

REGISTERED COMPANY NUMBER: SC185967 (SCOTLAND)
REGISTERED CHARITY NUMBER SC021154

**Report of the Trustees and
Unaudited Financial Statements For The Year Ended 31 March 2007
for
Skye & Lochalsh
Mental Health Association**



Campbell Stewart MacLennan & Co
Chartered Accountants
8 Wentworth Street
Portree
Isle of Skye
IV51 9EJ

**Skye & Lochalsh
Mental Health Association**

**Contents of the Financial Statements
for the Year Ended 31 March 2007**

	Page
Chairman's Report	1
Report of the Trustees	2 to 4
Accountants' Report	5
Statement of Financial Activities	6
Balance Sheet	7 to 8
Notes to the Financial Statements	9 to 12
Detailed Statement of Financial Activities	13 to 14

**Skye & Lochalsh
Mental Health Association**

**Chairman's Report
for the Year Ended 31 March 2007**

PURPOSE

The Skye and Lochalsh Mental Health Association (SLMHA) continues to provide a range of social, educational, and leisure opportunities in a friendly and supportive environment for people who are affected in any way by psychological ill health and associated social problems. We seek to be an extension of home for people who would otherwise need hospital care, or support after leaving hospital.

We therefore continue to support many members in Skye and Lochalsh, with an awareness of their families also and the help that they might need. The members are at the core of our work – we endeavour to meet them at the point of their need and to enable them to move forward from there.

STAFF

We must continue to express our appreciation for the work of the staff of the SLMHA. They promote the work of the SLMHA in a truly positive way, and ensure its continued growth. They do much that is largely unsung, and beyond the call of duty – such work is highly valued by the many members who have benefited. For instance, they have agreed to give up the link to an external pay scale in order to permit the Association to continue to provide optimum service – that is not a decision easily taken, and illustrates their personal commitment. As ever, our volunteers also make significant contributions to the day to day work of the Association and their work is much appreciated.

To our associated colleagues, we again give heartfelt thanks for their support and continuing valued advice. We think of the Community Psychiatric Nurse team, Mental Health Officer, Consultant Psychiatrist, Social Workers, General Practitioners, and the Lochalsh and Skye Housing Association.

FINANCES

During the year, we were more than ever grateful for the financial support received from individuals and groups within the communities we serve. In particular, we delighted in Robert Holding's courage and stamina, and in the amount of money which his Sahara crossing raised – we thought half marathons were the limit!

We note the balance sheet and the details contained within it. These hardly indicate the hard work of management to get a quart out of a pint pot, and the constant demand to improve services while reducing costs. We applaud this hard work, and the very efficient handling of finances.

We also continue to be grateful for the essential financial input arranged by the Highland Region Social Work department and Health Board. With regard to the financing of the Association, we thank our staff for their constant scrutiny of the finances, and their search for funding sources. Despite their watchfulness, we continue to be apprehensive about our ongoing financial security, in light of national and local stringent budgetary requirements. Thus, there is a certain irony associated with our charitable status in that the work of our Association plays such an essential role in the lives of those people who have chronic mental health and social needs.

PREMISES

On a more positive note, we continue to enjoy our new premises. We can hardly believe that we moved to "Am Fasgadh" over four years ago. We again acknowledge the work of our staff and volunteers in developing "Am Fasgadh", and the way in which they have illustrated their ingenuity along the way. We look forward to more of the same!

THE FUTURE

We have a sense of opportunity, and we are aware of exciting possibilities in view of the new Mental Health Act every day opening of our main premises. Such prospects are largely based on the good work of the SLMHA over the past 14 years and its ability to deliver, although with these expectations comes the requirement of a firm financial basis. However, we look forward to such uncertainty being lifted, and developments taking place that stand on the present firm base that the Association offers.



