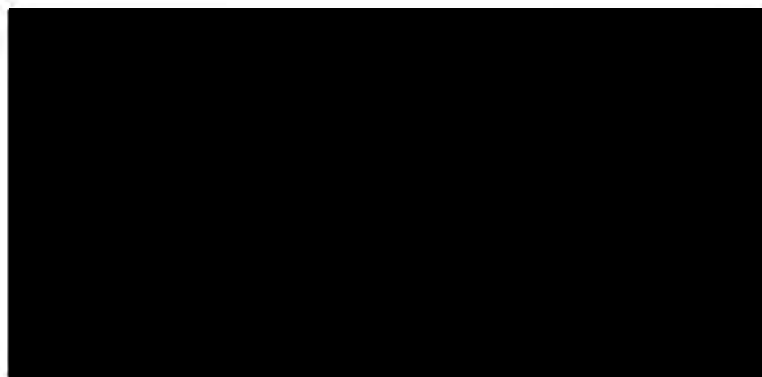


CHARITY REGISTRATION NUMBER: SC042834

**THREE HARBOURS ASSOCIATION
UNAUDITED FINANCIAL STATEMENTS
31 MARCH 2023**



THREE HARBOURS ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

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THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 MARCH 2023

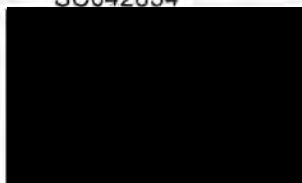
The trustees present their report and the unaudited financial statements of the charity for the year ended 31 March 2023.

REFERENCE AND ADMINISTRATIVE DETAILS

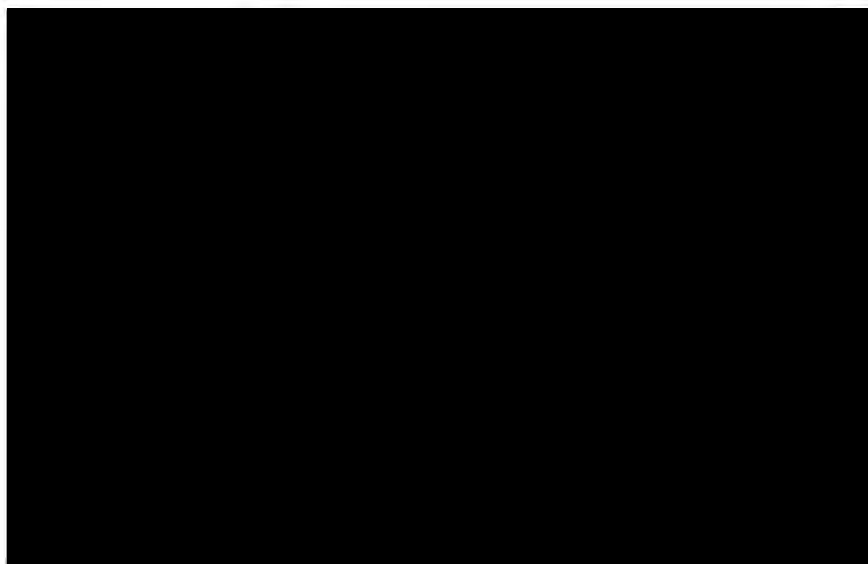
Registered charity name Three Harbours Association

Charity registration number SC042834

Principal office



THE TRUSTEES



Independent examiner

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is a Scottish Charitable Incorporated Organisation (a SCIO). It was registered in its current legal form on 7 January 2016. The charity was previously an unincorporated association but changed its legal form to a SCIO. The assets of the unincorporated association were transferred to the SCIO on 1 April 2016. It has a single tier structure and as such the trustees are the members of the charity.

Recruitment and appointment of Trustees

All of the association's trustees are elected by the Board which shall, within a reasonable time after the meeting, notify the applicant of its decision on the application and, if the decision was to refuse admission, shall return to the applicant the remittance lodged by the organisation under clause 13 and give reasons for declining membership.

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES

Charitable Purposes

The Three Harbour Association main objectives are:

- The advancement of environmental protection and improvement thereof, by increasing public awareness of the environment surrounding the 3 Harbours and environs, including flora and fauna, and by increasing awareness of our unique coastal walks and coastline.
- The advancement of culture and heritage through increased awareness of and greater access to a wide range of activities and events which will be planned to showcase the unique features surrounding our 3 communities.
- The advancement of education of the youths in the local communities.
- The advancement of public participation in sports and related activities. Boat building and renovation, sailing instruction in a variety of crafts including instruction in associated skills and crafts are all significant.

