

'Registrar'

COMPANY REGISTRATION NUMBER: SC404409  
CHARITY REGISTRATION NUMBER: SC042513

**Spirit Advocacy**  
**Company Limited by Guarantee**  
**Unaudited Financial Statements**  
**31 March 2019**

SATURDAY



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07/09/2019

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COMPANIES HOUSE

**RITSONS**  
Chartered Accountants  
Forbes House  
36 Huntly Street  
Inverness  
IV3 5PR

**Spirit Advocacy**  
**Company Limited by Guarantee**  
**Financial Statements**  
**Year ended 31 March 2019**

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**Spirit Advocacy**  
**Company Limited by Guarantee**  
**Trustees' Annual Report (Incorporating the Director's Report)**  
**Year ended 31 March 2019**

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 March 2019.

**Reference and administrative details**

**Registered charity name** Spirit Advocacy  
**Charity registration number** SC042513  
**Company registration number** SC404409  
**Principal office and registered office** Cromwell Villa  
 23 Lotland Street  
 Inverness  
 IV1 1ST

**The trustees**

Mr W Cook	
Mr J King	
Mrs E Law	
Mrs M Morritt	(Resigned 17 April 2018)
Mr K MacLennan	(Resigned 4 March 2019)
Miss F Sutherland	(Resigned 9 August 2019)
Mrs M Hill	
Miss M Neilly	
Miss R A MacAulay	(Resigned 4 April 2018)
Dr G M Terry	(Resigned 17 April 2018)
Mr S F Wiseman	
Miss E Grant	(Appointed 14 January 2019)
Miss S M Davis	(Appointed 4 March 2019)
Miss N R Rodgers	(Appointed 29 March 2019)
Mr A Bithell	(Appointed 10 October 2018)
Mrs P Duncan	(Appointed 28 January 2019)
Mr J Gallon	(Appointed 13 May 2019)
Miss R Smit	(Appointed 14 March 2019)

**Company secretary** C Fletcher

**Manager/person the day to day running of charity delegated to** K Porter

**Independent examiner** Daniel Palombo MA (Hons), C.A.  
 Forbes House  
 36 Huntly Street  
 Inverness  
 IV3 5PR

**Bankers** Royal Bank of Scotland  
 Inverness Chief Office  
 Harbour Road  
 Inverness  
 IV1 1NU

# **Spirit Advocacy**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

**Year ended 31 March 2019**

#### **Structure, governance and management**

The company is established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1. Permission has been obtained from the Registrar of Companies to omit the word 'limited' from the company name.

Three part time development worker posts for HUG, a development worker for all SPIRIT volunteer activity, some additional clerical and admin support and a trainee post for a SPEAK worker.

The board has met bi-monthly and as recorded in the minutes has reviewed the work reported by staff and dealt with relevant governance and management issues.

#### **Recruitment, appointment, induction & training of trustees**

The appointment of trustees and election of office bearers has been carried out in accordance with the constitution. Trustees are selected for appointment to the Board from contacts of existing Trustees and Members. The Board of Trustees has a wide range of skills collectively and any additional training is completed as required.

Trustees serve for three years and at which time elections are held to the board from the membership. Of the board three trustees are elected by HUG (Action for Mental Health) and three trustees are elected by People First Highland, through their advisory groups. These are two projects managed by SPIRIT Advocacy. In this way involvement of service users is ensured.

HUG (Action for Mental Health) Advisory Group provides advice and expertise on work carried out to promote the voice of people with a mental health in Highland. This includes agreeing what is said on behalf of HUG (Action for Mental Health) and how that voice is found and promoted. Three members of the HUG (Action for Mental Health) Advisory Group sit on the board of trustees of SPIRIT Advocacy.

People First Highland advisory group provides advice and expertise on work carried out to promote the voice of people with a learning disability in Highland. This includes agreeing what is said on behalf of People First Highland and how that voice is found and promoted. Three members of the People First Highland advisory group sit on the board of trustees of SPIRIT Advocacy.