Dr Charles L. Crichton
Date 31 July 2007

**Skye & Lochalsh
Mental Health Association**

**Report of the Trustees
for the Year Ended 31 March 2007**

The trustees, who are also directors of the charity for the purposes of the Companies Act 1985, present their report with the financial statements of the charity for the year ended 31 March 2007. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC185967 (Scotland)

Registered Charity number
SC021154

Registered office

Am Fasgadh
6 Wood Park
Dunvegan Road
Portree
Isle of Skye
IV51 9HQ

Trustees

Dr C Crichton
L MacDonald
D Beaton
C MacKinnon
Mrs M Robertson
Miss H MacInnes
Miss D MacKenzie
Dr L Unwin
D A Robertson
Miss S Campbell
Dr R Aleeson
Ms M L Puolakka

Resigned 23 June 2007

Company Secretary

Mrs M Robertson

Bankers

Clydesdale Bank plc
Somerled Square
Portree
Isle of Skye
IV51 9EH

Solicitors

Ferguson MacSween & Stewart
Bridge Road
Portree
Isle of Skye
IV51 9ER

Bankers

Clydesdale Bank plc
Somerled Square
Portree
Isle of Skye
IV51 9EH

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Skye and Lochalsh Mental Health Association was incorporated on 20 May 1988 under section 30 of the Companies Act 1985 as a company limited by the guarantee of its members, and it is registered as a Scottish charity. Upon incorporation the company acquired the entire assets and liabilities of Skye & Lochalsh Mental Health Centre Management Project, an unincorporated body. In the event of the company being wound up, each member may be required to contribute up to £1. The company is governed by its Memorandum of Association which sets out the objects and powers of the charity and it is governed by its Articles of Association.

**Skye & Lochalsh
Mental Health Association**

**Report of the Trustees
for the Year Ended 31 March 2007**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

Board members can be appointed in one of two ways. Firstly, they can be appointed by the members of the company in general meeting, all members are entitled to one vote. Secondly, they can be invited by the existing Board to serve in an interim capacity until their appointment is approved by the membership at the next general meeting.

Following an organisational review by an outside consultant in October 2004 the Board considered the skills needed and the organisations that should be represented and aimed to recruit an individual with legal expertise and GPs from practices other than Portree. This led to two new appointments in the year ended 31 March 2005 and a further appointment in February 2006.

Induction and training of new trustees

All new trustees are offered an extended meeting with the Manager, who will talk them through the activities, structure and finances of the organisation following an induction checklist designed for this purpose. Professionally published material on the role of voluntary sector trustees is also made available.

Organisational structure

The operation of the service to our members is delegated to the Manager, Alex Jones, and the day to day delivery of the service at Am Fasgadh is delegated by him to the Assistant Manager, Sandra MacKenzie. This is done within the context of policies and procedures which are ratified by the trustees. These policies set out a minimum standard of good practice and the values and objectives that are intended to inform the staff response to whatever situations arise.

The trustees are responsible for

- Approving operational policies and procedures
- Approving and reviewing the organisation's aims and objectives
- Setting reserves policy
- Approving an operational budget for each financial year
- Setting pay and conditions of employment for all staff
- Providing an annual appraisal of the Manager's performance
- Reviewing all aspects of the organisation's performance through the Manager's regular reports and instructing changes where necessary

Related parties

No transactions with related parties arose during the year (2006 £nil)

Risk management

The trustees recognise their duty to identify and review the risks to which the charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error. The trustees actively review, on a regular basis, the major risks that the company faces and have internal control policies and procedures in place which provide reasonable, but not absolute, assurance against material misstatement or loss.

OBJECTIVES AND ACTIVITIES

Objectives and aims

Objects

The object of the company in the year under review was that of the development and promotion of mental health. In furtherance of this objective, the company promotes the understanding of the distress caused by social isolation, psychological and emotional problems and seeks to spread knowledge of the facilities and services available within the community for those affected by such problems.

Objectives for the year and strategies to meet aims and objectives

- Maintain the standard of the current service to members while finding ways to bring expenditure in line with the limitations on our anticipated future funding
- Secure funding for the continuation of the post of Assistant Manager
- Take part in discussions with statutory agencies on future service developments and where appropriate provide plans and costings for new service provision
- Offer our 'Understanding Mental Health' training to more local agencies
- Develop a website to promote the work of the organisation

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Information concerning activities in the year and future plans is set out in the Chairman's Report on page 2.