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

ACHIEVEMENTS AND PERFORMANCE

Chairman's Report for 1st April 2022 - 31st March 2023

An eventful year has come and gone since my last Chairman's report, an interim assessment during Covid lockdown when all activities were put on hold and in common with all charities our AGM had to be postponed. The proposed date for this year is Wednesday 2nd of November which will be conducted at Cullen Sea School. This is a summary of Cullen Sea School's progress as we slowly emerge from Covid restrictions. It will best be read as a continuation of the interim report referred to above and will follow the same order.

As you all know the past year was characterised by the stop/start fluctuations of Covid which presented the same severe challenges already outlined. As with all charities our activities have been further impacted by Brexit supply chain difficulties with increasing prices, and we are now facing the challenges presented by the rapidly evolving national financial storms with cost-of-living increases and currently unpredictable ravages of increasing inflation.

Cullen Sea School

Covid-19

It is important to note in the context of this report that the first quarter of the financial year the sea school was still operating with additional Covid-19 measures in place to protect, volunteers, staff and customers. Whilst we predominantly operate outdoor activities, excluding boat building, we needed to exercise caution and provide the necessary precautions and reassurance for all attending the sea school and its activities.

From April - June, customers were not permitted into the building and the model of operation followed that of summer's 2020/21 whereby customers arrived dressed and ready for sessions and were fitted with buoyancy aids at the harbour beach. From July onwards customers pre-booking wetsuits with us were able to use the changing rooms and gradually over the rest of the season the building became fully open and accessible to all.

The Harbour Toilets had additional cleaning in place to ensure we kept users of the facility safe.

Cullen Sea School Activities

Traditional Boat building

This remains a unique strength of Cullen Sea School and 2022/23 has seen many exciting developments in our work to keep this important tradition.

Our 2 retired shipwrights along with loyal volunteers have completed a St Ayles Skiff commission by the Dunbar Family in memory of Bill Dunbar, our cherished friend and boat builder who passed away in 2021.

Early in 2022, the sea school was commissioned by [REDACTED] to build a St Ayles Skiff in memory of the Duke of Edinburgh. In conjunction with [REDACTED] a highly successful fundraising coffee morning was held at the Seaford Arms Hotel in Cullen, courtesy of [REDACTED] on Saturday March 5th. The event raised significant funds towards the purchase and build of the St Ayles Skiff. The skiff was completed in mid-October with its formal launch and naming ceremony taking place on Saturday 22nd October.

In September [REDACTED] began work on the build of Mirror Dinghy kit. Once complete, this will give the sea school a fleet of 4 Mirror dinghies.

In April 2022, DYW Moray (Developing the Young Workforce) met with us to discuss boat building apprenticeships and to encourage us to apply into the MERI Strand 2 (Moray employer Recruitment

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

Incentive). Two applications were submitted worth £10,000 each and both applications were approved. The funding is to be used to employ two trainee boat builders for one year. The first trainee started with us in August and the second in September. At Christmas, one of our trainees finished due to personal reasons and we were successful in attracting a replacement who started at the sea school at the end of March. The trainees settled in very well and are busy learning lots of new skills and putting them into practice.

The importance of this grant funding cannot be underestimated as it is allowing us to build a legacy and pass on the traditional boat building and repair skills to a new generation. It has provided paid employment for two youngsters and is giving them a whole host of new skills and experiences for their CV's and future careers.

In July, 'Swift', a surplus to requirements St Ayles Skiff, was sold to Gordonstoun School and a further St Ayles Skiff 'Canty' and Wemyss skiff, yet unnamed, are for sale. The sale of these boats will provide valuable income to fund the sea school into 2023.

We have been working closely with Cullen Primary School and relished the opportunity to support them with their request for an old boat for use on their newly refurbished infant's playground. The mirror dinghy was donated to the school and in September the boat builders were invited to the school for morning tea and to see the pupils at playtime making good use of the boat.

In November 2022, work began on a St Ayles Skiff which was subsequently purchased by North Kessock Rowing Club. The skiff was finished in March and handed over to its new owners in April.

In the pipeline are two further St Ayles Skiff builds, one for Banff Academy School and one for Lossiemouth Coastal Rowing Club.

Water sports

Coastal Rowing

Thanks to the efforts of Rosie and Annie, coastal rowing has continued to grow in 2023 with many new members signing up to get out on the water. On 31st March 2023, rowing membership stood at 41.

In June, as part of our membership of Wild Scotland, a photo shoot took place one evening with two skiffs out on the water. The images from that are being used by Wild Scotland in a national UK marketing campaign and are available for use by the sea school in our marketing. Images were also captured of our paddle sports sessions.

Paddle sports and dinghy sailing

Building on our successes of 2021, we have introduced several new takes on our standard paddle sports sessions to attract more customers and generate income. New for 2022 were ladies (only) sessions, summer evening sessions and the return of beginners and intermediate paddle sports sessions.

