

Company registration number: SC185967

Charity registration number: SC021154

Skye and Lochalsh Mental Health Association

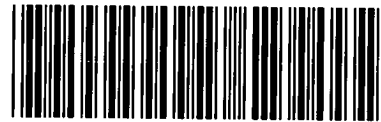
(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2019

P A Capewell FCA
Independent Examiner
A9 Accountancy Limited
Elm House
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Skye and Lochalsh Mental Health Association

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Skye and Lochalsh Mental Health Association

Reference and Administrative Details

Trustees	Mr L MacDonald Dr S Potts Ms H McLoughlin Ms C Forsyth (resigned 30 May 2019) Ms S MacDonald Mr A Gordon Dr H Mcardle Ms K Mackay (appointed 7 August 2018)
Secretary	Mr A Jones
Principal Office	Am Fasgadh Wood Park Dunvegan Road Portree Isle of Skye IV51 9HQ
Registered Office	Am Fasgadh Wood Park Dunvegan Road Portree Isle of Skye IV51 9HQ The charity is incorporated in Scotland.
Company Registration Number	SC185967
Charity Registration Number	SC021154
Solicitors	Ferguson MacSween & Stewart Bridge Road Portree Isle of Skye IV51 9ER
Bankers	Clydesdale Bank Plc Somerled Square Portree Isle of Skye IV51 9EH
Independent Examiner	P A Capewell FCA Independent Examiner A9 Accountancy Limited Elm House Cradlehall Business Park Inverness IV2 5GH

Skye and Lochalsh Mental Health Association

Chairman's Report for the Year Ended 31 March 2019

After 26 years, Skye and Lochalsh Mental Health Association (SLMHA) is proud that we continue to provide a vital support service to our members despite a challenging funding environment. Our members, people whose lives are disrupted by mental illness, receive support across Skye & Lochalsh and every day of the week. Our aim is to continue this level of service and in future to be able to support those who suffer chronic and severe mental illness in their own home.

The support provided by SLMHA takes many forms: our Portree daily drop-in at Am Fasgadh and weekly drop-in An Drochaid in Kyle gives social contact countering isolation & loneliness as well as opportunities for members to receive psychological support, assistance with benefit and housing concerns, help with making & attending appointments, a daily lunch and the chance to take part in Decider skills training or other activities organised by project staff. Following referral by their CPN, our Outreach service engages with members individually in the community. Such support helps member rebuild their lives, find stability and move forwards as they recover from or learn to manage their illness. As a consequence, hospital admission is less likely and stays can be shortened with significant post discharge support available through SLMHA, support that health & social services are currently unable to provide.

Funding cuts to health and social services, along with major benefits changes, impact particularly on people with mental illness whose confidence and coping skills are significantly impaired by their illness. Although mental health services are stated to be a government priority underfunding remains evident, all the more so in remote and rural areas. SLMHA has weathered many economic challenges and has proven that it is a resilient organisation that provides a valuable and effective service at low cost. However attracting and retaining staff, continuing to provide a meaningful service with 7 day availability and being able to adapt and grow to meet future demands and challenges requires secure and sufficient funding.

The Association has been grateful over recent years for its 3 year contracts with NHS Highland but this is now ending to be replaced by a tendering process in the next year. Third sector organisations must compete for the NHS limited budget, a challenge indeed at a time when external funding sources are also highly competitive and which are often reluctant to fund continuing projects.

Despite financial constraints, SLMHA helped 108 people in the past year, 30% of whom were new members, and it plans to continue to do so. If funding allows, the Association will register with the Care Inspectorate to allow us to offer home based support to people with severe and enduring mental illness. This requires additional staff training with considerable start up costs but we feel we are best placed to provide such support in the communities with our committed staff who have ably served our members for many years.



Dr Shirley Potts

Skye and Lochalsh Mental Health Association

Trustees' Report including the Director's Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Association is a registered Scottish charity and a company limited by guarantee. It is governed by a Board of Directors whose members are both the directors of the company and trustees of the charity.

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. All members of the Board must also be ordinary members of the Association.

Each year the Board reviews its membership and identifies any gaps that may exist, taking account of Directors' skills, knowledge and expertise as well as representation of stakeholders and of geographical areas. New invitations to join the Association and the Board are then made based on this review. Potential Board members are welcome to approach the Association and appropriate applicants will be invited to join.