**Skye & Lochalsh
Mental Health Association**

**Report of the Trustees
for the Year Ended 31 March 2007**

FINANCIAL REVIEW

Reserves policy

The company aims to retain unrestricted funds, or have secured funding committed to it, sufficient to finance operations for at least a period of six months. As indicated in the balance sheet at 31 March 2007, unrestricted reserves stood at £18,750 (2006 £6,806). The trustees acknowledge that reserves are lower than would be desirable but, taking into account the grant assistance which has been secured for the forthcoming year, consider this to be adequate to fund continuing operations for the foreseeable future and they do not anticipate negative budgets in the coming year.

Principal funding sources

The company continues to receive core funding from Highland Council and NHS Highland.

ON BEHALF OF THE BOARD



Mrs M Robertson Trustee

Date 31 July 2007

**Report of the Accountants to the Trustees of
Skye & Lochalsh
Mental Health Association**

We report on the financial statements for the year ended 31 March 2007 set out on pages six to twelve

Respective responsibilities of trustees and reporting accountants

As described on page eight the charitable company's trustees are responsible for the preparation of the financial statements, and considers that the charitable company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

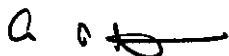
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the charitable company, and making such limited enquires of the officers of the charitable company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion

- (a) the financial statements are in agreement with the accounting records kept by the charitable company under Section 221 of the Companies Act 1985,
- (b) having regard only to, and on the basis of, the information contained in those accounting records
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act, and
 - (ii) the charitable company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1)



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IV51 9EJ

Date 31 July 2007

**Skye & Lochalsh
Mental Health Association**

**Statement of Financial Activities
for the Year Ended 31 March 2007**

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	31 3 07 Total funds £	31 3 06 Total funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income		155,750	34,232		189,982	196,760
Activities for generating funds	2	6,147			6,147	4,317
Investment income	3	920			920	1,463
Incoming resources from charitable activities						
Other income						246
Total incoming resources		162,817	34,232		197,049	202,786
RESOURCES EXPENDED						
Charitable activities						
Operation of Centre		139,961	32,378	7,054	179,393	204,660
Cafe		9,208			9,208	9,898
Governance costs		1,704			1,704	1,616
Total resources expended		150,873	32,378	7,054	190,305	216,174
NET INCOMING/(OUTGOING) RESOURCES						
		11,944	1,854	(7,054)	6,744	(13,388)
RECONCILIATION OF FUNDS						
Total funds brought forward		6,806	(726)	45,533	51,613	65,001
TOTAL FUNDS CARRIED FORWARD		<u>18,750</u>	<u>1,128</u>	<u>38,479</u>	<u>58,357</u>	<u>51,613</u>

The notes form part of these financial statements

**Skye & Lochalsh
Mental Health Association**

**Balance Sheet
At 31 March 2007**

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	31 3 07 Total funds £	31 3 06 Total funds £
FIXED ASSETS						
Tangible assets	8	4,787		38,479	43,266	51,237
CURRENT ASSETS						
Stocks		541			541	516
Debtors	9	4,181			4,181	9,626
Cash at bank and in hand		<u>12,305</u>	<u>10,339</u>	<u> </u>	<u>22,644</u>	<u>4,569</u>
		17,027	10,339		27,366	14,711
CREDITORS						
Amounts falling due within one year	10	<u>(3,063)</u>	<u>(9,212)</u>	<u> </u>	<u>(12,275)</u>	<u>(14,335)</u>
NET CURRENT ASSETS		<u>13,964</u>	<u>1,127</u>	<u> </u>	<u>15,091</u>	<u>376</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,751</u>	<u>1,127</u>	<u>38,479</u>	<u>58,357</u>	<u>51,613</u>
NET ASSETS		<u>18,751</u>	<u>1,127</u>	<u>38,479</u>	<u>58,357</u>	<u>51,613</u>
FUNDS	11					
Unrestricted funds					18,751	6,806
Restricted funds					1,127	(726)
Endowment funds					<u>38,479</u>	<u>45,533</u>
TOTAL FUNDS					<u>58,357</u>	<u>51,613</u>

The notes form part of these financial statements

**Skye & Lochalsh
Mental Health Association**

**Balance Sheet continued
At 31 March 2007**

The charitable company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 March 2007