Three new seasonal beach assistants were employed to support our water sports instructor and coordinator.

The Water sports Instructor put together a main season programme to maximise opportunities for us to achieve our charitable aims and objectives and to maximise the number of people getting out onto the water.

Sailing

A renewed focus was placed on sailing over the last winter to try to raise awareness of what we offer and to increase participant numbers. Thanks to Angela's hard work, sailing sessions re-started after the winter break in February and were scheduled for almost every operational day in the main 2022.

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

season. A mixture of 1:1 and group sessions have been held and some special offers on bulk buying sailing sessions have proved popular.

With the addition of a fourth dingy in 2023, we will be able to further grow and develop our sailing efforts.

Other Activities

Beach Cleans

A series of 21 beach cleans took place in 2022. The beach cleans start and finish by the beach toilets at Cullen and clean the full length of the beach. Participants are provided with litter pickers, rubbish bags and gloves and given a full briefing of what to do. The beach cleans attract a regular and loyal return group of people mixed in with new people each session. We have even welcomed two years in a row, two tourists from Yorkshire up on holiday in the area. The beach cleans contribute towards our environmental charitable aim.

Online Talks

In November [REDACTED] from British Divers Marine Life Rescue (BDMLR) gave us a fascinating online talk about the work of BDMLR and gave those watching important safety tips on what to do if you find a stranded whale, seal or dolphin.

The Harbour Building

Following a soft opening in summer 2021 for both the public toilets and kiosk, 2022 has seen the full opening of the public toilets. The toilets have been open daily from Saturday 2nd April with Cullen Sea School staff opening, closing and cleaning the facility. At present entrance is by donation via cash, text or by scanning a QR code to donate. Donations vary by day and time of year and the monies received are used to pay for the running costs of the building which includes cleaning materials, toilet rolls, electricity and broadband for the CCTV camera. Monies received are not sufficient to meet existing costs. The Board of Trustees are reviewing options for installing a payment system/gate to increase the level of income from the toilets to better cover the running costs of the building.

To comply with our lease with Moray Council requiring 24/7 access to the seasonal toilets, even when they are closed to the public, a wicket door has been installed with a key lock outside. This allows authorised harbour users (those with paid berths), Moray Council staff and the emergency services access to the toilets outside of normal public opening hours.

Feedback about the toilets from locals and visitors has been very positive and the toilets are always left clean and tidy with no vandalism or anti-social behaviour to date.

The kiosk, sub-leased by the Ice Cream Shop (Cullen), has been open on weekends and peak days serving drinks, snacks, beachwear and of course ice cream. From July to mid-October, the Ice Cream shop have had responsibility for opening, closing and cleaning the toilets.

The upstairs office space is used by the sea school as an office and has been hired out on occasion for private meetings. The room has also been used for more creative purposes [REDACTED] Moray (East) Artist in Residence held a two-day community bunting workshop in the room and as part of the Cullen Harbour Gala, Cullen Art Group hosted an exhibition of work they created at a 'watercolour challenge' event earlier this year in the Sea School yard.

Membership

Membership is valid for a calendar year from the date of purchase. At the time of writing, membership numbers have grown against 2021 numbers with a high level of renewal. Membership fees were held at existing levels for 2022 following the pandemic. At the AGM, it was agreed to increase the adult membership subscription rate from £40 - £50 per annum, all other rates remained the same.

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

Options are being looked at for 2023 to maximise opportunities to grow membership numbers.

Marketing and Website

A new Cullen Sea School A4 folded into 3 DL leaflet was designed to match the new Sea School branding. The full colour leaflet had a print run of 12,500 and has been distributed across Moray, Aberdeenshire, and Highland areas via leaflet distribution racks. A further 10,000 copies are being distributed in the same way again during 2023 by Landmark Press leaflet distributors.

The new website and online shop continue to perform well and are the true shop face of the Sea School. Very few enquiries or bookings are received by phone with the website and email providing the customer with what they need.

In June 2022, we transferred to a new online booking system by global brand 'FareHarbor'. The system is far superior to the previous, it makes the booking process for customers easier and incorporates consent forms and wetsuit hire. Behind the scenes, the system is much easier to use with far greater capabilities to better sell and promote the Sea School.

The Sea School has featured in many news items in the Northern Scot series or papers and Press & Journal and of course in online news stories and social media.

The return of events that we can attend with a sales table has been almost non-existent in 2022. In April two of the team attended such an event at the Spey Bay Dolphin Centre and other than our own organised Cullen Harbour Gala, we attended the Cullen Christmas Lights on Event with a sales table at the Bowling Club in late November.

