

Charity registration number SC017786 (Scotland)

Company registration number SC133596 (Scotland)

PUFFIN HYDROTHERAPY POOL
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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PUFFIN HYDROTHERAPY POOL

LEGAL AND ADMINISTRATIVE INFORMATION

Trustee's

B Liddle
B Manson
L Kirkland
M Brown
B Cameron
M E Paterson
C Davidson
J Maxwell
I McGauran

Charity number (Scotland)

SC017786

Company number

SC133596

Registered office

Ferry Road
Dingwall
Ross-Shire
United Kingdom
IV15 9QS

Independent examiner

Neil Morrison
Azets Audit Services
Inverness
United Kingdom
IV3 5NS

PUFFIN HYDROTHERAPY POOL

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PUFFIN HYDROTHERAPY POOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2023

The trustees present their report with the Independent Examiner's Report of the company for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "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

The objectives and principal activities of the charity in the year under review continue to be the provision of hydrotherapy and related physiotherapy services to the communities of the Highlands and Islands.

Key Priorities

The key priorities for this year have been dealing with the continued significant reduction in the number of clients attending the pool and the resulting drop in income. This together with the impact of inflation on energy prices has meant that we have had to make some difficult decisions to reduce the continued and growing financial loss being experienced. These are described in detail in the following section.

Achievements and performance

The charitable company's activities are directed by a volunteer board of trustees who meet quarterly. During this year, we have been able to return to face-to-face Board meetings, and also for our Annual General Meeting.

Our Pool

To provide hydrotherapy we maintain the specialist pool with day-to-day supervision by trained staff from Highlife Highland, a non-profit charity established by Highland Council. This ensures we have staff qualified to the requisite current health and safety standards with back-up staff available in event of staff leave or sickness. The trustees meet the contracted manager or her deputy, regularly to review the staffing, equipping and running of the facility including health and safety matters. The manager attends Board meetings at which she formally reports pool activity, staffing and maintenance issues.

The charitable company offers specialist hydrotherapy to three main groups.

- Patients of the adjacent Highland Rheumatology Unit (NHS Highland) have reserved sessions.
- Established disabled groups take sessions.
- Other individuals, often on the advice of a health professional, gain direct access by arranging a personal assessment.

All individuals are assessed for suitability and treatment advice by a self-employed physiotherapist whose fees are paid from an assessment charge and pool funds. After assessment, individuals are placed in dedicated 'Mobility' groups for treatment sessions at a modest charge (subsidised by the charitable company).

The key activity statistics for the operational year 2022/23 are detailed below.

- We were able to increase the number of assessments during the year with a total of 203 clients attending out of 273 who booked. The remaining 70 either could not attend on the agreed date or did not turn up (26%). The total attendances compares favourably with the 213 new clients assessed in the last full year before Covid. This was due to the fact that we were able to recruit two new physiotherapists to address the growing waiting list for assessments and are delighted that this has been a major improvement for clients, with waits for assessment reduced from a high of 16 weeks to only 1 week at the year end. It also means that we are able to offer a choice of times and days to attend.
- We started the year offering 53 sessions per week which had been reduced to 44 sessions by the end of February 2023. An explanation of this is detailed later in this section. We offer sessions to 4 categories of client namely Mobility, Disabled, NHS and Leisure.
- There were 14,392 attendances for the year, and although this is a significant improvement on 2021/22 (8550 attendances), it is still only 45% of the average annual attendances prior to Covid. The Board is exploring options to promote the benefits of the pool and encourage new and returning clients to use the facilities.

PUFFIN HYDROTHERAPY POOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

As a non-profit making charity, the Puffin Pool supports individual and group user charges by its fundraising activities. Our annual income has increased this year, at a total of £210,376, compared with the last full year in Covid of £178,989, in 2021/22. We were extremely grateful to Highland Council for our continued full year grant (£7,175) as in previous years, and also to have secured a formal agreement with NHS Highland for their weekly access to 6 pool sessions. However, in August 2022, in line with our financial forecast, the Board had to cover the shortfall in income by a further sale of £50,000 of our investments. The Board felt strongly that it did not want to increase prices for individual clients as it is vital that the pool remains financially accessible to those who need it. This meant that the Board had to make some difficult decisions to reduce the ongoing running costs to protect the future sustainability of the pool.