Trustees have where necessary been supported by staff and have engaged in activities which have enhanced their contribution to company aims and objectives.

# **Spirit Advocacy**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

**Year ended 31 March 2019**

#### **Objectives and activities**

The charity's objects are:-

- The promotion of equality and diversity and the elimination of stigma and discrimination against people with learning disabilities, mental health problems and associated conditions.
- The advancement of citizenship and community development by strengthening the collective voice of people with learning disabilities, mental health problems and associated conditions and enabling them to express their own views and make their own decisions.
- The promotion of positive mental health and wellbeing of people with learning disabilities, mental health problems and related conditions.
- Improve the lives and experiences of people with learning disabilities, mental health problems and related conditions.

The board of trustees is satisfied that all the activities of staff and volunteers have been in keeping with these.

#### **Achievements and performance**

It was reported last year that the preceding year had been an exceptionally challenging one for SPIRIT, predominantly because of the failure of NHS Highland to progress their future commissioning of advocacy services. The consequence was that for most of the second half of that year the energies of staff and board were concerned with planning and preparing for the possible closure, and as it turned out the downsizing and restructuring of our organisation. That "Downsizing" was implemented from the start of April 2018, and was achieved with the cooperation of all staff and members, and although we significantly reduced our staff hours, salaries and other costs it is amazing just how much work those staff have done over the year. We received a further extension of funding from NHSH to September 2019, along with an undertaking to invite tenders for collective advocacy in March 2018. (Note the invitation was actually published on 1st April 2019, and limited the maximum funding available to £120,000 per year for 3 years. That figure is £33,500 less per year than that to which NHSH committed to collective advocacy in 2012, or put another way almost a 25% reduction when inflation linking would have required approximately £176,500 or about £23,000 more each year an increase of about 15%).

#### **Consequences of contractual uncertainty over NHS Highland Funding**

As reported in the last three Trustees reports our core contract with NHS Highland was extended, at the original level of funding, but at the close of this financial year we face continuing uncertainty because we know that there will be a competitive tender exercise. The very extended uncertainty has been distressing for our members, unsettling for our staff and had a negative impact on our ability to plan for the future.

#### **Staffing**

The revised staff structure reported on last year came into effect on April 1st 2018, with all retained staff and the manager reducing to 17.5 hours work each week, on 1 year fixed term contracts and with a lower employer pension contribution. All staff accepted the arrangements and have remained in post throughout the year. Their outstanding commitment and effort (which often extends their actual work hours) is key to our continuing high level of activity. We all owe them our gratitude.

# **Spirit Advocacy**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

**Year ended 31 March 2019**

#### **Workload and activity overview**

The reduced hours impacted on everyone, and required a considerable amount of adjustment by everyone to their work patterns and commitments. The Board carried out a detailed review with all staff in October /November in which confidential interviews were held with every staff member to ascertain their view on the following: . Since April 2018- " What has worked well?" What hasn't worked well?

- What have you done differently?
- What has been the most difficult adjustment you have had to make?
- What piece of work are you most proud of?
- What have you done with (a) colleague(s) in another sphere of SPIRIT work?" What is the most important thing you want to achieve before April 2019?" Without increasing our costs what one change would you like to make?" If we had a little more money what would you spend it on? (& how much would it cost?)" Any other comments or suggestions about how we work

The review established not surprisingly that the reduction in staff hours had put strain on everyone, and required a different style of working and management to be more focussed and collaborative across our three elements. The Board also committed to becoming more directly involved in supporting staff and management in preparation for the forthcoming competitive tender.