Harbour Gala

Sunday July 31st saw the long-awaited return of the harbour gala following a 3 year break due to Covid-19. A great amount of work and effort went into bringing this event back with a bang. We were blessed with blue skies, sunshine, and temperatures in the mid 20's all day and an estimated attendance of 2,500 people. We are again grateful for generous kipper donations.

A busy gala programme combined with perfect weather meant that visitors dwell time at the event was long. The pier was packed full of stands from local businesses, community groups and charities. The BBQ had a long queue from the moment the smells of burgers and kippers rose into the air. There was live music on the pier from a Cullen Primary School pupil playing the violin and a local singer performing traditional songs and sea shanties. At the sea school a live band played all afternoon in the yard with it being standing room only.

On the water there were free 15-minute paddlesports taster sessions, skiff racing and taster sessions and a visit from the RNLI Buckie Lifeboat and Wild Dookers.

Back on dry land, we welcomed the Fire Engine and crew from Cullen Fire Station and upstairs in the harbour building an exhibition by Cullen Art Group. In the Sea School there was a delightful tea and coffee and home bakes stall and display by the boat builders of the latest skiff under construction.

This event simply could not have succeeded without the invaluable help and enthusiasm of our members and volunteers.

Visitor numbers

As in 2021, visitor numbers have grown in 2022. This reflects the hard work that has gone in to better promote the Sea School and create linkages and partnerships with schools and other organisations including a Yoga company to bring new and return business to our activities. As well as watersports and boat building, our regular beach cleans (22 over the past year) have attracted good numbers as did the introduction last winter of monthly themed online talks.

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

In 2022, we welcomed just over 3000 participants onto sea school activities.

Finances

The monthly financial position of the sea school is reported back at the monthly Trustees meetings. These statements are used to monitor performance and cash-flow to allow the Trustees and Staff to take appropriate actions to work towards the sea school becoming financially sustainable and ease the pressure on the reliance of securing external grant funding.

These monthly statements are passed to Ritsons, our accountant, for audit and collation for OSCR submission.

In 2022 we have been able to secure the following grant funds:

1. £20,000 from the Moray Communities Mental Health & Wellbeing Fund Round One and Two

This funding introduced by the Scottish Government comes in response to the mental health need arising from the pandemic and also to benefit the overall Mental Health Transition and Recovery Plan. The fund exists to put measures in place to support individuals with Mental Health & Wellbeing conditions. The sea school secured £20,000 to offer free watersports sessions to referrals from the NHS and mental health and wellbeing related organisations. The deadline to spend round one funding is 31st May 2023 and round two, 31st August 2024.

2. £20,000 from the Moray Employer Recruitment Incentive (MERI)

The fund is a key Scottish Government initiative, aimed at supporting the most disadvantaged people in Scotland to progress towards, and sustain employment. Two £10,000 grants have been secured to employ two trainee boat builders for a year. The employment will allow the skills and knowledge of our boat builders to be passed onto a new generation and provide the employees with skills, workplace experience, and knowledge to help them in their future careers. The Sea School pays the monthly wage of each trainee and claims the funds back from the grant in arrears.

3. £1800 from the Adams Family Foundation

As part of a three year/instalment grant, we have received the latest £1800 grant instalment to help us pay the wages of the beach assistants for paddlesports. A yearly report is submitted to the foundation to secure the next instalment.

4. £1000 from Ocean Winds/Moray West Wind Farm

This grant was made to the sea school towards the costs of hosting the Cullen Harbour Gala. The grant meant that a great deal of the monies generated on the day from the BBQ, merchandise, coffee table and fundraising efforts could be kept as income rather than covering costs of the gala. In March 2023, Ocean Winds confirmed that they will part-sponsor the 2023 Cullen Harbour Gala with a contribution of £1000.00.

5. Co-Op Local Community Fund and Tesco Fund

In 2022 and 2023, Cullen Sea School was accepted onto the Coop Local Community Fund. Along with two other local charities, members of the Coop could select Cullen Sea School to raise funds for.

From January to March 2023, the sea school was part of the Tesco Community Fundraising in the Buckie store.

Both sets of in-store fundraising are to be used to purchase wetsuits for use on water sports activities. The wet suits will be 5mm thick with gloves, hoods and boots to allow us to operate in colder weather periods.

Finance Sub-Group and Staffing

A sub-working group of the main Board of Trustees was set up in September 2022 to look at the

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

finances for the remainder of the calendar and financial year and into the 2023/24 financial year.

Out of this meeting came a series of actions to review all income and expenditure and to prepare an up to date cashflow statement up to 31st March 2024 and recommendations for consideration by the main Board of Trustees. It was apparent that with some grant funding expiring, finances would be tight post covid-19, heading in winter 2022/23.