The most significant issue continues to be the income from pool activities due to lower attendance. We still have to pay the full staff costs for each pool session, regardless of how many clients are in it at any one time, and the staffing costs are approximately 75% of the total running costs. Having exhausted possibilities for non-pay cost reductions, staffing was where we had to make changes. The rota at that time provided 53 sessions a week for 50 weeks of the year. Eleven of these paid for by sessional fees (6 by NHS Highland and 5 by private organisations). A mid-year review showed that we had an average of just under 5 clients attending the remaining 42 sessions which are used by individual clients. This compares with a possible capacity of 15. This level of attendance was not sustainable and after reviewing the attendances at each session, and considering a number of options in consultation with the staff, the decision was made to remove the 9 least well attended sessions and convert a further one to a group session. Staff communicated with the clients affected by these changes to rebook them into alternative sessions. This was done in 2 stages between November 2022 (reduced to 35 sessions) and February 2023 (reduced to 32 sessions). The main changes were to

- Stop the 4 sessions on a Saturday morning
- Stop 5 sessions during the week
- Convert 1 mixed mobility session to a group session.

We therefore ended the year with a total provision of 44 sessions a week.

- 32 sessions for individual clients
- 6 NHS Highland sessions
- 6 Group client sessions

We trialled an "Early Bird" session during the period of change but stopped after 3 months due to poor attendance. Staffing levels were also reviewed and from mid-February these changed from 3 to 2 on duty on 2.5 days, with an increased staff breaktime introduced.

On a positive note, we completed the installation of the hoists in the changing rooms started at the end of last financial year, and from the feedback received this has been a real benefit to clients.

Our Shop

Our Charity Shop is managed on a day-to-day basis by the Shop Supervisor, the sole employee of our Charity. The Shop Supervisor is supported on a daily basis by a rota of volunteers. The support of the volunteers is invaluable to the running of the shop, and hence the funding of the pool activities.

The contribution from our Charity Shop has been invaluable. Due to the amazing number of volunteers, the shop was able to return to its full opening hours of 6 days a week, and together with a small increase in prices and a huge effort from the manager and volunteers to increase online-marketing and improve the overall presentation of the shop, it has continued to make a significant contribution to the running costs of the pool. Of particular success have been a Christmas Fayre and the purchase of Puffin merchandise for sale through the shop. A sub group of the Board is established to support the Manager and Volunteers in the ongoing development of the shop.

PUFFIN HYDROTHERAPY POOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Our Clients

Our communications with clients remain as last year, with no formal Users Group in place. However, there is a formal complaints procedure in place and both current and potential clients can also contact us through both our website and Facebook page which are regularly updated. During the year our website has been significantly redesigned to improve both its presentation, content and accessibility.

Client feedback is very important to us and this year we used a questionnaire to gauge where our clients travelled from, how long it took them to travel to the pool, why they came and the benefits they gained. 36 Users completed the questionnaire, aged from 20 to over 80. The majority of those who responded had some form of disability affecting their mobility either of a temporary or permanent nature. All said that they could move more freely and without pain whilst in the pool and that it helped ease their muscles after their session. Several respondents felt more independent as a result of their visits. We asked what improvements they would like to see and they offered excellent suggestions such as new equipment, changes to the physical layout and additional sessions. All will be reviewed by the Board to ascertain if they can be implemented.

Financial review

The Statement of Financial Activities is set out on pages 8 and 9 of the Financial Statements.

Total incoming resources increased by £31,387 to a figure of £210,376. This was mainly due to an increase in pool income of £45,126, an increase in shop income of £10,702 and a decrease in donations and legacies of £25,512.

Total expenses increased from £269,518 to £284,989. This was mainly due to an increase in management contract costs, offset by a decrease in maintenance costs.

The pool's charity shop generates a continuing and valuable source of annual income. This year its income from sales of new and donated goods amounted to £58,176, an increase of £10,706 on last year's figure of £47,474.

The market valuation of the Company's investments has decreased from £350,440 at the end of 2021/22 to £286,766 at the close of this financial year. These long-term investments showed a loss of £12,931 as at 31 March 2023. Hopefully, the long-term performance of these company's investments will provide an essential contribution to the pool's future needs. The Capital Development Fund reserves currently are £463,754.

