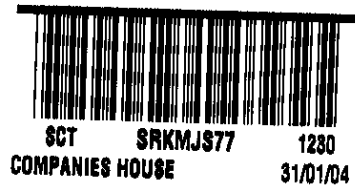


**Report of the Directors and  
Financial Statements for the Year Ended 31 March 2003  
for  
Skye and Lochalsh  
Mental Health Association**

SC185967.



**Skye and Lochalsh  
Mental Health Association**

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for the Year Ended 31 March 2003**

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**Skye and Lochalsh  
Mental Health Association**

**Company Information  
for the Year Ended 31 March 2003**

**DIRECTORS:**

Dr C Crichton  
C MacKinnon  
Mrs M Robertson  
Ms V Samuels  
L MacDonald  
L MacLeod  
D Beaton  
Mrs V E Wills  
Mrs P M Gordon  
Ms M L Puolakka  
Dr Turville

**SECRETARY:**

Mrs M Robertson

**REGISTERED OFFICE:**

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

**REGISTERED NUMBER:**

SC 185967 (Scotland)

**CHARITY NUMBER:**

SC 021154 (Scotland)

**ACCOUNTANTS:**

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

**SOLICITORS:**

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

**Skye and Lochalsh  
Mental Health Association**

**Chairman's Statement  
for the Year Ended 31 March 2003**

Today is a unique day in the life and history of the Association, for three reasons:

1. It is the Annual General Meeting for the year 2003. We note that over the last year, the Association continues to provide social, educational, and leisure opportunities in a supportive environment for all who are affected in any way by psychological ill-health and social problems. We therefore continue to support members and their families at their own pace. We are glad to report that the work is developing all the time.

We must acknowledge the constant financial and advisory input we receive from the Social Work department, Highland Health Board, the Lochalsh and Skye Housing Association, Mental Health specialist colleagues, the Mental Health Officer, and all who volunteer to help throughout the year.

2. The second reason for the unique occasion is that today, we celebrate the move to our new premises, and these will be opened in inimitable style later this afternoon by one of our very own original members Mr John Hendry. You will be aware that our 10-year lease on "The Cabin" premises came to an end on 28/05/03. Our minds have therefore been focussed on this matter for some considerable time, with many interesting developments taking place. For instance, on 25th June last year we held our first SWOT analysis meeting where we reviewed our progress over the previous 9 years, and considered our hopes for the future.

We formed a Business Plan and a Relocation Action Plan, and we consolidated the discussion of previous months with regard to premises. It had been evident for several years that the Association was expanding far beyond the scope of its main premises at The Cabin in Bayfield, Portree; it was apposite that the lease was coming to a close. The opportunity presented itself to acquire a 5-year lease on "The Backpackers' Hostel", with the privilege of making structural changes to the building to suit the needs of the Association. Much financial input has been necessary to make these changes, and we are grateful to the monies received from various bodies to facilitate our plans which were realised in full, despite earlier misgivings.

The move to new premises has led to many extra meetings of directors, sub-committees, staff, and so on. We are grateful to the sterling efforts of Sandra Mackenzie (assistant manager), Lachie MacDonald (Housing Association), Donald Robertson (former manager), Alex Jones (new manager), and all the members of staff who have put in so much extra to have everything perfect for this special day.

3. Our third reason is that we celebrate our first decade of activity, first as the Skye and Lochalsh Mental Health Project, then as the Association. The Project started in 1993 with 16 members and only a small sense of prospect. However, under the firm and forward-looking direction of its first manager Mrs Pat Gordon, the work progressed – currently, we look at a membership of nearly 300 throughout Skye and Lochalsh, with 4 members of staff, 2 Project workers, and 2 Outreach workers. And now we have this move to state-of-the-art premises that are a benchmark for similar community projects elsewhere.

In considering our past 10 years, we have been made to look again at our purpose, our objectives, and our values, and these have been documented in our 2002/05 Business Plan. As we look forward to the next 10 years, we can do no better than to re-iterate these statements, and to make it our aim to fulfil them and ensure that the work of the Association flourishes.

Dr C Crichton  
17 June 2003

**Skye and Lochalsh  
Mental Health Association**

**Report of the Directors  
for the Year Ended 31 March 2003**

The directors present their report with the financial statements of the company for the year ended 31 March 2003.

**PRINCIPAL ACTIVITY**

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

**REVIEW OF ACTIVITIES**

The results for the year and financial position of the company are as shown in the annexed financial statements.