Induction and training of new trustees

The Association produces a Directors' handbook which is issued to all trustees. As well as providing a "job" description and guidance on the role of Director, it summarises key information on the organisation, including activities, structure and finances. The Manager and experienced trustees make time available to discuss this and other queries. Professionally published material on the role of voluntary sector trustees is also made available.

Organisational structure

The operation and the day to day delivery of the service at Am Fasgadh to our members is delegated to the managers Alex Jones and 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.

Skye and Lochalsh Mental Health Association

Trustees' Report including the Director's Report

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 are confident that these provide reasonable, but not absolute, protection against material misstatement and loss.

Use of volunteers

In accordance with the Service Delivery Contract, the delivery of core services is not reliant on volunteers. The Association aims to create an environment in which members are involved in the daily running of the centre and also provides placements for individuals on employment schemes and community payback orders. Any activity that would be considered restricted work and require PVG scheme membership will only be carried out by paid members of staff.

The furniture project is reliant on volunteers, drawn as far as possible from the members of the Association. The trustees promote this as a way of developing members' skills and confidence and in order to break down stigma by raising the public profile of the Association. In the year under review the project used an average of 8 hours a week of voluntary work.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The object of the company in the year under review was to support adults in Skye and Lochalsh who are affected by problems resulting from mental illness including stress, social isolation and addiction. To this end the company provides support services directly to its members through its drop-in centre and through outreach work.

Mental health services

SLMHA supported 108 people in the year under review. The largest part of the service is Am Fasgadh, our drop-in centre in Portree, which was used by 88 people. It provides a place to meet people and access social and emotional support, low cost food, internet access, laundry facilities and games and activities. An Drochaid, our weekly Lochalsh drop-in, was used by 24 people.

The drop-in service supports members with their mental health in many ways depending on their individual circumstances. First and foremost it provides a safe and welcoming environment in which they can meet people and escape the social isolation that so often accompanies mental illness. A significant percentage of our members say that they have no other social contacts. It also offers a place to talk through day to day concerns, difficulties and anxieties as they arise.

The key features of the service are the immediacy of support and the relationship of trust members develop. The degree of anxiety that can be caused by simple events such as a summons to a medical assessment or an overdue bill is often not appreciated. Situations with the potential to snowball into a full blown crisis can be resolved simply with the right support but it has to be available straight away. Making a future appointment with an advice service isn't enough because panic and unwise responses can cause considerable harm in the intervening time. Our members are also far more likely to address and follow up a problem when supported by someone they know well and trust. It often takes encouragement and persuasion to get someone to go to the doctor, appeal a benefits decision or get professional advice on a problem. The same support also greatly improves the chances of that leading to changes that are sustained. Our members tell us that it is far easier to turn to us than to someone they would have to tell their story to from the beginning.

Outreach support is provided to clients referred by the Community Psychiatric Nurses. The project supported 25 such clients during the year, including some of the most vulnerable and isolated people in our community. This is funded by NHS Highland in addition to the Service Delivery Contract.

Skye and Lochalsh Mental Health Association

Trustees' Report including the Director's Report

We have continued to provide Decider Skills training in partnership with the Community Psychiatric Nurses. This is either a 4 week or 8 week programme based on cognitive behavioural therapy which teaches emotional self-management and better ways of responding to crisis. The nursing team are required to offer it throughout Highland but without this partnership they would be unable to do so in Skye because of staff shortages. 5 courses have now been completed along with graduate sessions for those who have completed them.

In addition to the core support, we provided informal advocacy by speaking to other services on their behalf, attending meetings and appointments with them or helping with letters. Support of this kind significantly increases the likelihood of members keeping appointments. It often happens that people faced with a problem don't know where to turn and, lacking confidence, would take no action if they couldn't share the problem with someone they trust.

We help extensively with financial matters, including support with benefits applications, personal budgets and financial planning. Support is particularly needed by those whose benefit payments are stopped because they fail to attend appointments or respond to letters. This is a particular risk for people with mental health problems. A lot of work goes into preventing sanctions and no regular service users were sanctioned in the year under review.

Another aspect of the service is support with housing issues and maintaining tenancies. No regular service users were made homeless during the year under review (although some people first contacted the service while in the process of fleeing abuse which led to them becoming homeless).