Principal risks and uncertainties

The trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks. The main risks identified by the trustees for the coming years are as follows:

Client numbers

The post Covid-19 drop in throughput of clients at the pool remains our most significant risk. In addition to the actions already taken (detailed earlier), we have also implemented 2 further actions from 1 April 2023:

- The price for a group session has been increased to £50.
- A reduced price for individual clients has been introduced for 3 of the least well attended sessions each week. We hope that this will make the pool more financially accessible to clients to either attend for the first time, or to enable more than 1 attendance a week where this is beneficial. This will be monitored over the coming months to measure the impact and adjusted as required.

Ongoing Inflation

After staffing, energy is our greatest expenditure. In mitigation, our biomass fuel is purchased through the Highland Council contract so we benefit from that agreement. In December 2021, we agreed a 3 year contract for our electricity starting on 1 April 2023, which means that we will not experience significant rises this year. However, we recognise that higher inflation also continues to impact on the wider community and the level of donations that we may receive.

Fundraising

This has still not recovered to pre-Covid levels. We are extremely grateful for all of the efforts made by the community to support the running costs of the pool. The reality of the economic impact of the pandemic and the cost-of-living crisis on the wider community has inevitably reduced the donations and financial support that we receive.

PUFFIN HYDROTHERAPY POOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Cashflow

Our 12-month cashflow forecast for 2023/24 predicts that although the pool will continue to make a loss this will have reduced significantly as a result of the actions taken and planned by the Board. This will hopefully be the first year since Covid that we will not require any further sales of our investments to support operating costs.

Highland Council Grant

Correspondence from Highland Council during the past couple of years have indicated that required budget cuts could affect our grant from them. However, we have received confirmation from them for 2023/24.

Car parking

There have been a growing number of complaints from clients not able to access a space in the designated parking area for the pool. The pool is situated on the hospital site in Dingwall and pressure on the hospital parking seems to have overflowed into the Puffin Pool spaces. A number of steps have been taken by the Board to try to address this including new signs for our designated area, and requests to hospital management to remind staff and patients that this is not for hospital use. We will continue to try to improve this situation over the coming year.

Reserves policy

The General fund represents unrestricted funds arising from past operating results. The Capital Development Fund is a designated reserve established to meet future requirements of the pool building and plant and equipment. It is the trustees' policy to ensure that there are sufficient free reserves to provide financial flexibility and to ensure that funds will be available as and when the pool requires refurbishment or the replacement of significant equipment, while continuing judicious management of investment assets.

Going concern

The charitable company had an overall deficit of £88,287 during the year ended 31 March 2023. At the 31 March 2023 overall the net current assets and net assets had a surplus of £62,377 and £716,937 respectively. The trustees consider that they have secured sufficient funding for the year ahead to continue to operate as a going concern.

Plans for future periods

The Board plans to continue to provide safe, affordable and effective hydrotherapy for our clients. We had an extremely positive response from clients when we were able to reopen the pool, although the post Covid period has brought challenges for both the pool, our shop and our community. Although we have experienced a further increase in the number of clients using the pool during 2022/23, this still remains less than half the numbers prior to the pandemic. Our main aim for this coming year will be to continue with our action plans to maximise our income flow and to ensure that only necessary expenditure is made. The Income Working Group that we established during the year will continue to monitor the impact of the changes made and look at other possible ways to encourage clients to the pool, and we are committed to working with clients to understand their needs and consider any suggestions for change that are proposed. A number of possible additional ideas to enhance the services available at the pool are currently being explored.

PUFFIN HYDROTHERAPY POOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management

The organisation is a charitable company, limited by guarantee, incorporated on 23 August 1991 and registered as a charity on that date. The company was established by a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

The Trustee's, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

H Charley (Resigned 28 August 2022)

B Liddle

B Manson

L Kirkland

M Brown

H A Mackay (Resigned 6 March 2023)

B Cameron

M E Paterson

C Davidson

J Maxwell

M Laing (Deceased 16 March 2023)

I McGauran

Trustees' appointment, induction and training

Trustees are appointed by the Board of Trustees either to fill a vacancy or by way of addition to the board, provided that the prescribed maximum of eighteen members is not thereby exceeded.

