

Company registration number: SC185967

Charity registration number: SC021154

Skye and Lochalsh Mental Health Association

(A company limited by share capital)

Annual Report and Financial Statements

for the Year Ended 31 March 2021



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 S MacDonald
Mr A Gordon
Dr H Mcardle
Ms K Mackay
Dr S Osborne
Dr G Terry
Mrs E Bouwmeester
Ms C Forsyth

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.

Skye and Lochalsh Mental Health Association

Reference and Administrative Details

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	Paul Capewell CA 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 2021

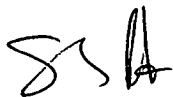
The past year has challenged our society and our organisation in ways that were unimaginable a short time ago, but SLMHA has proved its resilience and worth, rising to that challenge and meeting it head on. It is a year now since the coronavirus pandemic turned our lives upside down, forcing a rethink of all that we do and take for granted. The global crisis caused by Covid-19 has undermined mental health across society making those who already suffer from mental illness acutely vulnerable to psychological and physical distress. Continuing to provide social, psychological and practical support to our members has been the unwavering priority of SLMHA despite the countless obstacles and endless uncertainty.

I want to pay tribute to our project team for their resourceful and dynamic response, pulling out all the stops to ensure that they could continue to support, nourish and connect to members, working around the covid barriers, networking with the local community and going the extra five hundred miles to keep the spirit of Am Fasgadh alive and active. I know it has been a very difficult time for our members many of whom have struggled with isolation, loneliness, loss of structure and lack of purpose making them more vulnerable to the consequences of their illness. Social contact is essential for mental wellbeing and is the essence of the work of the Association. Regularly seeing members at Am Fasgadh or through An Drochaid allows staff to identify those who are struggling or becoming ill and need more support, a cornerstone of our service. It is so much harder to keep a watchful eye when you don't see people so telephone support has been an important lifeline. I would like to thank our staff for making themselves available to members by telephone both in and out of hours.

Our lockdown response has been boosted by emergency grants from the Scottish Government's Wellbeing Fund and from Foundation Scotland. To assist with delivering meals during lockdown we received £1,500 from the ward discretionary fund managed by our local elected councilors and £500 from Tesco. As soon as re-opening was permissible, SLMHA was ready to offer a more limited structured service; although lacking the informality of normal service, members have adapted well and benefitted from social contact. Initially re-opening was outdoors only; a generous donation of £2000 from Portree & Braes Community Trust allowed the Association to buy an outdoor shelter and equipment. Although NHS funding provides our financial bedrock, support from charitable organisations allows SLMHA to respond, adapt and grow. We are hugely appreciative of grants from the Robertson Foundation and the AW Charitable Trust without which SLMHA would not be able to do all that it does, and we thank them for their flexibility in allowing their funds to be used in different ways in response to the pandemic. Our financial position is currently more secure than it has been thanks to extra funding provided through the local and national covid response.

I think we can be proud as an organisation at how well our project team and members have managed in such difficult circumstances. SLMHA has demonstrated that it has the ethos, flexibility, resourcefulness and skills to adapt and respond quickly and practically to any challenge. Supporting people who suffer from disabling mental illness in very practical and immediate ways is key to the success of the Association.

Finally, project worker Heather MacRitchie retired this year after 4 years of service for which we thank her and wish her a long & healthy retirement.



.....
Dr S Potts

20 August 2021

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 of the charitable company for the year ended 31 March 2021.

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.

In a normal year the Board would review its membership and identify any gaps that might exist, taking account of Directors' skills, knowledge and expertise as well as representation of stakeholders and of geographical areas. In view of the pandemic, with all meetings in the year under review taking place virtually, this hasn't happened. The sole appointment to the Board was a member returning after a hiatus.

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.

Skye and Lochalsh Mental Health Association

Trustees' Report including the Director's Report

Related parties

No transactions with related parties arose during the year.