#### **SPIRIT**

The priority this year has been on the transition to part time working within a reduced budget whilst maintaining our activities with members and partner organisations. The latter part of the year has also been focussed on preparing for the opportunity to tender for a future contract. The board also gained the support of the AGM to some constitutional amendments to strengthen the arrangements for board representation, and the process for the nomination of potential Directors

#### **HUG/ Mental Health activities**

Work continued throughout the year facilitating meetings with members, supporting them to give testimony to a wide range of audiences and to participate in planning, consultation and the training of NHS staff and Mental Health Officers. Examples include " MH Crisis Report " Working with the Poverty Alliance and Poverty and Inequality Commission " Scottish Mental Health Arts and Film Festival " Producing and distributing regular bulletins to members, supporters and partners

#### **SPEAK Young People**

Last year we reported on the way that work to help young people raise issues had become a priority for our members and board. This year that has resulted in our AGM agreeing to formally establishing SPEAK as the 3rd constituent of SPIRIT, with full representation on the SPIRIT board by 3 SPEAK directors, nominated by the SPEAK Advisory Group. We welcomed Shelley, Naomi and Becca to the board. Supported by funding from The Robertson Trust our collaborations with Youth Highland and more recently Highland Childrens' Forum are beginning to establish SPEAK as an active force in Highland for those under the age of 24 who experience mental illness. People First Highland Learning Disability activities PFH continue to work with members and others across Highland to support them in expressing their needs, challenging stigma and identifying their priorities for service development and changes to professionals and others. PFH Highland has experienced the greatest difficulty in taking work forward with the newly reduced staffing, and the board are looking at ways of addressing this. Learning Disability user lead This half time post, fully funded by NHS Highland which was created to strengthen the voice of service users in the re-design, planning and review of NHSH LD services was directly funded outwith our SLA, but the demands of supporting the young woman to become an effective worker placed considerable strain on our SLA resources. Despite the challenges associated with supporting this post the experience has been valuable to all. The board have agreed to examine opportunities to adapt this model for the future for all aspects of SPIRIT activity.

# **Spirit Advocacy**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

#### **Year ended 31 March 2019**

##### **Financial review**

During the year the charity made a surplus of £854 (2018 - deficit £9,911) on unrestricted funds and a surplus of £18,057 (2018 – deficit £140,275) on restricted funds. A transfer of £4,049 has been made this year to cover the overspend in the SPEAK project resulting in an unrestricted deficit of £3,195 and a restricted surplus of £22,106. This has resulted in a balance on unrestricted funds of £3,451 (2018 - £6,646) and a balance of £26,831 (2018 - £4,725) on restricted funds at the year-end date.

##### **Reserves policy**

The charity operates two types of reserves: Restricted and Unrestricted funds. Restricted funds are funds that must be used for a specific purpose. The reserves policy of SPIRIT has always been to maintain sufficient reserves to meet our obligations for redundancy pay, and those costs associated with the winding up of the organisation (including final accounts, etc) should it become clear that our core funding from NHS Highland would not continue.

Included in the accounts to 31 March 2017 was income of £76,738 received in advance relating to 2018. This amounted to £23,339 from NHS Highland for People 1st and £53,399 from NHS Highland for HUG Activities.

For the last few years we have always managed to carry forward additional uncommitted underspend, over and above the required reserves. As the real value of our core funding from NHS Highland has decreased, and uncertainty about NHS future funding inhibited our ability to secure additional grant support from charitable trusts, these funds have been depleted year on year as set out in the annual reports, but allowed us to maintain activity and staffing levels in pursuance of our Aims and Objectives.

At meetings in 2015, 2016, 2017 and 2018 NHS Highland also advised that they would be likely (as do many grant awarding organisations) to take uncommitted reserves held by beneficiary organisations into consideration when assessing the need for and level of future financial support. The trustees decided in good faith in 2016/2017 to agree a budget which would exhaust the reserves by the end of 2017/2018 financial year. This decision was because we had been advised by NHS Highland that decisions about future advocacy policy and consequential funding arrangements would be made and implemented within this year. Our final outturn for that year did in fact show a modest underspend which has been carried forward into reserves for 2018/2019 year.

In light of the continuing uncertainty set out in this report the board set a budget for 2018/2019 which assumed no additional income beyond the roll forward award by NHS Highland to the end of March 2019. That budget included provision for unforeseen critical contingencies and any statutory redundancy payments and closure costs but assume no other reserves. On 31st October NHS Highland wrote to all funded 3rd sector organisations advising that the end of funding would be postponed 30th June 2019, and then again on 8th March advising that the extension would be until 30th September 2019 to provide continuity pending the outcome of a competitive tender. In light of these announcements by our principle funder we set a budget for April to September 2019, which has provision for winding up then if no further contract is secured.

