

Charity registration number SC021154 (Scotland)

Company registration number SC185967 (Scotland)

**SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION  
(A COMPANY LIMITED BY GUARANTEE)  
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**



# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Trustees

Ms E C Bouwmeester  
Ms C Forsyth  
Mr L Macdonald  
Ms S Macdonald  
Ms K Mackay  
Dr H Mcardle  
Ms H Mcloughlin  
Dr S Potts  
Dr G Terry

### Secretary

Ms S Mackenzie

### Charity number (Scotland)

SC021154

### Company number

SC185967

### Registered office

Am Fasgadh  
Woodpark  
Dunvegan Road  
Portree  
Isle Of Skye  
Scotland  
IV51 9HQ

### Independent examiner

Hollie Mackay CA  
Independent Examiner  
A9 Accountancy Limited  
Cradlehall Business Park  
United Kingdom  
IV2 5GH

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# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

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# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## CHAIRMAN'S STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2023

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A realisation by a small group of committed & forward thinking local people that there was a significant unmet need in provision of support for people with mental illness led to the opening of the Cabin in 1993, the foundation of what was to become Skye and Lochalsh Mental Health Association (SLMHA). Thirty years on, it is encouraging to reflect on and appreciate what has been achieved. The ethos of the organisation has always been to provide a service for our members and directed by the members, to grow organically from the grassroots up and to remain flexible and responsive to our members' needs and wishes. This is not necessarily the easiest path to follow, and it is of great credit to our staff and particularly our manager Sandra MacKenzie and her past colleague Alex Jones that the founding principles have remained embedded in the work of the organisation.

Am Fasgadh, "the Haven", is the hub of SLMHA. Acquired in 2003, the drop-in centre has provided a daily service to our members including weekend opening since 2007; prior to that, weekends were a challenging time for people with mental illness struggling to cope day to day and unable to obtain mental health support. For members, the knowledge that Am Fasgadh is open, and the staff are there can provide reassurance and safety net that prevents a stress turning into a crisis. That knowledge and reassurance extends to the Community Mental Health Team who have grown to rely on the work of SLMHA as an integral part of their service and critical in maintaining mental health support when provision of statutory services is continually compromised.

From a membership of 12 in 1997 we now have 118 members attending our 7 day a week service as well as providing indirect support for another 30 people on an ad hoc basis. Five of the original 12 members are still with us and receiving support on a daily basis at Am Fasgadh, in their homes or by phone. Overall attendance over the past year is 25% up on the previous year with over 4000 sign-ins at Am Fasgadh.

Since the early days of the association, a weekly drop-in service, An Drochaid, has operated in Kyle of Lochalsh or Kyleakin to try and improve access for members living in South Skye or Lochalsh. Although it has for the large part been successful, our team believe that we need a more established presence to meet the undoubted needs of people living there and to employ a project worker who would be based in the area.

Funding is a perennial challenge and has been since the inception although since 2006 we have received an annual sum from Highland Council/ NHS Highland initially as a grant but since 2009 as a Service Level Agreement. This core funding started at £140,408 peaked in 2010 at £146,758 but was subsequently cut and frozen at its current level of approx. £143,000 since requiring significant cost savings and fundraising efforts by SLMHA over the intervening years.

The annual operational cost of SLMHA is approximately £210,000 making an overall service cost of £6.35 per member hour, based on an average of 11 members attending daily, 68% of which is met by the SLA funding from NHS Highland. It would cost NHH three times as much for a comparable support service through SDS funding so we would argue that our model provides an incredibly cost-efficient service that truly does meet the needs of our members. Unfortunately, this funding is under significant threat with a delayed review and tendering process in NHH finally getting underway later this year.

Highland Third Sector Interface has funded our weekend opening and we received an additional £22,000 from NHH for support work and group work. A substantial grant from Highland & Islands Enterprise covered much of the cost of upgrading our kitchen to catering standards, a huge step up from what we had previously and which will facilitate a greater range of activities. We thank these organisations and the local charities, individuals and the Coop, all of whom continue to support our work.