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 unpaid work, and in the year under review this was all provided by the members of the Association on a voluntary basis. The trustees promote volunteering 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 was severely limited in its activities due to the pandemic and used an average of 6 hours a week of voluntary and unpaid 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

2020/21 was a year like no other for everyone and the Association was no exception. We've been providing support throughout the various stages of lockdown and doing as much as the restrictions permit at any given time. The increased incidence of mental health problems during the pandemic is now well documented, but there have also been major challenges for people with a pre-existing condition. Much of our work has always been focused on reducing the harmful effects of social isolation, so having isolation forced on everyone has understandably had an impact. Discontinuity in NHS mental health services and a move to remote rather than face to face appointments has also caused a lot of problems, with SAMH research identifying this as the aspect of the situation most damaging to those living with a mental illness.

Skye and Lochalsh Mental Health Association

Trustees' Report including the Director's Report

The year began shortly after the start of the first lockdown. With the drop-in forced to close we focused on delivering food, prescriptions and essential supplies to our members, and on providing mental health support by telephone and video call. This service was fully operational right from the start of lockdown. Statutory and community responses took several weeks to become established and never reached the point of offering up to 7 cooked meals a week. Issues with handling money meant that other shopping services could only bring goods from shops that would take an advance payment over the phone, which in Portree that excluded the supermarkets and was also a barrier to people without debit or credit cards. We relaxed our normal eligibility criteria to support a number of people with complex needs and no other support, and liaised with the community hub and volunteer groups to avoid duplication while making sure nobody slipped through the net. We're extremely proud of our comprehensive response to lockdown, and grateful to the Co-op's Foodshare scheme and to Uig Community Trust and the Uig Hotel who were a huge support in coping with the threefold increase in the amount of food we were producing.

At every stage of reopening we've worked hard to provide as much face to face support as the rules allow while keeping our members protected from the virus. This meant that for a time we were holding a drop-in outdoors, using equipment provided by Portree and Braes Community Trust and the Celtic Trust. Once we were able to come back into the building things looked very different as a result of limited opening hours, 2m social distancing, table service for food and drink, and enhanced cleaning regimes. Navigating the regulations and recommendations in the absence of bespoke guidance for such an unusual service was a challenge, and we were glad of the medical expertise of a number of the directors, but each time specific instructions were issued we turned out to have anticipated them correctly.

We returned to the lockdown service for two weeks following the Boxing Day lockdown, but it quickly became apparent that people were really struggling, perhaps because it happened in winter or perhaps just because the whole situation had been going on for so long. Fortunately by that time the government had recognised the importance of support services as classed them as essential, meaning that we could reopen. From that point hours open and numbers attending steadily increased for the remainder of the year under review.

Things were harder in Lochalsh and the south of Skye, with the venue for the Kyle drop-in being closed throughout 2020/21. We continued to call on people at home and speak to them on their doorsteps on a regular basis throughout the year, distributing a large number of welfare packs put together from donations.

The board are grateful to all the staff for their hard work during an exceptionally difficult year. It's been much more demanding to run the drop-in in Covid-safe manner and weekend opening has remained suspended because of staffing levels. The organisation lost longstanding project worker Heather MacRitchie after a long illness that led to her retirement and we all wish her every happiness for the future. An understandable delay to discussions about the future of the contract with NHS Highland meant that throughout the year the board was uncertain about the long term financial situation and could not recruit a replacement, which intensified the challenges for the staff. No staff member was able to take their full quota of annual leave and all agreed to a payment in lieu of part of it in order to keep the service going.

Furniture project

The Association accepts donations of furniture and household goods that are no longer required 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. It also generates a small amount of funding which helps support the rest of the Association's work. Activity this year has been severely restricted due to the pandemic. The project remains absolutely reliant on Highland Cross's gift of a van and 2 container units.

Skye and Lochalsh Mental Health Association

Trustees' Report including the Director's Report

FINANCIAL REVIEW

2020/21 was covered by a temporary extension of the core contract with NHS Highland as the pressures of the pandemic meant that the outstanding questions about our long term funding were not resolved. Despite this challenge the Association was boosted by funds from a number of emergency funds for coronavirus response, including Foundation Scotland and the Scottish Government's Wellbeing Fund, meaning that the financial picture for the year as a whole was positive. We reached the end of a multi-year grant from The Robertson Trust and thank them both for their long-term support and their understanding in allowing their grant to be used for different purposes during the pandemic.