Of all our clients, 30% used our services for the first time in the year under review. Half of these were self-referrals and half were referred by their GP or by the community psychiatric services.

In the year under review grants were received from the Robertson Trust towards the cost of opening Am Fasgadh at the Peoples Health Trust towards the cost of An Drochaid.

Furniture project

The Association accepts donations of furniture and household goods that are no longer needed and passes them on for a donation to those in need. The Board are delighted to have received from Highland Cross a brand new van and 2 container units for storage of furniture. The project continues to provide volunteering experience to members of the Association and to deliver essential items to those in need on a weekly basis. Over the past few years it has also generated a surplus of £5,000 which was released to the Association's general fund this year. The generous support of Highland Cross means running costs will be considerably reduced in the coming years, and improved storage together with the use of social media will allow us to pass on larger volumes of goods, supporting the local community and generating further financial surpluses.

FINANCIAL REVIEW

NHS Highland's review of the way it commissions services from the voluntary sector has been extended for a further year, leaving all organisations in the sector uncertain regarding the future. Funding levels continue to remain frozen despite rising salary costs.

In this difficult context the Trustees are pleased to have broken even in the year under review, and to have been able to release surplus funds generated by the furniture project to bring the level of financial reserves close to their target level. The current uncertainty makes the reserve fund more important than ever.

Skye and Lochalsh Mental Health Association

Trustees' Report including the Director's Report

Reserves Policy

The company aims to retain 25% of its total annual expenditure as unrestricted undesignated reserves. At this time the trustees feel this is necessary to afford the Association time to make alternative plans in the event of further cuts or loss of funding.

As indicated in the balance sheet at 31 March 2019, unrestricted undesignated reserves stood at £43,805 (2018 £38,562), equivalent to 22% of annual expenditure.

Investment Performance

As expected, low interest rates meant that income from investment was very small in the year under review. This situation appears likely to continue and future budgets are being prepared on this assumption.

Principal Funding Sources

The majority of our income in the year under review was from NHS Highland, through a service delivery contract for the core service and payments for outreach support. This was supplemented by grants from The Peoples Health Trust and The Robertson Trust.

Investment Policy and Objectives

The Memorandum and Articles of Association place no restrictions upon the investment powers of the trustees. All funds not likely to be required in the next month are placed in a 30 day deposit account at the company's usual bankers.

FUTURE DEVELOPMENTS

The Trustees are aware of future developments for which there is a need and are especially interested in offering individual support packages to clients with severe and enduring mental health problems, and in improving the training available to its staff. Due to the uncertainty surrounding long term funding while NHS Highland reviews its commissioning of services from the third sector, the Trustees have regretfully decided that it is not possible to plan for sustainable new developments in the coming year. The Association remains focused on securing a long term contract and other secure sources of funding for its current services. The Trustees therefore consider it appropriate to prepare the accounts on a going concern basis.

Skye and Lochalsh Mental Health Association

Trustees' Report including the Director's Report

Statement of Trustees' and Directors' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

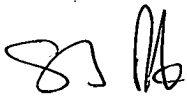
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed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

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

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 27 June 2019 and signed on its behalf by:



.....
Dr S Potts
Trustee

Skye and Lochalsh Mental Health Association

Independent Examiner's Report to the trustees of Skye and Lochalsh Mental Health Association

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 March 2019 which are set out on pages 9 to 23.

Respective responsibilities of trustees and examiner

As the charity's trustees of Skye and Lochalsh Mental Health Association (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act') and in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The trustees consider that an audit is not required for this year under Regulation 10(1) (a) to (c) of the Accounts Regulations. 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 was 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 seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

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

- 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 Accounting 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.



