	<b>2,557,859</b>	<b>1,340,405</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>(19,525)</b>	<b>213,542</b>	<b>194,017</b>	<b>240,188</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>213,231</b>	<b>311,344</b>	<b>524,575</b>	<b>284,387</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>193,706</b>	<b>524,886</b>	<b>718,592</b>	<b>524,575</b>

The notes form part of these financial statements

**Highland Third Sector Interface Ltd. (Registered number: SC425808)**

**Balance Sheet  
31 March 2022**

	Notes	Unrestricted fund £	Restricted funds £	31.3.22 Total funds £	31.3.21 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	10	13,285	44,029	57,314	66,204
<b>CURRENT ASSETS</b>					
Debtors	11	6,441	133,269	139,710	7,687
Cash at bank and in hand		237,318	882,120	1,119,438	551,537
		<u>243,759</u>	<u>1,015,389</u>	<u>1,259,148</u>	<u>559,224</u>
<b>CREDITORS</b>					
Amounts falling due within one year	12	(63,338)	(534,532)	(597,870)	(100,853)
<b>NET CURRENT ASSETS</b>					
		<u>180,421</u>	<u>480,857</u>	<u>661,278</u>	<u>458,371</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u>193,706</u>	<u>524,886</u>	<u>718,592</u>	<u>524,575</u>
<b>NET ASSETS</b>					
		<u>193,706</u>	<u>524,886</u>	<u>718,592</u>	<u>524,575</u>
<b>FUNDS</b>					
Unrestricted funds	13			193,706	213,231
Restricted funds				524,886	311,344
<b>TOTAL FUNDS</b>					
				<u>718,592</u>	<u>524,575</u>

The financial statements were approved by the Board of Trustees and authorised for issue on ..... and were signed on its behalf by:

  
.....  
L A Lawton - Trustee

**Highland Third Sector Interface Ltd.****Cash Flow Statement  
For The Year Ended 31 March 2022**

	Notes	31.3.22 £	31.3.21 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	575,672	283,232
Net cash provided by operating activities		<u>575,672</u>	<u>283,232</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(7,771)	(76,462)
Sale of tangible fixed assets		-	18,040
Net cash used in investing activities		<u>(7,771)</u>	<u>(58,422)</u>
<b>Change in cash and cash equivalents in the reporting period</b>			
Cash and cash equivalents at the beginning of the reporting period		567,901	224,810
Cash and cash equivalents at the end of the reporting period		<u>551,537</u>	<u>326,727</u>
Cash and cash equivalents at the end of the reporting period		<u>1,119,438</u>	<u>551,537</u>

The notes form part of these financial statements

**Highland Third Sector Interface Ltd.**

**Notes to the Cash Flow Statement  
For The Year Ended 31 March 2022**

**1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	31.3.22 £	31.3.21 £
<b>Net income for the reporting period (as per the Statement of Financial Activities)</b>	194,017	240,188
<b>Adjustments for:</b>		
Depreciation charges	16,661	12,921
Profit on disposal of fixed assets	-	(13,061)
(Increase)/decrease in debtors	(132,023)	39,197
Increase in creditors	497,017	3,987
<b>Net cash provided by operations</b>	<u>575,672</u>	<u>283,232</u>

**2. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.21 £	Cash flow £	At 31.3.22 £
<b>Net cash</b>			
Cash at bank and in hand	551,537	567,901	1,119,438
	<u>551,537</u>	<u>567,901</u>	<u>1,119,438</u>
<b>Total</b>	<u>551,537</u>	<u>567,901</u>	<u>1,119,438</u>



**Notes to the Financial Statements  
For The Year Ended 31 March 2022**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property improvements	- 10% on cost
Fixtures, fittings & equipment	- 25% on cost
Motor vehicles	- 25% on cost
Office equipment	- 25% on cost

**Taxation**

The charity is exempt from corporation tax on its charitable activities.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Highland Third Sector Interface Ltd.**

**Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022**

**2. INCOME FROM CHARITABLE ACTIVITIES**

	Activity	31.3.22 £	31.3.21 £
Grants	Recovery Cafe	188,385	-
Grants	Community Justice	199,616	166,578
Grants	Projects	230,459	308,023
Grants	Funding	1,168,166	-
Grants	LGOWIT	171,816	313,237
Grants	HTSI General	683,200	683,200
		<u>2,641,642</u>	<u>1,471,038</u>

Grants received, included in the above, are as follows:

	31.3.22 £	31.3.21 £
Scottish Government	1,719,488	843,935
NHS Highland	117,987	30,040
Highland Council	292,189	96,341
Dept of Work and Pensions	175,823	5,000
Health and Social Care Alliance	31,597	185,016
Adult Learning Fund	85,000	-
Paths for All	-	25,875
Natioanal Lottery Communities Fund	127,856	116,779
Robertson Trust	19,000	-
Highland & Islands Enterprise	11,432	54,240
Highland Alcohol & Drugs Partnership	55,019	-
Versus Arthritis	4,095	-
Other grants	2,156	113,812
	<u>2,641,642</u>	<u>1,471,038</u>

**3. CHARITABLE ACTIVITIES COSTS**

	Direct Costs £	Grant funding of activities (see note 4) £	Support costs (see note 5) £	Totals £
Recovery Cafe	98,172	-	116,258	214,430
Community Justice	20,565	-	31,550	52,115
Projects	36,920	-	136,980	173,900
Funding	1,137,643	-	134	1,137,777
LGOWIT	48,892	-	144,337	193,229
HTSI General	61,114	324,430	400,864	786,408
	<u>1,403,306</u>	<u>324,430</u>	<u>830,123</u>	<u>2,557,859</u>

Highland Third Sector Interface Ltd.

Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022

4. GRANTS PAYABLE

	31.3.22	31.3.21
	£	£
HTSI General	324,430	384,890
	<u>324,430</u>	<u>384,890</u>

The total grants paid to institutions during the year was as follows:

	31.3.22	31.3.21
	£	£
CVG	77,764	82,327
RVA	-	36,594
SLCVO	71,003	75,963
VABS	47,837	53,116
VAL	66,794	73,709
VGES	61,032	63,181
	<u>324,430</u>	<u>384,890</u>

5. SUPPORT COSTS

	Management	Governance costs	Totals
	£	£	£
Recovery Cafe	116,258	-	116,258
Community Justice	31,550	-	31,550
Projects	136,980	-	136,980
Funding	134	-	134
LGOWIT	144,337	-	144,337
HTSI General	389,350	11,514	400,864
	<u>818,609</u>	<u>11,514</u>	<u>830,123</u>

Support costs, included in the above, are as follows:

	Recovery Cafe	Community Justice	Projects	Funding
	£	£	£	£
Wages	94,528	28,891	112,995	-
Social security	5,680	2,002	10,312	-
Pensions	3,105	27	6,315	-
Property Expenses	3,690	-	-	-
Insurance	924	-	-	-
Telephone	1,640	255	1,073	106
Sundries	75	-	-	-
Bank Charges	-	-	-	-
Expenses	1,491	152	3,212	-
Legal Fees	-	-	-	-
Rent	4,710	-	-	-
Premises Insurance	-	-	-	-
IT Equipment & Accessories	123	-	524	23
Software	292	223	2,549	5
Auditors' remuneration	-	-	-	-
Auditors' remuneration for non audit work	-	-	-	-
	<u>116,258</u>	<u>31,550</u>	<u>136,980</u>	<u>134</u>