The trustees have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2007 in accordance with Section 249B(2) of the Companies Act 1985

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the charitable company

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Trustees on 31 July 2007 and were signed on its behalf by



Dr C Crichton Trustee



Mrs M Robertson Trustee

**Skye & Lochalsh
Mental Health Association**

**Notes to the Financial Statements
for the Year Ended 31 March 2007**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005) and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources

Tangible fixed assets

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

Land and buildings	over the term of the lease
Plant and machinery etc	25% on reducing balance and 15% on reducing balance

Stocks

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

Taxation

The charity is exempt from corporation tax on its charitable activities

Fund accounting

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

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

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term whichever is shorter

Rentals paid under operating leases are charged to the statement of financial activity on a straight line basis over the period of the lease

Pensions

The charitable company operates a defined contribution pension scheme. Contributions payable for the year are charged in the Statement of Financial Activity

2 ACTIVITIES FOR GENERATING FUNDS

	31 3 07	31 3 06
	£	£
Cafe & kitchen sales	<u>6,147</u>	<u>4,317</u>

3 INVESTMENT INCOME

	31 3 07	31 3 06
	£	£
Deposit account interest	<u>920</u>	<u>1,463</u>

**Skye & Lochalsh
Mental Health Association**

**Notes to the Financial Statements continued
for the Year Ended 31 March 2007**

4 NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting)

	31 3 07	31 3 06
	£	£
Depreciation owned assets	7,971	9,014
Other operating leases	<u>20,580</u>	<u>19,925</u>

5 TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2007 nor for the year ended 31 March 2006

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 March 2007 nor for the year ended 31 March 2006

6 STAFF COSTS

	31 3 07	31 3 06
	£	£
Wages and salaries	112,088	127,486
Social security costs	9,101	11,555
Other pension costs	<u>5,923</u>	<u>5,330</u>
	<u>127,112</u>	<u>144,371</u>

7 OPERATING LEASE COMMITMENTS

The following operating lease payments for land and buildings are committed to be paid within one year

	31 3 07	31 3 06
	£	£
Expiring in more than five years	<u>17,500</u>	<u>17,500</u>

8 TANGIBLE FIXED ASSETS

	Short leasehold £	Equipment £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 April 2006 and 31 March 2007	<u>30,084</u>	<u>21,450</u>	<u>27,165</u>	<u>10,480</u>	<u>89,179</u>
DEPRECIATION					
At 1 April 2006	9,025	12,338	10,447	6,131	37,941
Charge for year	<u>3,009</u>	<u>1,367</u>	<u>2,508</u>	<u>1,087</u>	<u>7,971</u>
At 31 March 2007	<u>12,034</u>	<u>13,705</u>	<u>12,955</u>	<u>7,218</u>	<u>45,912</u>
NET BOOK VALUE					
At 31 March 2007	<u>18,050</u>	<u>7,745</u>	<u>14,210</u>	<u>3,262</u>	<u>43,267</u>
At 31 March 2006	<u>21,059</u>	<u>9,112</u>	<u>16,718</u>	<u>4,349</u>	<u>51,238</u>

**Skye & Lochalsh
Mental Health Association**

**Notes to the Financial Statements continued
for the Year Ended 31 March 2007**

9 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 07 £	31 3 06 £
Amounts falling due within one year		
Trade debtors	1,264	6,709
Other debtors	<u>2,917</u>	<u>2,917</u>
	<u>4,181</u>	<u>9,626</u>

10. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 07 £	31 3 06 £
Trade creditors	1,007	869
Other creditors	<u>11,268</u>	<u>13,466</u>
	<u>12,275</u>	<u>14,335</u>

Other creditors include grants of £9,212 (2006 £10,834) received for the employment of an assistant manager for the year to 31 August 2007. Amounts attributable to the five month period commencing on 1 April 2007 have been deferred in accordance with paragraph 108 of the Charity Commission for England and Wales Accounting and Reporting by Charities Statement of Recommended Practice, issued March 2005.