The group recommended and the Board of Trustees approved the renegotiation of existing utility and phone contracts, increase in adult membership subscription rate, increase in the price per person, per session for paddle sports.

From a staffing perspective, two permanent positions had a 50% reduced salary over the winter months returning to full salary from April 2023.

In December the grant funding was fully spent for the full time Development Officer Post. It was agreed that the sea school had sufficient funds to retain the post as a part time 20 hours per week position. The current postholder indicated that they would be unable to stay on as a part role and in early January the part time position was advertised, recruited in February and a new Development Officer [REDACTED] started in post.

In common with other charities Covid lock-down posed a severe threat to our financial stability. The award of Resilience Funding, a government "bounce back" loan and subsequent awards from the Adapt and Thrive Funds allowed us to meet overheads at a time when income was negligible.

In December 2021, the Trustees agreed to extend the repayment period for the Bounceback loan to help futureproof the sea school's finances in the short term. It was unclear at the start of the year how trading would be with the arrival of the Omicron variant and Covid-19 restrictions being tightened yet again.

We were in the fortunate position to be able to sell on one St Ayles Skiff and a Wemyss skiff surplus to requirements, with two other boats currently for sale. Whilst the bottom line of the financial statement looks very healthy members should remember that much of our funding is "restricted" for specific purposes and subject to audit. There remains a constant need to generate "unrestricted" funds to deal with recurring overheads. Covid restrictions still apply making usual fund-raising efforts such as the annual gala impossible, so we have to be constantly innovative to succeed. Whilst applying for appropriate funding opportunities remains imperative, we need to continue to ensure that "unrestricted" funding contributes the major part of our income.

As with all other charities we face strong head winds for which we have to be prepared. Several strategies for maintaining income and rationalising expenditure are being pursued by a working group of Trustees and will be shared with Trustees in due course for discussion and approval.

Schools Partnership

We have met with the Head and Deputy Head of Banff Academy to draft and agree a partnership agreement between both organisations for the delivery of watersports sessions and boat building. The school will use their minibus to bring pupils across to Cullen to participate in CSS activities. Once up and running, it is hoped that we can use this as a template for other high schools and academies.

In November 2022 an agreement was signed with Banff Academy to fund the build of a St Ayles Skiff in 2023 with and for the use of Banff Academy pupils. Banff Academy also kindly donated funds to allow us to build a new workbench in the workshop. In February, a meeting was held with the school to plan the year ahead activities including water sports and boat building.

We continue to work with Buckie High School to welcome pupils onto the water and hope to sign a similar agreement as with Banff Academy.

Through Moray Active Schools, we have hosted a series of paddlesports sessions for primary aged

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

pupils from schools in Cullen, Portknockie, Findochty, Buckie and Portgordon. As a trial in June, we welcomed some Buckie High School pupils.

There is a large market for us in collaborating with primary schools and work will be undertaken this winter to contact all primary schools within a sensible radius in Moray and Aberdeenshire to promote the Sea School. Schools were still operating under tighter rules and regulations following the pandemic which limited the numbers coming in 2022, but this will not be the case in 2023.

In August, we held a successful 'inset-day' event with the teachers and staff of Banff Academy. Banff Academy Head Teacher Alan Horberry wanted to run an inset day with a difference to welcome his staff back from their summer holiday and prepare for the academic year ahead. Over the course of the morning, staff rotated between different activities including kayaking and paddle boarding and walks in and around Cullen.

These activities focussed on working as a team, working with others they may not normally work with and being active and healthy. Mid-morning, all staff congregated at the sea school for drinks and a snack before heading off for the more formal part of their day.

Opportunities like this allow us to showcase the sea school, its facilities and everything we have on offer.

Developing the Young Workforce

In August 2021, CSS signed up to the Young Person's Guarantee via DYW Moray. The Young Person's Guarantee is a commitment to bring together employers, partners and young people. It aims to connect every 16 to 24 year old in Scotland to an opportunity. This could be a job, apprenticeship, further or higher education, training or volunteering. It could also be an enterprise opportunity.

Through this commitment, our development officer has worked closely with DYW Moray and high schools in Moray on mock job interviews and assessments, 'Dragons Den' style events and job application practice. Through this work we were invited to apply into the MERI fund which has led to the employment of two trainee boat builders (see above).

From November this year, our development officer will be a part of the Moray Career Ready Mentoring Programme. The programme sees the sea school linked up with a high school student who is provided with monthly mentoring sessions and then undertakes a 4-week paid placement at the sea school.

The Three Harbours Association is committed to doing everything it can to help support the development of young people in the workplace.