SLMHA has great potential to grow and enhance its service provision. The fact that the local community respects and values the service is reflected in the support given by over 70 local businesses who have donated very generous prizes for our 30 year celebration fund raising raffle. We were the nominated charity for this year's Skye half marathon and an open day and ceilidh on 30th June will raise our community profile further.

Looking to the future, aside from securing our funding, we want to reach out more into outlying communities where we know the need is as pressing as elsewhere. In addition, we would like to develop our service to better support young people with the aim of mitigating the life consequences of mental illness and helping them secure a meaningful future.

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## CHAIRMAN'S STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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.....  
Dr S Potts

Co-chairperson

Date: 7/7/23

# **SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION**

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

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

### **Objectives and activities**

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.

### **Achievements and performance**

#### **Mental health services**

SLMHA supported 93 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 84 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 9 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 16 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.

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, most especially this year due to the additional financial pressures people are under. 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.

14 new clients used our services for the first time in the year under review. 12 of whom were referred by their GP or CPN and 2 that self-referred.

# **SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION**

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

### **FOR THE YEAR ENDED 31 MARCH 2023**

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#### **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 project continues to provide volunteering experience to members of the Association and to deliver essential items to those in need on a weekly basis. We were lucky this past year to have a regular volunteer who was able to commit to a regular slot which is really helpful.

#### **Financial review**

The Trustees have been having ongoing discussions with NHS Highland regarding the future of our funding. They have committed to this financial years' package of funding and further meetings have been set up to discuss the future package of funding.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to 25% of its running costs which would be around £45,000. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. The unrestricted undesignated reserves at the 31 March 2023 was £44,727 (2022 £57,199) and therefore just short of the reserves policy. This is due to the charity having to contribute 5% towards the Highlands and Islands Enterprise funding in the year for the kitchen upgrade which was a one off cost. Funding for 2023/24 has been secured so the reserves policy will be achieved going forward.

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 Mental Health and Wellbeing Fund to support the reopening of the weekend service, this money covers the period from the end of December 2022 until 31 March 2023.

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.

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.

#### **Plans for future periods**

We now commission a fundraiser and development consultant who is working closely with the manager and the trustees to find and apply for funding, seek out new opportunities for future development and to build the associations resilience. We have had mixed results this year, however have a number of applications awaiting results.

#### **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.

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

Ms E C Bouwmeester

Ms C Forsyth

Mr L Macdonald

Ms S Macdonald

Ms K Mackay

Dr H Mcardle

Ms H Mcloughlin

Dr S Potts

Dr G Terry

Mr N Clapperton

(Resigned 6 May 2023)

# **SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION**

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

### **FOR THE YEAR ENDED 31 MARCH 2023**

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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.

#### **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.

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

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.

#### **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, and in the year under review these were all drawn 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.

No transactions with related parties arose during the year.



# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

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

FOR THE YEAR ENDED 31 MARCH 2023

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### Statement of Trustees' and Directors' Responsibilities

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

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was approved by the Board of Trustees.



Dr S Potts  
Trustee

30 June 2023

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

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I report on the financial statements of the charity for the year ended 31 March 2023, which are set out on pages 8 to 23.

#### **Respective responsibilities of trustees and examiner**

The charity's trustees, who are also the directors of Skye And Lochalsh Mental Health Association for the purposes of company law, are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investments (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The 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 financial statements 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 statement**

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 financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the view given by the financial statements.