Reserves Policy

The company aims to retain 25% of its total annual monetary 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 2021, unrestricted undesignated reserves stood at £70,142

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 Robertson Trust and coronavirus related funding from Foundation Scotland, the Scottish Government, Tesco, Highland Council and Portree and Braes Community Trust.

Investment Policy and Objectives

The Memorandum and Articles of Association place no restrictions upon the investment powers of the trustees.

FUTURE DEVELOPMENTS

The Trustees continue to be interested in the possibility of offering home support packages to particularly vulnerable clients who have funding through self-directed support. This idea has been on hold for some time because of financial insecurity and the significant start-up costs, but with the arrival of a longer term contract for the core service the board will re-evaluate its potential.

At the current time, however, long term planning is impossible because of the covid-19 situation. Once it's possible to return to normal operations the board will need to review what will undoubtedly be a very changed environment for charities and for mental health services as well as for the economy as a whole.

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 23 August 2021 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 2021 which are set out on pages 10 to 24.

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.

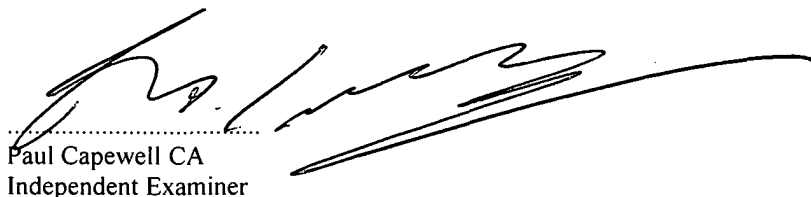
Independent examiner's statement

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.



Paul Capewell CA
Independent Examiner

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

23 August 2021

Skye and Lochalsh Mental Health Association

Statement of Financial Activities for the Year Ended 31 March 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Income and Endowments from:					
Donations and legacies	3	42,301	46,000	88,301	54,735
Charitable activities	4	163,283	-	163,283	154,220
Investment income	5	-	-	-	70
Total Income		205,584	46,000	251,584	209,025
Expenditure on:					
Charitable activities	6	(185,593)	(22,333)	(207,926)	(208,404)
Total Expenditure		(185,593)	(22,333)	(207,926)	(208,404)
Net income		19,991	23,667	43,658	621
Net movement in funds		19,991	23,667	43,658	621
Reconciliation of funds					
Total funds brought forward		74,631	219	74,850	74,229
Total funds carried forward	16	94,622	23,886	118,508	74,850

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

The funds breakdown for 2020 is shown in note 16.

The notes on pages 13 to 24 form an integral part of these financial statements.

Skye and Lochalsh Mental Health Association

(Registration number: SC185967)

Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	27,608	30,841
Current assets			
Stocks	12	650	1,300
Debtors	13	8,251	6,162
Cash at bank and in hand		92,948	43,498
		101,849	50,960
Creditors: Amounts falling due within one year	14	(10,949)	(6,951)
Net current assets		90,900	44,009
Net assets		118,508	74,850
Funds of the charity:			
Restricted		23,886	219
Unrestricted income funds			
Unrestricted		94,622	74,631
Total funds	16	118,508	74,850

For the financial year ending 31 March 2021 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.

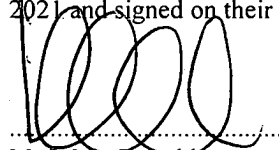
The notes on pages 13 to 24 form an integral part of these financial statements.

Skye and Lochalsh Mental Health Association

(Registration number: SC185967)

Balance Sheet as at 31 March 2021

The financial statements on pages 10 to 24 were approved by the trustees, and authorised for issue on 23 August 2021 and signed on their behalf by:



Mr L MacDonald
Trustee



Dr S Potts
Trustee

The notes on pages 13 to 24 form an integral part of these financial statements.