# Spirit Advocacy

## Company Limited by Guarantee

### Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2019

#### Going concern

For the first time the board considered in 2016/2017 the prospect of having to wind up SPIRIT as a going concern if a commitment to future funding from NHS Highland could not be secured. Having been unable to secure any future funding commitment the board planned a final winding up exercise commencing December 2017. In preparation for winding up all staff were formally notified of their forthcoming redundancy and a formal consultation commenced. In December a letter was then received from the NHSH Chief Executive extending our core funding from end June 2018 to end March 2019. As a result, and in consultation with all staff and our full membership a reduced operation was agreed for 2018/19 and most staff were subsequently re-employed on reduced fixed term contracts, subsequently extended to end June 2019, and most recently to end March 2020 as set out in this report. This structure has allowed us to continue to offer a reduced service to our membership within the budget commitment from NHS Highland until the end of March 2020. If confirmation of future funding from that or any other source is not forthcoming by 25<sup>th</sup> November 2019, the board will commence winding up SPIRIT effective from 31 March 2020 at which point it is not anticipated that there will be any residual funds or debts.

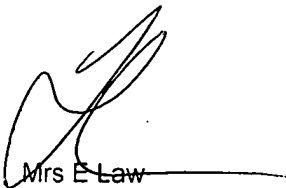
#### Plans for future periods

SPIRIT continues to deliver on its contracted responsibilities to the full satisfaction of funders, and to achieve consistently very high grading in evaluations from participants in all the events it has delivered or to which it has contributed. We are planning to win a new contract through the forthcoming NHSH bidding opportunity and through seeking financial support from other sources, to continue our valuable support to enable everyone who experiences mental illness and or has a learning disability to have their voices heard in the design, commissioning, delivery and evaluation of all the services which impact on their lives.

#### Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on 5-9-19 and signed on behalf of the board of trustees by:



Mrs E Law  
Trustee



# **Spirit Advocacy**

## **Company Limited by Guarantee**

### **Independent Examiner's Report to the Trustees of Spirit Advocacy**

**Year ended 31 March 2019**

I report to the trustees on my examination of the financial statements of Spirit Advocacy ('the charity') for the year ended 31 March 2019.

To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our work, for this report, or for the opinions I have formed.

#### **Responsibilities and basis of report**

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 ('the 2005 Act'), the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006 ('the 2006 Act'). You are satisfied that the accounts of the company are not required by charity or company law to be audited and have chosen instead to have an independent examination.

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts carried out under section 44(1)(c) of the 2005 Act. In carrying out my examination I have followed the requirements of Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

Since the charity is required by company law to prepare its accounts on an accruals basis and is registered as a charity in Scotland your examiner must be a member of a body listed in Regulation 11(2) of the Charities Accounts (Scotland) Regulations 2006 (as amended). I can confirm that I am qualified to undertake the examination because I am a registered member of ICAS which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act, section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; or
2. the financial statements do not accord with those records or with the accounting requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

# Spirit Advocacy

## Company Limited by Guarantee

### Independent Examiner's Report to the Trustees of Spirit Advocacy *(continued)*

**Year ended 31 March 2019**

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Daniel Palombo MA (Hons), C.A.  
Independent Examiner

Forbes House  
36 Huntly Street  
Inverness  
IV3 5PR

*5 September 2019*

**Spirit Advocacy**  
**Company Limited by Guarantee**  
**Statement of Financial Activities**  
**(including income and expenditure account)**  
**Year ended 31 March 2019**