#### **Independent examiner's statement**

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

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



Hollie Mackay CA  
A9 Accountancy Limited

Elm House  
Cradlehall Business Park  
Inverness  
IV2 5GH  
United Kingdom

Dated: 13/2/23

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

### Current financial year

		Unrestricted funds general 2023 £	Unrestricted funds designated 2023 £	Restricted funds 2023 £	Total 2023 £	Total 2022 £
	Notes					
<b><u>Income from:</u></b>						
Donations and legacies	3	9,960	-	60,025	69,985	48,023
Charitable activities	4	155,678	5,023	-	160,701	163,380
Investments	5	40	-	-	40	33
<b>Total income</b>		<b>165,678</b>	<b>5,023</b>	<b>60,025</b>	<b>230,726</b>	<b>211,436</b>
<b><u>Expenditure on:</u></b>						
Charitable activities	6	193,363	3,525	36,240	233,128	208,645
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(27,685)</b>	<b>1,498</b>	<b>23,785</b>	<b>(2,402)</b>	<b>2,791</b>
Gross transfers between funds		15,213	-	(15,213)	-	-
<b>Net (expenditure)/income for the year/ Net movement in funds</b>		<b>(12,472)</b>	<b>1,498</b>	<b>8,572</b>	<b>(2,402)</b>	<b>2,791</b>
Fund balances at 1 April 2022		57,199	26,497	37,603	121,299	118,508
<b>Fund balances at 31 March 2023</b>		<b>44,727</b>	<b>27,995</b>	<b>46,175</b>	<b>118,897</b>	<b>121,299</b>

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

All income and expenditure derive from continuing activities.

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

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

Prior financial year

		Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Total 2022 £
	Notes				
<b><u>Income from:</u></b>					
Donations and legacies	3	12,023	-	36,000	48,023
Charitable activities	4	160,379	3,001	-	163,380
Investments	5	33	-	-	33
<b>Total income</b>		<b>172,435</b>	<b>3,001</b>	<b>36,000</b>	<b>211,436</b>
<b><u>Expenditure on:</u></b>					
Charitable activities	6	181,792	4,570	22,283	208,645
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(9,357)</b>	<b>(1,569)</b>	<b>13,717</b>	<b>2,791</b>
<b>Net (expenditure)/income for the year/ Net movement in funds</b>		<b>(9,357)</b>	<b>(1,569)</b>	<b>13,717</b>	<b>2,791</b>
Fund balances at 1 April 2021		66,556	28,066	23,886	118,508
<b>Fund balances at 31 March 2022</b>		<b>57,199</b>	<b>26,497</b>	<b>37,603</b>	<b>121,299</b>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	11		61,228		22,159
<b>Current assets</b>					
Stocks	12	1,250		1,075	
Debtors	13	6,149		8,328	
Cash at bank and in hand		60,142		97,809	
		67,541		107,212	
<b>Creditors: amounts falling due within one year</b>	14	(9,872)		(8,072)	
Net current assets			57,669		99,140
<b>Total assets less current liabilities</b>			118,897		121,299
<b>Income funds</b>					
Restricted funds	15		46,175		37,603
<u>Unrestricted funds</u>					
Designated funds	16	27,995		26,497	
General unrestricted funds		44,727		57,199	
			72,722		83,696
			118,897		121,299

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

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

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

The financial statements were approved by the Trustees on 30 June 2023

  
Mr L Macdonald  
Trustee

  
Dr S Potts  
Trustee

Company registration number SC185967

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### Charity information

Skye And Lochalsh Mental Health Association is a private company limited by guarantee incorporated in Scotland. The registered office is Am Fasgadh, Woodpark, Dunvegan Road, Portree, Isle Of Skye, IV51 9HQ, Scotland.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

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

The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy notes. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

##### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation. Donated assets are recognised at their fair value.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

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.

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.

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.

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

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

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

#### 1.6 Tangible fixed assets

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

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

Freehold land and buildings	Over 10 years
Plant and equipment	25% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

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

#### 1.7 Impairment of fixed assets

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

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

(Continued)

##### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

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

##### 1.9 Cash and cash equivalents

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

##### 1.10 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Basic financial liabilities**

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

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

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

##### **Derecognition of financial liabilities**

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



# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

##### 1.11 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.

##### 1.12 Employee benefits

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

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

##### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 2 Critical accounting estimates and judgements

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

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

##### Key sources of estimation uncertainty

##### Depreciation of tangible fixed assets

The depreciation of tangible fixed assets is a key area of estimation. The useful life and residual value of fixed assets is considered and a depreciation rate applied accordingly. Details of the depreciation policies applied can be found in the accounting policies section of the notes to the financial statements. The depreciation charge for the year amounts to £12,179 (2022 £5,708) and the carrying value of fixed assets at the year end amounts to £61,228 (2022 £22,159).