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

1 Charity status

The charity is limited by share capital, incorporated in Scotland.

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 23 August 2021.

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.

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

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.

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.

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.

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

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.

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.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

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:

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

Asset class	Depreciation method and rate
Plant and machinery	25% reducing balance
Fixtures and fittings	15% reducing balance
Freehold land and buildings	Over 10 years

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.

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.

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.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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.

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

3 Income from donations and legacies

	Unrestricted		Total 2021	Total 2020
	General £	Restricted £	£	£
Donations and legacies;				
Donations from individuals	4,646	-	4,646	5,135
Grants, including capital grants;				
Government grants	5,601	-	5,601	-
Grant from other agencies	32,054	46,000	78,054	49,600
	<u>42,301</u>	<u>46,000</u>	<u>88,301</u>	<u>54,735</u>

4 Income from charitable activities

	Unrestricted		Total 2021	Total 2020
	Designated £	General £	£	£
NHS Highland Trust	-	143,213	143,213	143,213
Cafe	-	12,919	12,919	1,027
Financial Inclusion Projects	-	6,132	6,132	7,360
Furniture Project	1,019	-	1,019	2,620
	<u>1,019</u>	<u>162,264</u>	<u>163,283</u>	<u>154,220</u>

5 Investment income

	Total 2021 £	Total 2020 £
Interest receivable and similar income;		
Interest receivable on bank deposits	<u>-</u>	<u>70</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

6 Expenditure on charitable activities

	Note	Unrestricted			Total	Total
		Designated	General	Restricted	2021	2020
		£	£	£	£	£
Cafe		-	5,086	-	5,086	2,775
Furniture Project		632	-	-	632	2,042
In Kind Direct		-	3,597	-	3,597	3,622
Depreciation, amortisation and other similar costs		5,941	971	333	7,245	8,600
Staff costs	9	-	119,093	20,676	139,769	141,056
Allocated support costs	7	499	47,511	1,324	49,334	48,167
Governance costs	7	-	2,263	-	2,263	2,142
		<u>7,072</u>	<u>178,521</u>	<u>22,333</u>	<u>207,926</u>	<u>208,404</u>

7 Analysis of governance and support costs

Charitable activities expenditure

	Unrestricted			Total	Total
	Designated	General	Restricted	2021	2020
	£	£	£	£	£
Bank charges	-	56	-	56	56
Establishment costs	-	8,843	-	8,843	6,496
Office expenses	-	5,316	429	5,745	3,641
Subscriptions	-	3,331	-	3,331	2,838
Rent	-	22,093	-	22,093	22,593
Sundry and other costs	499	5,552	-	6,051	1,682
Travel and subsistence	-	2,320	895	3,215	3,419
Financial inclusion projects	-	-	-	-	7,442
	<u>499</u>	<u>47,511</u>	<u>1,324</u>	<u>49,334</u>	<u>48,167</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

Governance costs

	Unrestricted General £	Total 2021 £	Total 2020 £
Independent examiner fees			
Examination of the financial statements	2,250	2,250	2,094
Legal and professional fees	<u>13</u>	<u>13</u>	<u>48</u>
	<u>2,263</u>	<u>2,263</u>	<u>2,142</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.

9 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
Staff costs during the year were:		
Wages and salaries	126,268	126,890
Social security costs	7,497	6,583
Pension costs	6,004	7,148
Other staff costs	<u>-</u>	<u>435</u>
	<u>139,769</u>	<u>141,056</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:

	2021 No	2020 No
Project workers	<u>5</u>	<u>7</u>

3 (2020 - 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 £65,366 (2020 - £60,108).