.....
P. A. Capewell FCA
Independent Examiner

A9 Accountancy Limited
Elm House
Cradlehall Business Park
Inverness
IV2 5GH

27 June 2019

Skye and Lochalsh Mental Health Association

Statement of Financial Activities for the Year Ended 31 March 2019 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Income and Endowments from:					
Donations and legacies	3	10,579	9,579	20,158	27,651
Charitable activities	4	158,198	44,000	202,198	160,796
Investment income	5	212	-	212	65
Total Income		<u>168,989</u>	<u>53,579</u>	<u>222,568</u>	<u>188,512</u>
Expenditure on:					
Charitable activities	6	<u>(168,493)</u>	<u>(31,625)</u>	<u>(200,118)</u>	<u>(195,006)</u>
Total Expenditure		<u>(168,493)</u>	<u>(31,625)</u>	<u>(200,118)</u>	<u>(195,006)</u>
Net income/(expenditure)		<u>496</u>	<u>21,954</u>	<u>22,450</u>	<u>(6,494)</u>
Net movement in funds		496	21,954	22,450	(6,494)
Reconciliation of funds					
Total funds brought forward		<u>51,476</u>	<u>303</u>	<u>51,779</u>	<u>58,273</u>
Total funds carried forward	16	<u>51,972</u>	<u>22,257</u>	<u>74,229</u>	<u>51,779</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2018 is shown in note 16.

Skye and Lochalsh Mental Health Association

(Registration number: SC185967)
Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	38,763	9,903
Current assets			
Stocks	12	940	600
Debtors	13	6,400	6,387
Cash at bank and in hand		69,292	45,794
		<u>76,632</u>	<u>52,781</u>
Creditors: Amounts falling due within one year	14	<u>(41,166)</u>	<u>(10,905)</u>
Net current assets		<u>35,466</u>	<u>41,876</u>
Net assets		<u>74,229</u>	<u>51,779</u>
Funds of the charity:			
Restricted funds		22,257	303
Unrestricted income funds			
Unrestricted funds		<u>51,972</u>	<u>51,476</u>
Total funds	16	<u>74,229</u>	<u>51,779</u>

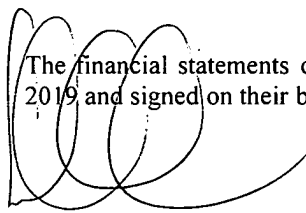
For the financial year ending 31 March 2019 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

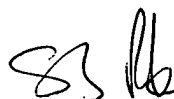
- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

The financial statements on pages 9 to 23 were approved by the trustees, and authorised for issue on 27 June 2019 and signed on their behalf by:



Mr L MacDonald
Trustee



Dr S Potts
Trustee

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Charity status

The charity is limited by guarantee, incorporated in Scotland, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

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

The principal place of business is:

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

These financial statements were authorised for issue by the trustees on 27 June 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)) and the Companies Act 2006.

Basis of preparation

Skye and Lochalsh Mental Health Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. These conditions are outlined in the trustees' report. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

Judgements

The use of judgement when applying accounting policies is not deemed to have had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The use of judgement when applying accounting policies is not deemed to have had a significant effect on the amounts recognised in the financial statements.

Income and endowments

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

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Income from government and other grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income

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

Charitable activities

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in this category provides funding to support programme activities.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

Charitable activities

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.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Impairment of fixed assets

Intangible and tangible fixed assets are reviewed for impairment when changes in circumstances or events indicate that the carrying value of the fixed assets may not be recoverable. An impairment loss is recognised where the recoverable amount is less than the carrying value.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

3 Income from donations and legacies

	Unrestricted funds			
	General £	Restricted funds £	Total 2019 £	Total 2018 £
Donations and legacies;				
Donations from individuals	7,579	-	7,579	5,524
Grants, including capital grants;				
Grant from other agencies	3,000	9,579	12,579	22,127
	<u>10,579</u>	<u>9,579</u>	<u>20,158</u>	<u>27,651</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

4 Income from charitable activities

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	General £	£	£	£
NHS Highland Trust	143,213	44,000	187,213	158,213
Cafe	1,328	-	1,328	281
Financial Inclusion Projects	687	-	687	247
Furniture Project	12,940	-	12,940	2,055
Training	30	-	30	-
	<u>158,198</u>	<u>44,000</u>	<u>202,198</u>	<u>160,796</u>

5 Investment income

	Unrestricted funds	Total 2019	Total 2018
	General £	£	£
Interest receivable and similar income;			
Interest receivable on bank deposits	<u>212</u>	<u>212</u>	<u>65</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

6 Expenditure on charitable activities

	Note	Unrestricted funds		Restricted funds	Total 2019	Total 2018
		Designated £	General £			
Cafe		-	2,650	-	2,650	2,810
Furniture Project		3,600	-	-	3,600	1,346
In Kind Direct		-	2,426	-	2,426	2,443
Depreciation, amortisation and other similar costs		9,382	1,214	46	10,642	2,152
Staff costs	9	-	102,655	29,387	132,042	140,375
Allocated support costs	7	157	44,311	2,192	46,660	43,611
Governance costs	7	-	2,098	-	2,098	2,269
		<u>13,139</u>	<u>155,354</u>	<u>31,625</u>	<u>200,118</u>	<u>195,006</u>