#### 3 Donations and legacies

	Unrestricted funds general	Restricted funds	Total	Total
	2023	2023	2023	2022
	£	£	£	£
Donations and gifts	9,960	-	9,960	12,023
Grants received	-	60,025	60,025	36,000
	<u>9,960</u>	<u>60,025</u>	<u>69,985</u>	<u>48,023</u>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 3 Donations and legacies (Continued)

##### Grants receivable for core activities

Highland Third Sector Interface	-	22,812	22,812	14,000
NHS Highland	-	22,000	22,000	22,000
Highlands and Islands Enterprise	-	15,213	15,213	-
	-	60,025	60,025	36,000

#### 4 Charitable activities

	Charitable Income 2023 £	Charitable Income 2022 £
NHS Highland Trust	143,213	143,213
Cafe	9,651	14,878
Financial Inclusion Project	2,814	2,288
Furniture Projects	5,023	3,001
	160,701	163,380
<b>Analysis by fund</b>		
Unrestricted funds - general	155,678	160,379
Unrestricted funds - designated	5,023	3,001
	160,701	163,380

#### 5 Investments

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Interest receivable	40	33

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 6 Charitable activities

	Charitable Expenditure 2023 £	Charitable Expenditure 2022 £
Staff costs	161,768	138,212
Cafe	4,375	10,496
In Kind Direct	2,386	1,738
Depreciation, amortisation and other similar costs	12,049	5,708
	<u>180,578</u>	<u>156,154</u>
Share of support costs (see note 7)	50,232	50,228
Share of governance costs (see note 7)	2,318	2,263
	<u>233,128</u>	<u>208,645</u>
<b>Analysis by fund</b>		
Unrestricted funds - general	193,363	181,792
Unrestricted funds - designated	3,525	4,570
Restricted funds	36,240	22,283
	<u>233,128</u>	<u>208,645</u>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 7 Support costs

	Support costs	Governance costs	2023	Support costs	Governance costs	2022
	£	£	£	£	£	£
Bank charges	205	-	205	33	-	33
Establishment Costs	11,660	-	11,660	10,639	-	10,639
Office Expenses	5,570	-	5,570	4,845	-	4,845
Subscriptions	3,851	-	3,851	3,146	-	3,146
Rent	22,917	-	22,917	22,765	-	22,765
Sundry and other costs	1,590	-	1,590	3,475	-	3,475
Travel and subsistence	2,021	-	2,021	3,960	-	3,960
Fundraising and project development	2,418	-	2,418	1,365	-	1,365
Independent examiners fees	-	2,318	2,318	-	2,250	2,250
Legal and professional fees	-	-	-	-	13	13
	<u>50,232</u>	<u>2,318</u>	<u>52,550</u>	<u>50,228</u>	<u>2,263</u>	<u>52,491</u>
Analysed between Charitable activities	<u>50,232</u>	<u>2,318</u>	<u>52,550</u>	<u>50,228</u>	<u>2,263</u>	<u>52,491</u>

Governance costs includes payments to the independent examiner of £2,318 (2022- £2,250) for independent examination fees.

### 8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

### 9 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
	<u>7</u>	<u>6</u>
Employment costs	2023 £	2022 £
Wages and salaries	146,790	126,687
Social security costs	8,396	6,338
Other pension costs	6,582	5,187
	<u>161,768</u>	<u>138,212</u>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 9 Employees

(Continued)

4 (2022 - 4) of the employees participated in the Defined Contribution Pension Schemes.

The total employee benefits of key management personnel of the charity were £41,539 (2021 - £46,374 ).