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

10 Independent examiner's remuneration

	2021 £	2020 £
Examination of the financial statements	<u>2,250</u>	<u>2,094</u>

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 2020	30,084	33,170	73,984	137,238
Additions	<u>-</u>	<u>2,141</u>	<u>1,870</u>	<u>4,011</u>
At 31 March 2021	<u>30,084</u>	<u>35,311</u>	<u>75,854</u>	<u>141,249</u>
Depreciation				
At 1 April 2020	30,084	30,605	45,708	106,397
Charge for the year	<u>-</u>	<u>854</u>	<u>6,390</u>	<u>7,244</u>
At 31 March 2021	<u>30,084</u>	<u>31,459</u>	<u>52,098</u>	<u>113,641</u>
Net book value				
At 31 March 2021	<u>-</u>	<u>3,852</u>	<u>23,756</u>	<u>27,608</u>
At 31 March 2020	<u>-</u>	<u>2,565</u>	<u>28,276</u>	<u>30,841</u>

12 Stock

	2021 £	2020 £
Stocks	<u>650</u>	<u>1,300</u>

13 Debtors

	2021 £	2020 £
Prepayments	6,310	4,313
Other debtors	<u>1,941</u>	<u>1,849</u>
	<u>8,251</u>	<u>6,162</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	4,658	1,251
Other creditors	3,419	3,253
Accruals	2,872	2,447
	<u>10,949</u>	<u>6,951</u>

15 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2021 £	2020 £
Land and buildings		
Within one year	22,093	22,093
Between one and five years	88,372	88,372
After five years	265,116	287,209
	<u>375,581</u>	<u>397,674</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

16 Funds

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £
Unrestricted				
<i>General</i>				
Unrestricted fund	44,098	204,565	(178,521)	70,142
<i>Designated</i>				
HIE Skye and Wester Ross	568	-	(150)	418
Highland Council MISG	696	-	(183)	513
Benefactor	175	-	(35)	140
Furniture project	26,562	1,019	(6,064)	21,517
Centre furniture	943	-	(141)	802
Branching out	1,589	-	(499)	1,090
	<u>30,533</u>	<u>1,019</u>	<u>(7,072)</u>	<u>24,480</u>
Total Unrestricted	<u>74,631</u>	<u>205,584</u>	<u>(185,593)</u>	<u>94,622</u>
Restricted				
Highland Council Ward	219	-	(33)	186
NHS Highland	-	44,000	(22,000)	22,000
Portree & Braes Community Trust	-	2,000	(300)	1,700
Total restricted	<u>219</u>	<u>46,000</u>	<u>(22,333)</u>	<u>23,886</u>
Total funds	<u>74,850</u>	<u>251,584</u>	<u>(207,926)</u>	<u>118,508</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Balance at 31 March 2020 £
Unrestricted funds				
<i>General</i>				
Unrestricted fund	43,805	166,804	(166,511)	44,098
<i>Designated</i>				
HIE Skye and Wester Ross	744	-	(176)	568
Highland Council MISG	912	-	(216)	696
Benefactor	398	-	(223)	175
Furniture project	3,289	33,220	(9,947)	26,562
Centre furniture	1,109	-	(166)	943
Branching out	1,715	-	(126)	1,589
	<u>8,167</u>	<u>33,220</u>	<u>(10,854)</u>	<u>30,533</u>
Total unrestricted funds	<u>51,972</u>	<u>200,024</u>	<u>(177,365)</u>	<u>74,631</u>
Restricted				
Highland Council Ward	257	-	(38)	219
NHS Highland	22,000	-	(22,000)	-
Robertson Trust	-	9,000	(9,000)	-
	<u>22,257</u>	<u>9,000</u>	<u>(31,038)</u>	<u>219</u>
Total restricted funds	<u>22,257</u>	<u>9,000</u>	<u>(31,038)</u>	<u>219</u>
Total funds	<u>74,229</u>	<u>209,024</u>	<u>(208,403)</u>	<u>74,850</u>

Skye and Lochalsh Mental Health Association

Notes to the Financial Statements for the Year Ended 31 March 2021

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 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 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.

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.

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted £	Total funds £
Tangible fixed assets	25,722	1,886	27,608
Current assets	79,849	22,000	101,849
Current liabilities	(10,949)	-	(10,949)
Total net assets	<u>94,622</u>	<u>23,886</u>	<u>118,508</u>