			2019		2018
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
<b>Income and endowments</b>					
Donations and legacies	5	3,841	167,977	<b>171,818</b>	82,944
Charitable activities	6	—	—	—	7,632
<b>Total income</b>		<u>3,841</u>	<u>167,977</u>	<u><b>171,818</b></u>	<u>90,576</u>
<b>Expenditure</b>					
Expenditure on charitable activities	7,8	2,987	149,920	<b>152,908</b>	240,762
<b>Total expenditure</b>		<u>2,987</u>	<u>149,920</u>	<u><b>152,908</b></u>	<u>240,762</u>
<b>Net income/(expenditure)</b>		<u>854</u>	<u>18,057</u>	<u><b>18,910</b></u>	<u>(150,186)</u>
Transfers between funds		(4,049)	4,049	—	—
<b>Net movement in funds</b>		<u>(3,195)</u>	<u>22,106</u>	<u><b>18,910</b></u>	<u>(150,186)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		6,646	4,725	<b>11,371</b>	161,557
<b>Total funds carried forward</b>		<u>3,451</u>	<u>26,831</u>	<u><b>30,282</b></u>	<u>11,371</u>

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.

The notes on pages 11 to 22 form part of these financial statements.

**Spirit Advocacy**  
**Company Limited by Guarantee**  
**Statement of Financial Position**  
**31 March 2019**

	Note	2019 £	£	2018 £
<b>Fixed assets</b>				
Tangible fixed assets	15		–	1,399
<b>Current assets</b>				
Debtors	16	694		609
Cash at bank and in hand		<u>34,853</u>		<u>16,920</u>
		<b>35,547</b>		<b>17,529</b>
<b>Creditors: amounts falling due within one year</b>	17	<u>5,265</u>		<u>7,557</u>
<b>Net current assets</b>			<b>30,282</b>	<b>9,972</b>
<b>Total assets less current liabilities</b>			<u><b>30,282</b></u>	<u><b>11,371</b></u>
<b>Net assets</b>			<u><b>30,282</b></u>	<u><b>11,371</b></u>
<b>Funds of the charity</b>				
Restricted funds			<b>26,831</b>	<b>4,725</b>
Unrestricted funds			<u><b>3,451</b></u>	<u><b>6,646</b></u>
<b>Total charity funds</b>	19		<u><b>30,282</b></u>	<u><b>11,371</b></u>


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

Directors' responsibilities:

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

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

These financial statements were approved by the board of trustees and authorised for issue on 5-9-19, and are signed on behalf of the board by:

  
Mrs E Law  
Trustee

The notes on pages 11 to 22 form part of these financial statements.

**Spirit Advocacy**  
**Company Limited by Guarantee**  
**Notes to the Financial Statements**  
**Year ended 31 March 2019**

**1. General information**

The charity is a public benefit entity and a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is Cromwell Villa, 23 Lotland Street, Inverness, IV1 1ST.

**2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Going concern**

The current contract for Advocacy work funded by NHS Highland will come to an end on 31st March 2020. On 30th August 2019, NHS Highland advertised a revised tender with a closing date of 27th September 2019. The staff and board are preparing our submission, and are optimistic that we will be successful in winning the contract from 1st April 2020. The new contract is however for a reduced sum of £120,000 p.a. for 3 to 5 years fixed.

Due to a reduction in available resources for the period to 31 March 2019 together with uncertainty over future funding, a reduced operation for 2018/2019 was agreed and subsequently most staff were re-employed on a reduced fixed term contract from April 2019. This structure has allowed us to continue to offer a reduced service to our membership within the budget commitment for NHS Highland until the end of March 2020. The outcome of the NHS tender will be known by 25th November 2019.

If Spirit Advocacy is successful in winning the contract, the period from then to the 31 March 2020 will be used to implement planned service changes required under the new contract. If Spirit Advocacy does not win the contract, the board will commence winding up of the charity, and where relevant transferring any staff as required under TUPE regulations. It is anticipated that our budget management will result in all liabilities having been met, and that there will be no residual funds or debts as at 31st March 2020.

The trustees consider that the charity carries adequate unrestricted reserves to meet its current obligations. On this basis the trustees consider it appropriate to prepare the accounts on the going concern basis.