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

**DIRECTORS**

The directors during the year under review were:

Dr C Crichton	
C MacKinnon	
Mrs M Robertson	
Ms V Samuels	
L MacDonald	
L MacLeod	
D Beaton	
Mrs V E Wills	- appointed 4.6.02
Mrs P M Gordon	- appointed 4.6.02
Ms M L Puolakka	- appointed 4.6.02
Dr Turville	- appointed 4.6.02
D Pringle	- resigned 4.6.02
Mrs E Broadbent	- resigned 4.6.02

**ORGANISATIONAL STRUCTURE**

The company is managed by a board of directors who are appointed in general meeting by the members. The management of the day to day affairs of the company are delegated by the directors to a Centre Manager.

Skye and Lochalsh Mental Health Association was incorporated, under the Companies Act 1985, on 20 May 1998. On that date it acquired the entire assets and liabilities of Skye & Lochalsh Mental Health Centre Management Project, an unincorporated body. The company is recognised by the Inland Revenue as a Scottish Charity, under reference SC 021154, and its activities are therefore normally exempt from taxation.

**INVESTMENT POWERS**

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

**RESERVES POLICY**

The company aims to retain unrestricted funds, or have secured funding committed to it, sufficient to finance operations for at least a period of six months. As indicated in the balance sheet at 31 March 2003, unrestricted reserves stood at £16,648 and this, together with grant assistance which has been secured for the forthcoming year, is considered by the directors to be adequate to fund continuing operations for the foreseeable future.

**RISK MANAGEMENT**

The directors actively review on a regular basis the major risks that the company faces and have internal control policies and procedures in place which provide reasonable, but not absolute, assurance against material misstatement or loss.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**



Mrs M Robertson - SECRETARY

Dated: 17 June 2003

**Skye and Lochalsh  
Mental Health Association**

**Statement of Financial Activities  
Incorporating an Income & Expenditure Account  
for the Year Ended 31 March 2003**

		31/03/03			As restated (Note 4) 31/03/02
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
<b>Incoming resources</b>					
Other incoming resources from operating activities:					
Donations, legacies and similar incoming resources:					
Grants received					
MISG grant		95,118	-	95,118	93,253
Tudor Trust (Assistant Manager post)		-	20,000	20,000	-
Less: Deferred	7	-	(8,333)	(8,333)	-
		-	11,667	11,667	-
Alcohol and Drugs Strategy Group		-	7,500	7,500	-
Less: Deferred	7	-	(7,500)	(7,500)	-
		-	-	-	-
NHS Highland Trust		15,926	-	15,926	-
Social work services		15,810	-	15,810	-
NHS Highland Trust prior year		-	-	-	1,822
NHS Highland Trust		-	-	-	31,000
Computer grant - LEC		-	-	-	500
Art funding - Highland Council		-	-	-	1,250
		126,854	11,667	138,521	127,825
Donations		567	-	567	615
		127,421	11,667	139,088	128,440
Activities for generating funds:					
Café & kitchen income		4,754	-	4,754	4,972
Management charge		-	-	-	2,000
		4,754	-	4,754	6,972
Other incoming resources:					
Deposit account interest		784	-	784	676
<b>Total incoming resources</b>		<b>132,959</b>	<b>11,667</b>	<b>144,626</b>	<b>136,088</b>
<b>Resources expended</b>					
Costs of generating funds:					
Purchases - café & kitchen		5,522	-	5,522	4,681
Charitable expenditure:					
Costs of activities:					
Tutors fees & activity materials		1,618	-	1,618	1,558
Salaries & Social Security costs	2	92,661	10,375	103,036	86,709
Pension costs	2	3,237	637	3,874	5,933
Staff travel & car allowance		7,982	1,061	9,043	7,642
Socials & outings		879	-	879	1,324
Sundry expenses		313	-	313	205
		106,690	12,073	118,763	103,371
Carried forward - outgoing resources		112,212	12,073	124,285	108,052
Carried forward - incoming resources		132,959	11,667	144,626	136,088