The board of trustees meet every three months to discuss how the charity is meeting its objectives and review the range of reports produced by key individuals. These are primarily a financial report by the Treasurer, updates from both the Chair and the Secretary, activity reports by the Pool Manager and Shop Supervisor, and a maintenance report by the Facilities Manager.

Reference and administrative details

The above details are contained within the officers and advisors' section of the financial statements.

PUFFIN HYDROTHERAPY POOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of Trustees' responsibilities

The Trustee's, who are also the directors of Puffin Hydrotherapy Pool for the purpose 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 Trustee's to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustee's are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustee's are responsible for keeping adequate accounting records that 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 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and 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.

The Trustees' report was approved by the Board of Trustee's.



B Liddle
Trustee

Dated: 19 July 2023

PUFFIN HYDROTHERAPY POOL

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEE'S OF PUFFIN HYDROTHERAPY POOL

I report on the financial statements of the charity for the year ended 31 March 2023, which are set out on pages 8 to 24.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 (1)(C) of the Charities and Trustee Investment (Scotland) Act 2005. My examination has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my examination, for this report, or for the opinions I have formed.

Respective responsibilities of Trustee's and examiner

The charity's Trustee's, who are also the directors of Puffin Hydrotherapy Pool for the purposes of company law, are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The Trustee's consider that the audit requirement of Regulation 10(1)(a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the financial statements as required under section 44(1)(c) of the 2005 Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
 - (i) to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations (as amended); and
 - (ii) to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations (as amended);have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Neil Morrison, CA
Azets Audit Services
10 Ardross Street
Inverness
IV3 5NS
United Kingdom

Dated: 31st July 2023

PUFFIN HYDROTHERAPY POOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted funds	Designated funds	Restricted funds	Total	Unrestricted funds	Designated funds	Restricted funds	Total
	Notes	2023 £	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £	2022 £
Income from:									
Donations and legacies	3	37,296	-	-	37,296	62,808	-	-	62,808
Charitable activities income	4	104,334	-	-	104,334	59,208	-	-	59,208
Other trading activities income	5	58,176	-	-	58,176	47,474	-	-	47,474
Investment income	6	10,570	-	-	10,570	9,499	-	-	9,499
Total income		210,376	-	-	210,376	178,989	-	-	178,989
Expenditure on:									
Raising funds expenditure	7	15,960	-	-	15,960	13,906	-	-	13,906
Charitable activities expenditure	8	265,916	-	821	266,737	232,637	-	21,096	253,733
Other expenditure	11	2,292	-	-	2,292	1,879	-	-	1,879
Total expenditure		284,168	-	821	284,989	248,422	-	21,096	269,518
Net gains/(losses) on investments	12	-	(13,674)	-	(13,674)	-	35,322	-	35,322
Net expenditure for the year/ Net movement in funds		(73,792)	(13,674)	(821)	(88,287)	(69,433)	35,322	(21,096)	(55,207)

PUFFIN HYDROTHERAPY POOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

Net expenditure for the year/ Net movement in funds	(73,792)	(13,674)	(821)	(88,287)	(69,433)	35,322	(21,096)	(55,207)
Fund balances at 1 April 2022	238,184	533,769	33,271	805,224	307,617	498,447	54,367	860,431
Fund balances at 31 March 2023	164,392	520,095	32,450	716,937	238,184	533,769	33,271	805,224

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

PUFFIN HYDROTHERAPY POOL

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13		367,794		386,766
Investments	14		286,766		350,440
			<u>654,560</u>		<u>737,206</u>
Current assets					
Stocks	15	1,818		1,895	
Debtors	16	18,547		18,994	
Cash at bank and in hand		64,348		59,294	
		<u>84,713</u>		<u>80,183</u>	
Creditors: amounts falling due within one year	17	(22,336)		(12,165)	
Net current assets			<u>62,377</u>		<u>68,018</u>
Total assets less current liabilities			<u>716,937</u>		<u>805,224</u>
Income funds					
Restricted funds	18		32,450		33,271
<u>Unrestricted funds</u>					
Designated funds	19	520,095		533,769	
General unrestricted funds		<u>164,392</u>		<u>238,184</u>	
			<u>684,487</u>		<u>771,953</u>
			<u>716,937</u>		<u>805,224</u>

PUFFIN HYDROTHERAPY POOL

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2023

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2023.