Trustees changes

Covid has impacted on usual arrangements with Trustee meetings taking place online up until early summer. Ahead of our next AGM, [REDACTED] has indicated that he wishes to stand down. [REDACTED] has been a key driving force behind the Sea School as our Treasurer. He has managed the day-to-day finances of the sea school as well as external grant awards including the six figure finances for the Harbour Building project. [REDACTED]

[REDACTED] are happy to serve another year. It is hoped that members will recognise the importance of this degree of continuity.

In March 2022, following an open advert, two new Trustees were recruited. We were delighted to welcome on board [REDACTED] who both bring an immense range of experience and skills to the sea school board. Finally, I wish to thank all our Trustees, members, volunteers, employees, and friends for their support over what has been a very challenging time of uncertainty for us and all other charities. Covid, Brexit and the current cost-of-living crisis have impacted on us all. I wish to record particular thanks to past Treasurer of many years, [REDACTED] and to our former Development Officer [REDACTED] for his outstanding contribution over a difficult period. At the last but one AGM I indicated to fellow Trustees my wish to stand down as Chair but was

THREE HARBOURS ASSOCIATION

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2023

persuaded to stay on for one year. Now in my 8th decade and with failing health it is time for me finally to hand over the tiller to another whom the Trustees will have to elect in line with our Constitution. I will therefore be standing down at, or before, the next AGM in Sept 2023. [REDACTED] has indicated a similar intention.

[REDACTED]
Chair 3 Harbours Association/Cullen Sea School
14th June 2023

FINANCIAL REVIEW

The resulting deficit for the year was £60,383 (2022: £10,609). The charity held unrestricted funds of £-2,448 (2022: £45,881) and restricted funds of £426,727 (2022: £438,781).

INDEPENDENT EXAMINER

[REDACTED] has been re-appointed as independent examiner for the ensuring year.

The trustees' annual report was approved on ...6/7/23... and signed on behalf of the board of trustees by:

[REDACTED]
Trustee

THREE HARBOURS ASSOCIATION
INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THREE
HARBOURS ASSOCIATION
YEAR ENDED 31 MARCH 2023

I report on the financial statements for the year ended 31 March 2023, which comprise the statement of financial activities, statement of financial position and the related notes.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees 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 accounts as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINER'S REPORT

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, 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 accounts.

INDEPENDENT EXAMINER'S STATEMENT

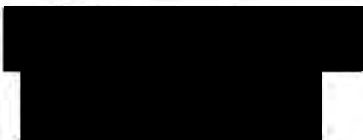
In connection with my examination, no matter has come to my attention;

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations
- have not been met, or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.


Independent Examiner



THREE HARBOURS ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2023

			2023		2022
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	4	15,682	18,060	33,742	74,841
Charitable activities	5	39,630	—	39,630	31,161
Other income	6	4,175	—	4,175	10,108
Total income		<u>59,487</u>	<u>18,060</u>	<u>77,547</u>	<u>116,110</u>
Expenditure					
Expenditure on charitable activities	7	131,870	6,060	137,930	126,719
Total expenditure		<u>131,870</u>	<u>6,060</u>	<u>137,930</u>	<u>126,719</u>
Net expenditure		<u>(72,383)</u>	<u>12,000</u>	<u>(60,383)</u>	<u>(10,609)</u>
Transfers between funds		24,054	(24,054)	—	—
Net movement in funds		<u>(48,329)</u>	<u>(12,054)</u>	<u>(60,383)</u>	<u>(10,609)</u>
Reconciliation of funds					
Total funds brought forward		45,881	438,781	484,662	495,271
Total funds carried forward		<u>(2,448)</u>	<u>426,727</u>	<u>424,279</u>	<u>484,662</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 14 to 21 form part of these financial statements.

THREE HARBOURS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

31 MARCH 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible fixed assets	13	415,229	450,815
CURRENT ASSETS			
Cash at bank and in hand		28,597	57,065
CREDITORS: amounts falling due within one year	14	4,732	6,181
NET CURRENT ASSETS		23,865	50,884
TOTAL ASSETS LESS CURRENT LIABILITIES		439,094	501,699
CREDITORS: amounts falling due after more than one year	15	14,815	17,037
NET ASSETS		424,279	484,662
FUNDS OF THE CHARITY			
Restricted funds		426,727	438,781
Unrestricted funds		(2,448)	45,881
Total charity funds	17	424,279	484,662

These financial statements were approved by the board of trustees and authorised for issue on ...6/7/23 and are signed on behalf of the board by:

Trustee

The notes on pages 14 to 21 form part of these financial statements.