The notes form part of these financial statements

**Skye and Lochalsh  
Mental Health Association**

**Statement of Financial Activities  
Incorporating an Income & Expenditure Account  
for the Year Ended 31 March 2003**

	Note	31/03/03			As restated (Note 4) 31/03/02
		Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Brought forward - incoming resources		132,959	11,667	144,626	136,088
Brought forward - outgoing resources		112,212	12,073	124,285	108,052
Support costs:					
Telephone		1,574	-	1,574	1,607
Post & stationery		616	-	616	127
Repairs & renewals		1,281	-	1,281	644
Licences & subscriptions		238	-	238	429
Hire of equipment		117	-	117	224
Cleaning		136	-	136	71
Training		(1,232)	-	(1,232)	275
Members expenses		622	-	622	736
Volunteers expenses		1,390	-	1,390	456
Rent		18,196	-	18,196	11,931
Rates & water		(6)	-	(6)	610
Insurance		1,128	-	1,128	618
Light & heat		1,322	-	1,322	1,941
Management fee		-	-	-	2,000
Bank interest		38	-	38	-
Depreciation - lease improvements		5,850	-	5,850	1,950
Depreciation - fixtures & fittings		1,026	-	1,026	1,207
Depreciation - computers		131	-	131	174
		32,427	-	32,427	25,000
Management and administration:					
Advertising		826	-	826	-
Accountancy		1,208	-	1,208	1,184
		2,034	-	2,034	1,184
<b>Total resources expended</b>		<b>146,673</b>	<b>12,073</b>	<b>158,746</b>	<b>134,236</b>
<b>Net income/(expenditure) for the year</b>	3	<b>(13,714)</b>	<b>(406)</b>	<b>(14,120)</b>	<b>1,852</b>
<b>Total funds brought forward</b>					
As previously reported		29,861	-	29,861	24,303
Prior period adjustment	4	-	-	-	3,706
As restated		29,861	-	29,861	28,009
<b>Total funds carried forward</b>		<b>£ 16,147</b>	<b>£ (406)</b>	<b>£ 15,741</b>	<b>£ 29,861</b>

The notes form part of these financial statements

**Skye and Lochalsh  
Mental Health Association**

**Balance Sheet  
31 March 2003**

		<u>31.3.03</u>		<u>31.3.02</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	5		6,207		13,215
<b>CURRENT ASSETS:</b>					
Stocks		425		610	
Debtors	6	-		97	
Cash at bank and in hand		<u>26,684</u>		<u>20,870</u>	
		27,109		21,577	
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>17,575</u>		<u>3,117</u>	
<b>NET CURRENT ASSETS:</b>			<u>9,534</u>		<u>18,460</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			15,741		31,675
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>	9		-		<u>1,814</u>
			<u>£15,741</u>		<u>£29,861</u>
<b>RESERVES:</b>	10				
Unrestricted funds			16,147		29,861
Restricted funds			<u>(406)</u>		<u>-</u>
			<u>£15,741</u>		<u>£29,861</u>

The company is entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 for the year ended 31 March 2003.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2003 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

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

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**ON BEHALF OF THE BOARD:**



Dr C Crichton - DIRECTOR



L MacDonald - DIRECTOR

Approved by the Board on 17 June 2003

The notes form part of these financial statements



**Skye and Lochalsh  
Mental Health Association**

**Notes to the Financial Statements  
for the Year Ended 31 March 2003**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements set out the results of the company's activities for the year and its financial position at the balance sheet date. The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and the Statement of Recommended Practice issued by the Charities Commission in England and Wales in October 2000 (the "SORP").

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**Tangible fixed assets**

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

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

**Stocks**

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

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged as revenue expenditure as incurred.

**Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

**Incoming resources**

Incoming resources comprise grants receivable, donations and receipts from all other sources. Income is recognised in the period in which the company is entitled to its receipt and when the amount can be measured with reasonable certainty.

**Resources expended**

Expenditure is included in the period in which it is incurred. Resources expended have been classified in accordance with the SORP.

**Fund accounting**

Funds are held as:

Unrestricted general funds - these are funds that can be used in accordance with the charitable objectives at the discretion of the directors.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objectives of the charity. Restrictions arise when specified by a donor or when funds are raised for a particular restricted purpose.

**2. STAFF COSTS**

	31.3.03	31.3.02
	£	£
Wages and salaries	103,036	86,709
Other pension costs	<u>3,874</u>	<u>5,933</u>
	<u>106,910</u>	<u>92,642</u>

The average monthly number of employees during the year was as follows:

	31.3.03	31.3.02
Administrative personnel	<u>8</u>	<u>7</u>

**Skye and Lochalsh  
Mental Health Association**

**Notes to the Financial Statements  
for the Year Ended 31 March 2003**

**2. STAFF COSTS - continued**

No payments of expenses were made to directors in the year (2002 - £nil).