# **Spirit Advocacy**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year ended 31 March 2019**

#### **3. Accounting policies *(continued)***

##### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

##### **Incoming resources**

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

# Spirit Advocacy

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

#### 3. Accounting policies *(continued)*

##### Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 25% straight line
Equipment	- 25% straight line

##### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

# **Spirit Advocacy**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year ended 31 March 2019**

#### **3. Accounting policies *(continued)***

##### **Impairment of fixed assets *(continued)***

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

##### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

##### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

#### **4. Limited by guarantee**

Spirit Advocacy is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member.



# Spirit Advocacy

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

#### 5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
<b>Donations</b>			
Donations	3,841	—	3,841
<b>Grants</b>			
NHS Highland: People First	—	46,678	46,678
NHS Highland: HUG	—	106,799	106,799
NHS Highland: Learning Disability Advisor	—	—	—
The Wood Foundation	—	2,500	2,500
Robertson Trust	—	8,500	8,500
Lochaber YPI	—	500	500
YPI Scotland	—	3,000	3,000
	<u>3,841</u>	<u>167,977</u>	<u>171,818</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
<b>Donations</b>			
Donations	205	—	205
<b>Grants</b>			
NHS Highland: People First	—	23,339	23,339
NHS Highland: HUG	—	53,400	53,400
NHS Highland: Learning Disability Advisor	—	6,000	6,000
The Wood Foundation	—	—	—
Robertson Trust	—	—	—
Lochaber YPI	—	—	—
YPI Scotland	—	—	—
	<u>205</u>	<u>82,739</u>	<u>82,944</u>

#### 6. Charitable activities

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Cantraybridge	<u>—</u>	<u>—</u>	<u>7,632</u>	<u>7,632</u>

# Spirit Advocacy

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

#### 7. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
General Operations	2,987	—	2,987
Comic Relief	—	—	—
People 1st	—	26,142	26,142
NHS Scotland - Learning Disability Advisor	—	1,465	1,465
Cantraybridge	—	—	—
HUG Activities	—	70,150	70,150
SPEAK DA	—	16,169	16,169
See Me	—	210	211
Support costs	—	35,784	35,784
	<u>2,987</u>	<u>149,920</u>	<u>152,908</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
General Operations	9,466	—	9,466
Comic Relief	—	17,127	17,127
People 1st	—	48,234	48,234
NHS Scotland - Learning Disability Advisor	—	4,211	4,211
Cantraybridge	8,282	—	8,282
HUG Activities	—	101,585	101,585
SPEAK DA	—	8,057	8,057
See Me	—	209	209
Support costs	—	43,591	43,591
	<u>17,748</u>	<u>223,014</u>	<u>240,762</u>

#### 8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2019 £	Total fund 2018 £
General Operations	2,987	—	2,987	9,466
Comic Relief	—	—	—	17,127
People 1st	26,142	5,694	31,836	52,694
NHS Scotland - Learning Disability Advisor	1,465	—	1,465	4,211
Cantraybridge	—	—	—	8,282
HUG Activities	70,150	28,296	98,446	140,716
SPEAK DA	16,169	1,794	17,963	8,057
See Me	211	—	211	209
	<u>117,124</u>	<u>35,784</u>	<u>152,908</u>	<u>240,762</u>

# Spirit Advocacy

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

#### 9. Analysis of support costs

	SPEAK £	People 1st £	HUG £	Total 2019 £	Total 2018 £
Staff costs	—	—	17,865	<b>17,865</b>	24,918
Premises	1,794	3,461	6,906	<b>12,161</b>	11,599
Communications and IT	—	1,394	2,826	<b>4,220</b>	5,942
Other costs	—	839	699	<b>1,538</b>	1,132
	<u>1,794</u>	<u>5,694</u>	<u>28,296</u>	<u><b>35,784</b></u>	<u>43,591</u>

#### 10. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	<u><b>1,399</b></u>	<u>1,449</u>

#### 11. Independent examination fees

	2019 £	2018 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u><b>3,307</b></u>	<u>3,282</u>

#### 12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2019 £	2018 £
Wages and salaries	<b>114,403</b>	149,160
Employer contributions to pension plans	<u><b>3,119</b></u>	<u>11,205</u>
	<u><b>117,522</b></u>	<u>160,365</u>

The average head count of employees during the year was 7 (2018: 10). The average number of full-time equivalent employees during the year is analysed as follows:

	2019 No.	2018 No.
Number of staff	<u><b>4</b></u>	<u>10</u>

No employee received employee benefits of more than £60,000 during the year (2018: Nil).