THREE HARBOURS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION

The charity is a public benefit entity and a registered charity in Scotland and is unincorporated. The address of the principal office is 1 Port Long Road, Cullen, Buckie, AB56 4AG.

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 Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended).

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 in furtherance of the purposes of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market values.

Designated funds are unrestricted funds earmarked by the trustees for specific purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

THREE HARBOURS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2023

3. ACCOUNTING POLICIES *(continued)*

Incoming resources

All income is included in the statement of financial activities when the charity is entitled to the income, any performance related conditions attached have been met or are fully within the control of the charity, the income is considered probable and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations and legacy income is received by way of donations, legacies, grants and gifts and is included in full in the Statement of Financial Activities when receivable. Where legacies have been notified to the charity but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. 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.
- Donated services and facilities are included at the value to the charity, being the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market.
- Investment income is included when receivable.
- Income from charitable trading activity is accounted for when earned.
- Income from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Resources expended

Expenditure is recognised on an accruals 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 raising funds comprise the costs associated with attracting donations, grants and legacies 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.
- Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, as set out in the notes to the accounts

Tangible assets

Tangible assets are initially recorded at cost.

THREE HARBOURS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2023

3. ACCOUNTING POLICIES *(continued)*

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:

Property	- 5% straight line
Plant & Machinery	- 15% reducing balance
Fixtures & Fittings	- 15% reducing balance
Boats	- 10% reducing balance
Office Equipment	- 33% straight line

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. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
DONATIONS			
Donations	10,974	—	10,974
Gift Aid	813	—	813
GRANTS			
HMRC JRS Grants	—	—	—
Adapt & Thrive Fund	—	—	—
Visit Scotland Fund	—	—	—
Tsi Health & Wellbeing Grant	—	12,000	12,000
Adam Family Trust	—	1,890	1,890
Moray West Wind Farm	—	1,000	1,000
Moray Employer Recruitment Incentive	—	3,170	3,170
SUBSCRIPTIONS			
Subscriptions	3,895	—	3,895
	<u>15,682</u>	<u>18,060</u>	<u>33,742</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
DONATIONS			
Donations	7,399	—	7,399
Gift Aid	—	—	—

THREE HARBOURS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2023

4. DONATIONS AND LEGACIES *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
GRANTS			
HMRC JRS Grants	4,955	—	4,955
Adapt & Thrive Fund	45,000	—	45,000
Visit Scotland Fund	4,000	—	4,000
Tsi Health & Wellbeing Grant	10,000	—	10,000
Adam Family Trust	—	—	—
Moray West Wind Farm	—	—	—
Moray Employer Recruitment Incentive	—	—	—
SUBSCRIPTIONS			
Subscriptions	3,487	—	3,487
	<u>74,841</u>	<u>—</u>	<u>74,841</u>

5. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Sale of goods	19,013	19,013	657	657
Room hire	100	100	50	50
Beach sports income	16,676	16,676	23,522	23,522
Use of toilets	894	894	392	392
Fundraising events	2,947	2,947	540	540
Alpens lorry park income	—	—	6,000	6,000
	<u>39,630</u>	<u>39,630</u>	<u>31,161</u>	<u>31,161</u>

6. OTHER INCOME

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Gain on disposal of tangible fixed assets held for charity's own use	4,175	4,175	10,108	10,108

7. EXPENDITURE ON CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Support costs £	Total funds 2023 £	Total fund 2022 £
Charitable activity	105,101	—	105,101	92,631
Governance costs	—	32,829	32,829	34,088
	<u>105,101</u>	<u>32,829</u>	<u>137,930</u>	<u>126,719</u>

THREE HARBOURS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2023

8. NET EXPENDITURE

Net expenditure is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation of tangible fixed assets	31,761	32,912
Gains on disposal of tangible fixed assets	<u>(4,175)</u>	<u>(10,108)</u>

9. INDEPENDENT EXAMINATION FEES

	2023	2022
	£	£
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>1,068</u>	<u>1,176</u>

10. STAFF COSTS

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

	2023	2022
	£	£
Wages and salaries	62,536	65,161
Employer contributions to pension plans	<u>1,066</u>	<u>1,072</u>
	<u>63,602</u>	<u>66,233</u>

The average head count of employees during the year was 6 (2022: 4).

No employee received employee benefits of more than £60,000 during the year (2022: Nil).

11. TRUSTEE REMUNERATION AND EXPENSES

One of the trustees, [REDACTED] was paid remuneration of £25,375 (2022: £20,432) during the year.

The remuneration of trustees is permitted under the articles of the charitable company and is for the improved management of the charity.