11 MOVEMENT IN FUNDS

	At 1 4 06 £	Net movement in funds £	Transfers between funds £	At 31 3 07 £
Unrestricted funds				
General fund	6,806	11,945		18,751
Restricted funds				
Assistant Manager		1,324		1,324
SCARF	(2,066)			(2,066)
Christina MacLeod Fund	<u>1,340</u>	<u>529</u>		<u>1,869</u>
	(726)	1,853		1,127
Endowment funds				
HIE Skye & Wester Ross	20,488	(3,174)		17,314
Highland Council MISG	<u>25,045</u>	<u>(3,880)</u>		<u>21,165</u>
	45,533	(7,054)		38,479
TOTAL FUNDS	<u>51,613</u>	<u>6,744</u>		<u>58,357</u>

**Skye & Lochalsh
Mental Health Association**

**Notes to the Financial Statements continued
for the Year Ended 31 March 2007**

11 MOVEMENT IN FUNDS continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	162,817	(150,872)	11,945
Restricted funds			
Assistant Manager	27,898	(26,574)	1,324
Lochalsh Drop In service	161	(161)	
Sessional funding	2,655	(2,655)	
SCARF			
Christina MacLeod Fund	2,463	(1,934)	529
NHS Health Improvement Fund	800	(800)	
Lochalsh & Skye Housing Grant	255	(255)	
	<u>34,232</u>	<u>(32,379)</u>	<u>1,853</u>
Endowment funds			
HIE Skye & Wester Ross		(3,174)	(3,174)
Highland Council MISG		(3,880)	(3,880)
		<u>(7,054)</u>	<u>(7,054)</u>
TOTAL FUNDS	<u>197,049</u>	<u>(190,305)</u>	<u>6,744</u>

Future funds are anticipated from the Scottish Community Action Research Fund ("SCARF") and the excess expenditure over income has been carried forward for offset against this income

12 INCORPORATION STATUS

The company is incorporated by the guarantee of its members who are obligated to contribute up to £1 00 each in the event of the winding up of its activities

**Skye & Lochalsh
Mental Health Association**

**Detailed Statement of Financial Activities
for the Year Ended 31 March 2007**

	31 3 07 £	31 3 06 £
INCOMING RESOURCES		
Voluntary income		
Donations	16,991	1,412
Core Funding Grants	140,388	140,408
Other Grants	<u>32,603</u>	<u>54,940</u>
	189,982	196,760
Activities for generating funds		
Cafe & kitchen sales	6,147	4,317
Investment income		
Deposit account interest	920	1,463
Incoming resources from charitable activities		
Training income		200
Miscellaneous income		<u>46</u>
		<u>246</u>
Total incoming resources	197,049	202,786
RESOURCES EXPENDED		
Charitable activities		
Wages	112,088	127,486
Social security	9,101	11,555
Pensions	5,923	5,330
Other operating leases	20,580	19,925
Rates and water	1,131	1,101
Insurance	1,692	1,500
Light and heat	4,338	2,523
Activity materials	472	423
Postage and stationery	812	998
Telephone	3,063	4,349
Sundries	1,022	723
Staff travel & car allowances	4,195	9,251
Socials & outings	538	851
Members expenses	713	339
Christina MacLeod expenses	1,934	2,660
Volunteers expenses	469	1,688
Bad debts	23	
Repairs & renewals	3,016	2,975
Licences & subscriptions	483	1,088
Training	103	833
Café & kitchen purchases	8,634	9,923
Advertising	266	
Add Cafe & kitchen stocks at start of year	516	491
Less Cafe & kitchen stocks at end of year	(541)	(516)
Depreciation of tangible fixed assets	7,970	9,016
Bank charges	<u>60</u>	<u>46</u>
	188,601	214,558

This page does not form part of the statutory financial statements

**Skye & Lochalsh
Mental Health Association**

**Detailed Statement of Financial Activities
for the Year Ended 31 March 2007**

	31 3 07 £	31 3 06 £
Governance costs		
Accountancy	<u>1,704</u>	<u>1,616</u>
Total resources expended	190,305	216,174
	<u> </u>	<u> </u>
Net income/(expenditure)	<u><u>6,744</u></u>	<u><u>(13,388)</u></u>

This page does not form part of the statutory financial statements