The trustees responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustee's on 19 July 2023



B Liddle
Trustee

Company registration number SC133596

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Charity information

Puffin Hydrotherapy Pool is a private company limited by guarantee incorporated in Scotland. The registered office is Ferry Road, Dingwall, Ross-Shire, IV15 9QS, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "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)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention unless otherwise stated within these accounting policies. The principal accounting policies adopted are set out below.

1.2 Going concern

The charitable company had an overall deficit of £88,287 during the year ended 31 March 2023. At the 31 March 2023 overall the net current assets and net assets had a surplus of £62,377 and £716,937 respectively. The trustees consider that they have secured sufficient funding for the year ahead to continue to operate as a going concern.

The impact of Covid-19 has been discussed in the "Principal risks and uncertainties" and "Plans for future periods" section of the Trustees' report.

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.3 Income

Income recognition

Income is included in the Statement of Financial Activities when the charity is entitled to the income, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Donations

Donations are recognised and included in the Statement of Financial Activities when the company has control over the donation, any conditions associated with the donation have been met, the receipt of economic benefit is probable and the economic benefit can be measured reliably.

Grants

Revenue grants are credited to the Statement of Financial Activities in the period that conditions for receipt have been complied with, the company is entitled to the grant, it is probable that the income will be received, and the amount can be measured reliably.

Income from charitable activities

Income from charitable activities is accounted for when earned.

Income from other trading activities

Income from the charity shop, being the sale of new and used goods, is accounted for when received.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest payable by the bank.

Other income

Other income is recognised when it is received.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category in question.

Governance costs include those costs associated with meeting the constitutional requirements of the company and include the accountancy fees and costs linked to the strategic management of the company.

Raising funds expenditure

Comprise those costs incurred in respect of the general fundraising activities and costs incurred with running the shop.

Charitable activities expenditure

Charitable expenditure comprises costs incurred by the charity in the delivery of its activities and services to beneficiaries.

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Pool equipment	- 10% on cost
Office equipment	- 20% on reducing balance
Energy efficient equipment	- 5% on cost
Hydrotherapy pool	- 2% on cost
Footpath	- 10% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.6 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

The company is a charity and is recognised as such by HM Revenue and Customs for taxation purposes. As a result there is no liability to taxation on any of its income.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the trustees in the furtherance of the general objectives of the company and which have not been designated for other purposes.

The capital development designated fund is maintained to finance future refurbishment and replacement of the pool and related plant and equipment. It is represented by investments held and respective earnings from these investments and cash held on deposit. There is a new fixed assets capital fund in place for the ongoing replacement of fixed assets.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors, or when raised for a particular restricted purpose.

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustee's are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Donations and gifts	13,867	15,624
Fundraising	1,000	2,640
Grants	7,175	26,933
RHI subsidy	15,254	17,611
	<u>37,296</u>	<u>62,808</u>
Grants receivable for core activities		
Highland Health Board	-	18,392
The Highland Council	7,175	7,175
Coronavirus Job Retention Scheme	-	1,366
	<u>7,175</u>	<u>26,933</u>

4 Charitable activities income

	Charitable activities	Charitable activities
	2023	2022
	£	£
Pool income	102,304	58,598
Services provided under contract	2,030	610
	<u>104,334</u>	<u>59,208</u>

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Other trading activities income

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
Shop	58,176	47,474

6 Investment income

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
Interest receivable	10,570	9,499

7 Raising funds expenditure

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
<u>Fundraising and publicity</u>		
Staff costs	14,825	13,906
<u>Trading costs</u>		
Other trading activities	1,135	-
	15,960	13,906

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Charitable activities expenditure

	2023 £	2022 £
Direct pool expenses	226,840	215,715
Other admin expenses	20,926	18,852
Depreciation	18,971	19,166
	<u>266,737</u>	<u>253,733</u>
	<u>266,737</u>	<u>253,733</u>
Analysis by fund		
Unrestricted funds	265,916	232,637
Restricted funds	821	21,096
	<u>266,737</u>	<u>253,733</u>

9 Trustee's

None of the Trustee's (or any persons connected with them) received any remuneration, expenses or benefits from the charity during the year (2022 - £nil).