# Spirit Advocacy

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2019

#### 13. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

Four trustees were reimbursed a total of £660 (2018 - £428 three trustees) for expenses incurred while carrying out their duties.

#### 14. Transfers between funds

During the year £4,049 (2018 - £nil) was transferred from unrestricted funds to SPEAK to cover the overspend on the project.

During the year £nil (2018 - £18,396) was transferred from unrestricted funds to HUG to cover the overspend on the project.

During the year £nil (2018 - £700) was transferred from HUG restricted funds to reallocate funds that related to grant provider Royal Horticultural Society for a restricted project.

During the year £nil (2018 - £296) was transferred from unrestricted funds to People 1st to cover the overspend on the project.

During the year £nil (2018 - £7,962il) was transferred from Gruntvig to unrestricted funds as the project has ended in previous years and the unspent grant did not need to be repaid.

During the year £nil (2018 - £7,917) was transferred from unrestricted funds to Speak DA to cover the overspend on the project.

#### 15. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
<b>At 1 April 2018 and 31 March 2019</b>	<u>4,681</u>	<u>9,296</u>	<u>13,977</u>
<b>Depreciation</b>			
At 1 April 2018	4,681	7,897	12,578
Charge for the year	—	1,399	1,399
<b>At 31 March 2019</b>	<u>4,681</u>	<u>9,296</u>	<u>13,977</u>
<b>Carrying amount</b>			
<b>At 31 March 2019</b>	—	—	—
At 31 March 2018	—	1,399	1,399

#### 16. Debtors

	2019 £	2018 £
Prepayments and accrued income	<u>694</u>	<u>609</u>

# Spirit Advocacy

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2019

#### 17. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	–	22
Accruals and deferred income	3,674	3,759
Social security and other taxes	–	2,550
Other creditors	1,591	1,226
	<u>5,265</u>	<u>7,557</u>

#### 18. Pensions and other post-retirement benefits

##### Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £3,119 (2018: £11,205). The amount due at the year end included in other creditors is £1,589 (2018: £1,226).

#### 19. Analysis of charitable funds

##### Unrestricted funds

	At 1 April 2018	Income	Expenditure	Transfers	At 31 Mar 2019
	£	£	£	£	£
General funds	<u>6,646</u>	<u>3,841</u>	<u>(2,987)</u>	<u>(4,049)</u>	<u>3,451</u>

	At 1 April 2017	Income	Expenditure	Transfers	At 31 March 2018
	£	£	£	£	£
General funds	<u>35,904</u>	<u>7,837</u>	<u>(17,748)</u>	<u>(19,347)</u>	<u>6,646</u>

# Spirit Advocacy

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

#### 19. Analysis of charitable funds *(continued)*

##### Restricted funds

	At 1 April 2018	Income	Expenditure	Transfers	At 31 Mar 2019
	£	£	£	£	£
HUG Activities	–	106,799	(97,944)	–	8,855
People 1st	–	46,678	(31,836)	–	14,842
Tesco Charitable Trust	151	–	–	–	151
See Me	1,082	–	(210)	–	872
Choose Life	379	–	–	–	379
Caring & Sharing	502	–	–	–	502
Volant Funding	122	–	(122)	–	–
Speak Project	–	–	(4,049)	4,049	–
NHS Highland - Learning Disability Advisor	1,789	–	(1,467)	–	322
Royal Horticultural Society - garden project	700	–	(500)	–	200
The Wood Foundation	–	2,500	(2,500)	–	–
The Robertson Trust	–	8,500	(7,792)	–	708
Lochaber High School	–	500	(500)	–	–
YPI Scotland	–	3,000	(3,000)	–	–
	<u>4,725</u>	<u>167,977</u>	<u>(149,920)</u>	<u>4,049</u>	<u>26,831</u>