7 Analysis of governance and support costs

Charitable activities expenditure

	Unrestricted funds		Restricted funds	Total 2019	Total 2018
	Designated £	General £			
Advertising	-	1,348	-	1,348	137
Bank charges	-	84	-	84	56
Establishment costs	-	8,014	-	8,014	6,680
Office expenses	-	5,716	-	5,716	3,879
Subscriptions	-	2,022	-	2,022	2,138
Rent	-	22,858	-	22,858	22,093
Sundry and other costs	157	2,198	-	2,355	2,736
Travel and subsistence	-	2,071	2,192	4,263	5,892
	<u>157</u>	<u>44,311</u>	<u>2,192</u>	<u>46,660</u>	<u>43,611</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

Governance costs

	Unrestricted funds		
	General	Total	Total
	£	2019 £	2018 £
Independent examiner fees			
Examination of the financial statements	1,991	1,991	2,016
Other fees paid to examiners	-	-	205
Legal and professional fees	107	107	48
	<u>2,098</u>	<u>2,098</u>	<u>2,269</u>

8 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses from the charity during the year.

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

9 Staff costs

The aggregate payroll costs were as follows:

	2019 £	2018 £
Staff costs during the year were:		
Wages and salaries	122,084	128,801
Social security costs	5,795	6,811
Pension costs	4,127	4,127
Other staff costs	36	636
	<u>132,042</u>	<u>140,375</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2019 No	2018 No
Project workers	<u>8</u>	<u>7</u>

5 (2018 - 5) of the above employees participated in the Defined Contribution Pension Schemes.

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the charity were £59,881 (2018 - £60,211).

10 Independent examiner's remuneration

	2019 £	2018 £
Examination of the financial statements	<u>1,991</u>	<u>2,016</u>
Other fees to examiners		
All other tax advisory services	<u>-</u>	<u>205</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

11 Tangible fixed assets

	Freehold interest in land and buildings (including heritage assets) £	Fixtures, fittings and equipment £	Plant and machinery including motor vehicles £	Total £
Cost				
At 1 April 2018	30,084	33,170	61,818	125,072
Additions	-	-	42,000	42,000
Disposals	-	-	(30,514)	(30,514)
At 31 March 2019	<u>30,084</u>	<u>33,170</u>	<u>73,304</u>	<u>136,558</u>
Depreciation				
At 1 April 2018	30,084	28,340	56,745	115,169
Charge for the year	-	1,638	9,731	11,369
Eliminated on disposals	-	-	(28,743)	(28,743)
At 31 March 2019	<u>30,084</u>	<u>29,978</u>	<u>37,733</u>	<u>97,795</u>
Net book value				
At 31 March 2019	<u>-</u>	<u>3,192</u>	<u>35,571</u>	<u>38,763</u>
At 31 March 2018	<u>-</u>	<u>4,830</u>	<u>5,073</u>	<u>9,903</u>

12 Stock

	2019 £	2018 £
Stocks	<u>940</u>	<u>600</u>

13 Debtors

	2019 £	2018 £
Prepayments	4,492	4,255
Other debtors	<u>1,908</u>	<u>2,132</u>
	<u>6,400</u>	<u>6,387</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	205
Other taxation and social security	3,515	1,668
Other creditors	4,562	5,296
Accruals	2,489	2,594
Deferred income	30,600	1,142
	<u>41,166</u>	<u>10,905</u>

Deferred income relates to grants and donations received by the charity for assets. The income will be released over the economic life of the asset.