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

#### 10 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

#### 11 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2022	30,084	41,974	35,450	34,000	141,508
Additions	-	190	51,058	-	51,248
At 31 March 2023	30,084	42,164	86,508	34,000	192,756
<b>Depreciation and impairment</b>					
At 1 April 2022	30,084	33,816	32,207	23,242	119,349
Depreciation charged in the year	-	1,196	8,294	2,689	12,179
At 31 March 2023	30,084	35,012	40,501	25,931	131,528
<b>Carrying amount</b>					
At 31 March 2023	-	7,152	46,007	8,069	61,228
At 31 March 2022	-	8,158	3,243	10,758	22,159

#### 12 Stocks

	2023 £	2022 £
Finished goods and goods for resale	1,250	1,075

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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**13 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Other debtors	520	2,136
Prepayments and accrued income	5,629	6,192
	<u>6,149</u>	<u>8,328</u>

**14 Creditors: amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Other taxation and social security	2,837	-
Trade creditors	370	-
Other creditors	4,240	5,762
Accruals and deferred income	2,425	2,310
	<u>9,872</u>	<u>8,072</u>

## SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

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

#### 15 Restricted funds

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

	Movement in funds			Movement in funds			Transfers	Balance at 31 March 2023
	Balance at 1 April 2021	Incoming resources	Resources expended	Balance at 1 April 2022	Incoming resources	Resources expended		
	£	£	£	£	£	£	£	£
Highland Council Ward	186	-	(28)	158	-	(23)	-	135
NHS Highland	22,000	22,000	(22,000)	22,000	22,000	(22,000)	-	22,000
Portree & Braes Community Trust	1,700	-	(255)	1,445	-	(217)	-	1,228
Mental Health & Wellbeing Fund	-	14,000	-	14,000	22,812	(14,000)	-	22,812
Highlands and Islands Enterprise	-	-	-	-	15,213	-	(15,213)	-
	<u>23,886</u>	<u>36,000</u>	<u>(22,283)</u>	<u>37,603</u>	<u>60,025</u>	<u>(36,240)</u>	<u>(15,213)</u>	<u>46,175</u>

The Portree & Braes Community Trust grant was for the purchase of a gazebo for the outdoor area. This has been fully expended and are held against fixed assets with depreciation being charged against the fund.

The Mental Health and Wellbeing Fund is to support the reopening of the weekend service.

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 Highlands and Islands Enterprise grant was received to upgrade the kitchen to catering standards. As the grant was used for this purpose during the period, there was a transfer to unrestricted funds at the year end.

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 16 Designated funds

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

	Movement in funds			Movement in funds			
	Balance at 1 April 2021	Incoming resources	Resources expended	Balance at 1 April 2022	Incoming resources	Resources expended	Balance at 31 March 2023
	£	£	£	£	£	£	£
HIE Skye and Wester Ross	418	-	(127)	291	-	(108)	183
Highland Council MISG	513	-	(156)	357	-	(132)	225
Benefactor	140	-	(28)	112	-	(22)	90
Furniture Project	21,517	3,001	(553)	23,965	5,023	(3,160)	25,828
Centre furniture	802	-	(120)	682	-	(102)	580
Branching out	1,090	-	-	1,090	-	-	1,090
	<u>24,480</u>	<u>3,001</u>	<u>(984)</u>	<u>26,497</u>	<u>5,023</u>	<u>(3,525)</u>	<u>27,995</u>

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

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

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 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.



## SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

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

#### 17 Analysis of net assets between funds

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total Unrestricted funds 2023 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 March 2023 are represented by:							
Tangible assets	51,149	8,717	1,362	61,228	9,035	11,521	22,159
Current assets/(liabilities)	(6,422)	19,278	44,813	57,669	48,164	36,000	99,140
	<u>44,727</u>	<u>27,995</u>	<u>46,175</u>	<u>118,897</u>	<u>57,199</u>	<u>37,603</u>	<u>121,299</u>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 18 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	22,093	22,093
Between two and five years	88,372	88,372
In over five years	220,930	243,023
	<u>331,395</u>	<u>353,488</u>

#### 19 Related party transactions

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