	At 1 April 2017	Income	Expenditure	Transfers	At 31 Mar 2018
	£	£	£	£	£
HUG Activities	68,920	53,400	(140,716)	18,396	–
People 1st	29,057	23,339	(52,692)	296	–
Comic Relief	17,127	–	(17,127)	–	–
Tesco Charitable Trust	151	–	–	–	151
Gruntvig	7,962	–	–	(7,962)	–
See Me	1,292	–	(210)	–	1,082
Choose Life	379	–	–	–	379
Caring & Sharing	502	–	–	–	502
Volant Funding	122	–	–	–	122
Speak Project	141	–	(8,058)	7,917	–
NHS Highland - Learning Disability Advisor	–	6,000	(4,211)	–	1,789
Royal Horticultural Society - garden project	–	–	–	700	700
The Wood Foundation	–	–	–	–	–
The Robertson Trust	–	–	–	–	–
Lochaber High School	–	–	–	–	–
YPI Scotland	–	–	–	–	–
	<u>125,653</u>	<u>82,739</u>	<u>(223,014)</u>	<u>19,347</u>	<u>4,725</u>

# **Spirit Advocacy**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 March 2019**

#### **19. Analysis of charitable funds** *(continued)*

##### **NHS contract funding for HUG Action for Mental Health**

Provision of collective advocacy for people with mental ill health.

##### **NHS contract funding for People First Highland**

Provision of collective advocacy for people with a learning disability.

##### **Comic Relief**

Comic relief funded 'Live Life Well', a three-year HUG project which focused on the mental health needs of the over 50s in Highland. The project's practical work was completed by 31st March 2016, with final reporting covered in the latter half of 2016. The underspend on this grant was repaid in the year ended 31st March 2018.

##### **See Me**

The national anti-stigma initiative, funded the ongoing development of HUG's 'Hear Me' project, focusing on parents with mental ill health whose children had been taken into care. In 2017, after the project's first year, a report was prepared by HUG's development worker which suggested a 'peer support' approach should be adopted in future.

##### **Caring and Sharing**

A Caring and Sharing grant was awarded to People First Highland to support its ongoing work involving people with a learning disability.

##### **Volant**

Volant awarded a one-year grant (2015-16) to SPEAK, HUG's collective advocacy project for younger people, to help with its work in schools across Highland.

##### **NHS Highland**

NHS Highland funded a one year grant for the provision of a learning disability advisor.

##### **Royal Horticultural Society**

A grant from the Royal Horticultural Society to provide garden activities.

##### **The Robertson Trust**

A grant award made towards the cost of the direct costs of the SPEAK Project.

##### **The Wood Foundation**

A grant received towards ongoing commitment to the Youth and Philanthropy Initiative (YPI)

##### **Lochaber High School**

A donation from Lochaber High School toward ongoing commitment to the Youth and Philanthropy Initiative (YPI).

##### **YPI Scotland**

A grant received as part of the Youth and Philanthropy Initiative. (YPI)

# Spirit Advocacy

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

#### 20. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Tangible fixed assets	—	—	—
Current assets	8,716	26,831	35,547
Creditors less than 1 year	(5,265)	—	(5,265)
<b>Net assets</b>	<u>3,451</u>	<u>26,831</u>	<u>30,282</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Tangible fixed assets	1,189	210	1,399
Current assets	5,457	4,515	9,972
Creditors less than 1 year	—	—	—
<b>Net assets</b>	<u>6,646</u>	<u>4,725</u>	<u>11,371</u>

#### 21. Related parties

No trustee, or person related to the charity, had any personal interest in any contract or transaction entered into by the charity during the year.

#### Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid one key management personnel for services provided to the charity was £15,448 (2018 - £15,391).