**3. NET INCOMING/(OUTGOING) RESOURCES**

Net incoming/(outgoing) resources are stated after charging:

	31.3.03	31.3.02
	£	£
Depreciation - owned assets	<u>7,007</u>	<u>3,331</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

**4. PRIOR YEAR ADJUSTMENTS**

In order to comply with the accounting treatment of grants received, as set out in paragraphs 79 and 80 of the SORP, grants received towards the cost of capital expenditure, which were previously treated as deferred, have been credited in full to reserves as at 1 April 2001.

Comparative amounts for the preceding year have been adjusted to reflect this change in accounting policy. As a result, net incoming resources, previously reported as £4,674 for that year, have been restated at £1,852 and funds on hand at 31 March 2002 have been restated from £28,977 to 29,861.

**5. TANGIBLE FIXED ASSETS**

	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Computer equipment</u>	<u>Totals</u>
	£	£	£	£
<b>COST:</b>				
At 1 April 2002				
and 31 March 2003	<u>16,721</u>	<u>12,723</u>	<u>1,563</u>	<u>31,007</u>
<b>DEPRECIATION:</b>				
At 1 April 2002	10,872	5,881	1,040	17,793
Charge for year	<u>5,850</u>	<u>1,026</u>	<u>131</u>	<u>7,007</u>
At 31 March 2003	<u>12,334</u>	<u>6,907</u>	<u>1,171</u>	<u>20,412</u>
<b>NET BOOK VALUE:</b>				
At 31 March 2003	<u>(1)</u>	<u>5,816</u>	<u>392</u>	<u>6,207</u>
At 31 March 2002	<u>5,849</u>	<u>6,842</u>	<u>524</u>	<u>13,215</u>

**6. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.3.03	31.3.02
	£	£
Trade debtors	<u>-</u>	<u>97</u>

**7. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.3.03	31.3.02
	£	£
Accrued expenses and deferred income	<u>17,575</u>	<u>3,117</u>

Included above is £8,333 deferred in relation to a grant of £20,000 received from Tudor Trust during the year and £7,500 received from the Alcohol and Drugs Strategy Group, being a grant intended to fund the move of the company to new premises. This move took place in May 2003. This treatment is considered to be appropriate in terms of paragraph 79 of the SORP.

**Skye and Lochalsh  
Mental Health Association**

**Notes to the Financial Statements  
for the Year Ended 31 March 2003**

**8. OPERATING LEASE COMMITMENTS**

The following payments are committed to be paid within one year:

	31.3.03	31.3.02
	£	£
Expiring:		
Between one and five years	<u>17,500</u>	<u>11,500</u>

**9. PROVISIONS FOR LIABILITIES AND CHARGES**

	31.3.03	31.3.02
	£	£
Training costs provision	<u>-</u>	<u>1,814</u>

**10. ANALYSIS OF FUNDS HELD AT 31 MARCH 2003**

	<u>Unrestricted funds</u>	<u>Restricted funds</u>	<u>Total</u>
	£	£	£
Tangible fixed assets	6,207	-	6,207
Current assets	27,109	-	27,109
Current liabilities	<u>(17,169)</u>	<u>(406)</u>	<u>(17,575)</u>
Total net assets at 31 March 2003	<u>16,147</u>	<u>(406)</u>	<u>15,741</u>

Restricted funds have been received for the purpose of employing an assistant manager for the company.

**11. INCORPORATION STATUS**

The company is incorporated by the guarantee of its members who are obligated to contribute up to £1.00 each in the event of the winding up of its activities.

**Skye and Lochalsh  
Mental Health Association**

**Report of the Accountants to the Directors of  
Skye and Lochalsh  
Mental Health Association**

We report on the financial statements of Skye and Lochalsh Mental Health Association for the year ended 31 March 2003 on pages four to nine. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

**Respective responsibilities of directors and reporting accountants**

As described on page six the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards, and they consider that the company is exempt from audit. In accordance with their instructions and in order to assist them to fulfil their responsibilities, we have prepared the financial statements on pages four to nine from the information and explanations provided to us.

Our responsibility is to carry out procedures designed to enable us to report our opinion.

**Basis of opinion**

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

**Opinion**

In our opinion:

1. the financial statements are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985, and
2. having regard only to, and on the basis of, the information contained in those accounting records:
  - a) the financial statements have been drawn up in a manner consistent with the accounting requirements of section 249C(6) of the Act, and
  - b) the company satisfies the conditions for exemption from an audit of the financial statements for the year specified in section 249A(4) of the Act as modified by section 249a(5) and did not, at any time during the year, fall within any category of companies not entitled to the exemption specified in section 249B(1).



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

Dated: 17 June 2003