10 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
	<u>1</u>	<u>1</u>
Employment costs	2023 £	2022 £
Wages and salaries	<u>14,825</u>	<u>13,906</u>

The company had one employee during the year. The other staff operating the pool facilities are employed by Highlife Highland with the cost being recharged to the company. The total cost recharged by Highlife Highland for the year was £172,545 (2022 - £145,667). £nil (2022 - £nil) of this is outstanding at the year end.

There were no employees whose annual remuneration was more than £60,000.

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Other expenditure

	Unrestricted funds	Unrestricted funds
	2023	2022
Accountancy and legal	2,292	1,879
	<u>2,292</u>	<u>1,879</u>

12 Net gains/(losses) on investments

	Designated funds	Designated funds
	2023 £	2022 £
Gain/(loss) on sale of investments	(743)	12,064
Movement in market value of fixed asset investments	(12,931)	23,258
	<u>(13,674)</u>	<u>35,322</u>

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

	Pool equipment	Office equipment	Energy efficient equipment	Hydrotherapy pool	Footpath	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	63,341	21,297	78,420	506,709	18,942	688,709
At 31 March 2023	63,341	21,297	78,420	506,709	18,942	688,709
Depreciation and impairment						
At 1 April 2022	56,294	17,400	38,460	182,213	7,577	301,944
Depreciation charged in the year	2,243	779	3,921	10,134	1,894	18,971
At 31 March 2023	58,537	18,179	42,381	192,347	9,471	320,915
Carrying amount						
At 31 March 2023	4,804	3,118	36,039	314,362	9,471	367,794
At 31 March 2022	7,047	3,897	39,960	324,496	11,366	386,766

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

14 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 April 2022	350,440
Unrealised gain / (loss)	(12,931)
Disposals	(50,743)
At 31 March 2023	286,766
Carrying amount	
At 31 March 2023	286,766
At 31 March 2022	350,440

15 Stocks

	2023 £	2022 £
Finished goods and goods for resale	1,818	1,895

16 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	7,875	4,764
Other debtors	10,672	11,010
Prepayments and accrued income	-	3,220
	18,547	18,994

17 Creditors: amounts falling due within one year

	2023 £	2022 £
Other taxation and social security	136	220
Trade creditors	20,100	10,045
Accruals and deferred income	2,100	1,900
	22,336	12,165

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2021 £	Resources expended £	Balance at 1 April 2022 £	Resources expended £	Balance at 31 March 2023 £
Plant fund	54,367	(21,096)	33,271	(821)	32,450

Plant fund - Fund to be used for the replacement of plant.

19 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2021 £	Movement in funds Incoming resources £	Balance at 1 April 2022 £	Resources expended £	Balance at 31 March 2023 £
Capital development fund	442,106	35,322	477,428	(13,674)	463,754
Fixed asset fund	56,341	-	56,341	-	56,341
	498,447	35,322	533,769	(13,674)	520,095

Capital development fund - Funds available to finance future refurbishment and replacement of the pool and related plant and equipment.

Fixed asset fund - Funds available from fixed assets purchased from previously restricted fundraising.

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Analysis of net assets between funds

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 March are represented by:								
Tangible assets	311,453	56,341	-	367,794	330,425	56,341	-	386,766
Investments	-	286,766	-	286,766	-	350,440	-	350,440
Current assets/(liabilities)	(147,061)	176,988	32,450	62,377	(92,241)	126,988	33,271	68,018
	<u>164,392</u>	<u>520,095</u>	<u>32,450</u>	<u>716,937</u>	<u>238,184</u>	<u>533,769</u>	<u>33,271</u>	<u>805,224</u>

PUFFIN HYDROTHERAPY POOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

21 Related party transactions

There were no disclosable related party transactions during the year (2022 - none).

22 Volunteers

In common with all charities Puffin Hydrotherapy Pool benefits from the contributions made by volunteers who give their time and talents willingly for the benefit of the pool.