12. TRANSFERS BETWEEN FUNDS

Grants were received in this and previous years by the charity for the funding of fixed asset acquisitions. It is necessary for the charity to release these grants received over the useful lives of the asset to which they relate. In the year to 31 March 2023 £24,054 (2022: £35,135) was transferred from asset restricted funds to unrestricted reserves.

THREE HARBOURS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2023

13. TANGIBLE FIXED ASSETS

	Property £	Plant and machinery £	Fixtures and fittings £	Boats £	Office Equipment £	Total £
Cost						
At 1 Apr 2022	603,686	19,644	801	22,575	2,945	649,651
Disposals	—	—	—	(8,000)	—	(8,000)
At 31 Mar 2023	<u>603,686</u>	<u>19,644</u>	<u>801</u>	<u>14,575</u>	<u>2,945</u>	<u>641,651</u>
Depreciation						
At 1 Apr 2022	172,353	11,343	544	11,651	2,945	198,836
Charge for the year	30,185	1,245	38	293	—	31,761
Disposals	—	—	—	(4,175)	—	(4,175)
At 31 Mar 2023	<u>202,538</u>	<u>12,588</u>	<u>582</u>	<u>7,769</u>	<u>2,945</u>	<u>226,422</u>
Carrying amount						
At 31 Mar 2023	<u>401,148</u>	<u>7,056</u>	<u>219</u>	<u>6,806</u>	<u>—</u>	<u>415,229</u>
At 31 Mar 2022	<u>431,333</u>	<u>8,301</u>	<u>257</u>	<u>10,924</u>	<u>—</u>	<u>450,815</u>

14. CREDITORS: amounts falling due within one year

	2023 £	2022 £
Bank loans and overdrafts	2,222	2,222
Trade creditors	1,550	2,999
Accruals and deferred income	960	960
	<u>4,732</u>	<u>6,181</u>

15. CREDITORS: amounts falling due after more than one year

	2023 £	2022 £
Bank loans and overdrafts	14,815	17,037

16. 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 £1,066 (2022: £1,072).

THREE HARBOURS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2023

17. ANALYSIS OF CHARITABLE FUNDS

Unrestricted funds

	At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
General funds	45,881	59,487	(131,870)	24,054	(2,448)

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
General funds	21,355	116,110	(126,719)	35,135	45,881

Restricted funds

	At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
Coastal Communities Fund	244,526	—	—	(22,452)	222,074
Marine Scotland	61,469	—	—	(4,728)	56,741
Scottish & Southern	332	—	—	(50)	282
Beatrice fund	50,000	—	—	—	50,000
EMFF	82,454	—	—	(6,824)	75,630
Mental Health & Wellbeing fund	—	12,000	—	10,000	22,000
Moray Employer Recruitment Incentive	—	3,170	(3,170)	—	—
Adams Family Foundation	—	1,890	(1,890)	—	—
Moray West Windfarm	—	1,000	(1,000)	—	—
	438,781	18,060	(6,060)	(24,054)	426,727

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Coastal Communities Fund	268,050	—	—	(23,524)	244,526
Marine Scotland	66,197	—	—	(4,728)	61,469
Scottish & Southern	391	—	—	(59)	332
Beatrice fund	50,000	—	—	—	50,000
EMFF	89,278	—	—	(6,824)	82,454
Mental Health & Wellbeing fund	—	—	—	—	—
Moray Employer Recruitment Incentive	—	—	—	—	—
Adams Family Foundation	—	—	—	—	—
Moray West Windfarm	—	—	—	—	—
	473,916	—	—	(35,135)	438,781

THREE HARBOURS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2023

17. ANALYSIS OF CHARITABLE FUNDS *(continued)*

Purpose of restricted funds

- Coastal Communities Fund: Big Lottery - funds to support the Cullen Small Boat Sailing Project.
- Marine Scotland: EFF via Flag - funds to support the Cullen Small Boat Sailing Project.
- Scottish & Southern - funds to aid the purchase of a defibrillator.
- Beatrice Fund - funds to aid the renovation of the Cullen Harbour Office and Public Toilets.
- EMFF - funds to aid the renovation of the Cullen Harbour Office and Public Toilets.
- Mental Health & Wellbeing Fund - funds to support paying the wages of individuals with Mental Health & Wellbeing conditions.
- Moray Employer Recruitment Incentive - funds to support paying the wages of disadvantaged people in order to sustain employment.
- Adams Family Foundation - funds to aid the wages of the beach assistants for paddlesports.
- Moray West Windfarm - funds to support the costs of hosting the Cullen Harbour Gala.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Tangible fixed assets	10,502	404,727	415,229
Current assets	(12,950)	22,000	9,050
Net assets	(2,448)	426,727	424,279

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	12,034	438,781	450,815
Current assets	33,847	—	33,847
Net assets	45,881	438,781	484,662