**Highland Third Sector Interface Ltd.**

**Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022**

**5. SUPPORT COSTS - continued**

	LGOWIT	HTSI General	31.3.22 Total activities	31.3.21 Total activities
	£	£	£	£
Wages	117,313	266,636	620,363	497,708
Social security	9,248	23,839	51,081	42,173
Pensions	5,833	17,163	32,443	24,597
Property Expenses	-	11,363	15,053	10,201
Insurance	-	3,544	4,468	3,985
Telephone	1,251	8,302	12,627	8,902
Sundries	-	104	179	-
Bank Charges	-	92	92	119
Expenses	4,003	9,852	18,710	24,444
Legal Fees	-	594	594	-
Rent	4,014	19,200	27,924	23,352
Premises Insurance	-	643	643	-
IT Equipment & Accessories	122	1,110	1,902	45,931
Software	2,553	26,908	32,530	-
Auditors' remuneration	-	6,000	6,000	3,000
Auditors' remuneration for non audit work	-	5,514	5,514	1,626
	<u>144,337</u>	<u>400,864</u>	<u>830,123</u>	<u>686,038</u>

**6. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	31.3.22	31.3.21
	£	£
Auditors' remuneration	6,000	3,000
Auditors' remuneration for non audit work	5,514	1,626
Depreciation - owned assets	16,661	12,923
Surplus on disposal of fixed assets	-	(13,061)
	<u>28,176</u>	<u>14,588</u>

**7. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 March 2022 nor for the year ended 31 March 2021.

**Highland Third Sector Interface Ltd.**

**Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022**

**8. STAFF COSTS**

	31.3.22	31.3.21
	£	£
Wages and salaries	620,363	497,708
Social security costs	51,081	42,173
Other pension costs	32,443	24,597
	<u>703,887</u>	<u>564,478</u>

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

	31.3.22	31.3.21
Management and support staff	<u>28</u>	<u>24</u>

No employees received emoluments in excess of £60,000.

**9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
<b>Charitable activities</b>			
Community Justice	-	166,578	166,578
Projects	-	308,023	308,023
LGOWIT	-	313,237	313,237
HTSI General	683,200	-	683,200
Other income	71,628	37,927	109,555
<b>Total</b>	<u>754,828</u>	<u>825,765</u>	<u>1,580,593</u>
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Community Justice	-	124,818	124,818
Projects	-	281,986	281,986
LGOWIT	-	272,308	272,308
HTSI General	661,293	-	661,293
<b>Total</b>	<u>661,293</u>	<u>679,112</u>	<u>1,340,405</u>
<b>NET INCOME</b>	93,535	146,653	240,188
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	119,696	164,691	284,387
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>213,231</u>	<u>311,344</u>	<u>524,575</u>

**Highland Third Sector Interface Ltd.**

**Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022**

**10. TANGIBLE FIXED ASSETS**

	Property improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Office equipment £	Totals £
<b>COST</b>					
At 1 April 2021	35,223	18,087	7,194	19,511	80,015
Additions	-	-	-	7,771	7,771
At 31 March 2022	<u>35,223</u>	<u>18,087</u>	<u>7,194</u>	<u>27,282</u>	<u>87,786</u>
<b>DEPRECIATION</b>					
At 1 April 2021	3,523	4,522	-	5,766	13,811
Charge for year	3,522	4,521	1,799	6,819	16,661
At 31 March 2022	<u>7,045</u>	<u>9,043</u>	<u>1,799</u>	<u>12,585</u>	<u>30,472</u>
<b>NET BOOK VALUE</b>					
At 31 March 2022	<u>28,178</u>	<u>9,044</u>	<u>5,395</u>	<u>14,697</u>	<u>57,314</u>
At 31 March 2021	<u>31,700</u>	<u>13,565</u>	<u>7,194</u>	<u>13,745</u>	<u>66,204</u>

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.22	31.3.21
	£	£
Trade debtors	134,110	6,274
Other debtors	4,000	-
Prepayments	1,600	1,413
	<u>139,710</u>	<u>7,687</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.22	31.3.21
	£	£
Trade creditors	2,872	7,052
Deferred income	521,402	71,133
Accrued expenses	72,244	21,316
Sundry Creditors	1,352	1,352
	<u>597,870</u>	<u>100,853</u>

Highland Third Sector Interface Ltd.

Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022

13. MOVEMENT IN FUNDS

	At 1.4.21 £	Net movement in funds £	At 31.3.22 £
<b>Unrestricted funds</b>			
General fund	213,231	(19,525)	193,706
<b>Restricted funds</b>			
Recovery Cafe	-	(16,694)	(16,694)
Community Justice Projects	142,726	147,500	290,226
Funding	69,930	73,580	143,510
LGOWIT	-	30,388	30,388
	98,688	(21,232)	77,456
	<u>311,344</u>	<u>213,542</u>	<u>524,886</u>
<b>TOTAL FUNDS</b>	<u>524,575</u>	<u>194,017</u>	<u>718,592</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	766,883	(786,408)	(19,525)
<b>Restricted funds</b>			
Recovery Cafe	197,736	(214,430)	(16,694)
Community Justice Projects	199,615	(52,115)	147,500
Funding	247,480	(173,900)	73,580
LGOWIT	1,168,165	(1,137,777)	30,388
	171,997	(193,229)	(21,232)
	<u>1,984,993</u>	<u>(1,771,451)</u>	<u>213,542</u>
<b>TOTAL FUNDS</b>	<u>2,751,876</u>	<u>(2,557,859)</u>	<u>194,017</u>

**Highland Third Sector Interface Ltd.**

**Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022**

**13. MOVEMENT IN FUNDS - continued**

**Comparatives for movement in funds**

	At 1.4.20 £	Net movement in funds £	At 31.3.21 £
<b>Unrestricted funds</b>			
General fund	119,696	93,535	213,231
<b>Restricted funds</b>			
Community Justice Projects	100,966	41,760	142,726
LGOWIT	5,966	63,964	69,930
	57,759	40,929	98,688
	<u>164,691</u>	<u>146,653</u>	<u>311,344</u>
<b>TOTAL FUNDS</b>	<u>284,387</u>	<u>240,188</u>	<u>524,575</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	754,828	(661,293)	93,535
<b>Restricted funds</b>			
Community Justice Projects	166,578	(124,818)	41,760
LGOWIT	345,950	(281,986)	63,964
	313,237	(272,308)	40,929
	<u>825,765</u>	<u>(679,112)</u>	<u>146,653</u>
<b>TOTAL FUNDS</b>	<u>1,580,593</u>	<u>(1,340,405)</u>	<u>240,188</u>



Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022

13. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.20 £	Net movement in funds £	At 31.3.22 £
<b>Unrestricted funds</b>			
General fund	119,696	74,010	193,706
<b>Restricted funds</b>			
Recovery Cafe	-	(16,694)	(16,694)
Community Justice Projects	100,966	189,260	290,226
Funding	5,966	137,544	143,510
LGOWIT	-	30,388	30,388
	57,759	19,697	77,456
	<u>164,691</u>	<u>360,195</u>	<u>524,886</u>
<b>TOTAL FUNDS</b>	<u>284,387</u>	<u>434,205</u>	<u>718,592</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	1,521,711	(1,447,701)	74,010
<b>Restricted funds</b>			
Recovery Cafe	197,736	(214,430)	(16,694)
Community Justice Projects	366,193	(176,933)	189,260
Funding	593,430	(455,886)	137,544
LGOWIT	1,168,165	(1,137,777)	30,388
	485,234	(465,537)	19,697
	<u>2,810,758</u>	<u>(2,450,563)</u>	<u>360,195</u>
<b>TOTAL FUNDS</b>	<u>4,332,469</u>	<u>(3,898,264)</u>	<u>434,205</u>

**Notes to the Financial Statements - continued  
For The Year Ended 31 March 2022**

**14. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 31 March 2022.