15 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Land and buildings		
Within one year	22,093	22,093
Between one and five years	88,372	88,372
After five years	309,302	331,395
	<u>419,767</u>	<u>441,860</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

16 Funds

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2019 £
Unrestricted funds					
<i>General</i>					
Unrestricted fund	38,562	155,597	(155,354)	5,000	43,805
<i>Designated</i>					
HIE Skye and Wester Ross	951	-	(207)	-	744
Highland Council MISG	1,166	-	(254)	-	912
Benefactor	-	452	(54)	-	398
Van	2,928	-	(2,928)	-	-
Furniture project	4,692	12,940	(9,343)	(5,000)	3,289
Centre furniture	1,305	-	(196)	-	1,109
Branching out	1,872	-	(157)	-	1,715
	<u>12,914</u>	<u>13,392</u>	<u>(13,139)</u>	<u>(5,000)</u>	<u>8,167</u>
Total Unrestricted funds	<u>51,476</u>	<u>168,989</u>	<u>(168,493)</u>	<u>-</u>	<u>51,972</u>
Restricted funds					
Highland Council Ward	303	-	(46)	-	257
NHS Highland	-	44,000	(22,000)	-	22,000
Robertson Trust	-	5,500	(5,500)	-	-
People's Health Trust	-	4,079	(4,079)	-	-
	<u>303</u>	<u>53,579</u>	<u>(31,625)</u>	<u>-</u>	<u>22,257</u>
Total restricted funds	<u>303</u>	<u>53,579</u>	<u>(31,625)</u>	<u>-</u>	<u>22,257</u>
Total funds	<u>51,779</u>	<u>222,568</u>	<u>(200,118)</u>	<u>-</u>	<u>74,229</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Balance at 31 March 2018 £
Unrestricted funds				
<i>General</i>				
Unrestricted fund	44,156	156,196	(161,790)	38,562
<i>Designated</i>				
HIE Skye and Wester Ross	1,195	-	(244)	951
Highland Council MISG	1,464	-	(298)	1,166
Benefactor	-	134	(134)	-
Van	3,518	-	(590)	2,928
Furniture project	3,983	2,055	(1,346)	4,692
Centre furniture	1,535	-	(230)	1,305
Branching out	2,066	-	(194)	1,872
	<u>13,761</u>	<u>2,189</u>	<u>(3,036)</u>	<u>12,914</u>
Total unrestricted funds	<u>57,917</u>	<u>158,385</u>	<u>(164,826)</u>	<u>51,476</u>
Restricted funds				
Highland Council Ward	356	-	(53)	303
NHS Highland	-	15,000	(15,000)	-
Robertson Trust	-	5,500	(5,500)	-
People's Health Trust	-	9,627	(9,627)	-
	<u>356</u>	<u>30,127</u>	<u>(30,180)</u>	<u>303</u>
Total restricted funds	<u>356</u>	<u>30,127</u>	<u>(30,180)</u>	<u>303</u>
Total funds	<u><u>58,273</u></u>	<u><u>188,512</u></u>	<u><u>(195,006)</u></u>	<u><u>51,779</u></u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2019

The specific purposes for which the funds are to be applied are as follows:

HIE Skye & Wester Ross and Highland Council MISG designated funds have been fully expended and are held against fixed assets with depreciation being charged against the fund.

The Benefactors' designated fund has continued to be used to meet members expenses and activities, out with the core services provided. Outgoing resources represent expenses for the benefactor activities and depreciation against assets which were purchased by the fund.

The Van designated funds outgoing resources include depreciation of the van used in the furniture project.

The furniture project collects items of unwanted furniture from the surrounding area and supplies it to those who have been homeless or have every little due to poverty and ill health.

Designated funds totalling £2,500 were received to purchase new furniture for the centre. These have have been fully expended and are held against fixed assets with depreciation being charged against the fund.

The Highland Council provided a ward grant for the purchase testing equipment, patio furniture and a loft ladder. This has been fully expended and are held against fixed assets with depreciation being charged against the fund.

NHS Highland provided a grant to support individuals with substance misuse and other mental health issues in collaboration with Skye & Lochalsh community mental health service.

The Robertson Trust provided a grant to support the drop in centre weekend service and the grant received was fully expended in the year for that purpose.

The People's HealthTrust provided a grant for the An Drochaid project and the grant received was fully expended in the year for that purpose.

The designated Branching Out fund includes incoming resources from Highland Third Interface and is held by the charity for a mental health project which is a joint initiative between NHS Highland and the Forestry Commission. It is not a constituted group and cannot receive the money directly therefore the charity holds this money on their behalf.

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	38,506	257	38,763
Current assets	54,632	22,000	76,632
Current liabilities	(41,166)	-	(41,166)
Total net assets	<u>51,972</u>	<u>22,257</u>	<u>74,229</u>