



**penumbra**  
your way to a brighter future

## Directors' Report and Financial Statements

For the year ended 31 March 2021





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## **Reference & Administration**

### **Directors**

The directors of the charity during the year ended 31 March 2021, and up to the signing date of the Directors' Report, were as follows:

Laura Reid	Chair
Niall Stirling	Treasurer
Alison Bavidge	
Alistair Hodgson	
Angus Macfarlane	
Colin Briggs	
Elaine Dunlop	appointed 25 November 2020
Geoffrey Huggins	appointed 25 November 2020
Louise Goodlad	
Sara Robinson	appointed 25 November 2020

### **Company Secretary**

Nigel Henderson

### **Senior Management (Directorate)**

Nigel Henderson	Chief Executive
Jane Cumming	Director of Services & Innovation
Joanne Mayne	Director of Corporate Services

## Reference & Administration (continued)

### Registered Office

Norton Park  
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Edinburgh  
EH7 5QY

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email: [enquiries@penumbra.org.uk](mailto:enquiries@penumbra.org.uk)  
Telephone: 0131 475 2380

### Auditor

Azets Audit Services  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

### Bankers

Bank of Scotland  
Greenside Branch  
6 Picardy Place  
Edinburgh  
EH1 3JT

### Investment Brokers

Brewin Dolphin  
Sixth Floor, Atria One  
144 Morrison Street  
Edinburgh  
EH3 8BR

### Insurance Brokers

Marsh Commercial  
G1 Building  
5 George Square  
Glasgow  
G2 1AR

### Solicitors

Balfour & Manson LLP  
56-66 Frederick Street  
Edinburgh  
EH2 1LS

## Trustees' and Directors' Report and Strategic Report

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 March 2021.

### Penumbra, during the Covid-19 pandemic

The financial year 2020/21 will be remembered as the year of Covid-19. In mid-March 2020 Penumbra decided to withdraw non-essential face to face support a week before the national lockdown was announced. Throughout the year we have closely followed Government guidance to ensure our staff and supported people were safe.

For all of us the use of PPE, face masks and social distancing was a new experience. Our staff teams carefully assessed the needs of each person and agreed a safe way for each person of providing continuing support. This would be using online video conferencing, text messaging, telephone calls or face to face support. In some situations, it was a blended approach of all of these. Our residential services continued to provide 24/7 support on site; many people continued to receive support in their own homes; our crisis and distress services continued to respond to people and we re-designed many of our activities so we could continue to respond to people in need of support. None of our services stopped.

The launch of our new integrated digital systems in February 2020 meant that all staff had the means of being able to remotely access all the relevant data, information and systems to enable good safe working practices. This would have been a wholly

different situation if we had not invested in new software during the previous year.

Our staff performed magnificently throughout the year by being committed and creative and ensuring contact with all our supported people continued. In some places we started new services and activities in response to the Covid-19 pandemic. We kept our people safe and The Board and Directorate of Penumbra would like to record our heartfelt thanks to all our people for their considerable efforts during the year.

### Objectives and Activities

Penumbra was established in 1985 and provides a range of mental health recovery focused, person centred services and activities across Scotland for adults and young people. We work in partnership with Integrated Joint Boards (IJB's), Health and Social Care Partnerships, local authorities, the NHS, other voluntary organisations, service users and carers to deliver high quality, valued services.

The word 'Penumbra' describes the partial shadow around the sun during an eclipse. Penumbra's work aims to bring mental health out of the shadows and into the light.

#### Vision

*Our vision is that people live with positive mental wellbeing and can easily access the best possible support when they need it.*

#### Mission

*Penumbra will deliver exceptional mental health and wellbeing support and activities, guided by people's own lived experience, their recovery journeys and their hopes and aspirations.*

## Core Principles

*We will do the right thing. Standing up for people, their rights, wellbeing and recovery; We listen and respond with hope, kindness and respect; We explore, reflect, learn and adapt to create solutions that are best for people's wellbeing; We will work with those who share our vision and values.*

## Strategic Plan

The Strategic Plan for 2021-2023 was approved by the Board in May 2021 following significant consultation and discussion during 2020/21. The plan sets out five key aims that will support the Vision and Mission of Penumbra: recovery and wellbeing, innovation, people, improvement, and leadership (RIPIL).

At the heart of the Strategic Plan is a desire for Penumbra to develop good quality recovery focussed services and activities that promote mental health and wellbeing, prevent mental ill health and support people with mental health problems.

Each year a business plan is developed to support the Strategic Plan which includes details of work to be undertaken in pursuit of our strategic aims. Progress towards these goals and associated targets is reviewed by the Board quarterly.

The Strategic Plan for 2021-2023 focusses on developing further initiatives that improve mental health and wellbeing and ensuring our staff teams have the resources and support they need to continue to provide high quality, compassionate support.

## Strategic Aims

### Recovery and Wellbeing

To make a positive difference to people's recovery and mental wellbeing.

### Innovation

To be innovative and creative in all that we do.

### People

To value, support and involve our people.

### Improvement

To continuously learn and improve our practice and processes.

### Leadership

To be thought and practice leaders in recovery and mental wellbeing.

These strategic aims (RIPIL) are embedded in our organisational processes so that we assess our performance in these areas and our teams recognise the contribution they make to Penumbra

## Penumbra Services



Our services are located in 20 Health and Social Care partnership areas. We work from three regional offices in Glasgow, Aberdeen and Edinburgh and many of our services also have a local office or base. Each week we support over 2500 people, this is a significant increase in the number of people who access our services from previous years. The support provided ranges from a few hours each week to services that operate 24 hours a day. In 2020/21 a total of 6252 people accessed our services, 4213 of whom were new to Penumbra.

Our services use the HOPE<sup>®</sup> framework for wellbeing and I.ROC<sup>®</sup> - a validated measure of personal recovery. We use this approach so that the person themselves is at the centre of our approach and that we are focused on those areas that will make the biggest difference we can to the person's recovery.

## Services

All our services are focused on providing time and space to people to share their own lived experience and to enable personal recovery.

Examples of the services we provide:

### 1<sup>st</sup> Response

We run a number of 1st Response services for people who are seeking help and who may need short term support or who need information about local services. These are self-referral, easily accessed support services that respond quickly and compassionately to people who contact them.

### ARBD

We provide Recovery Focused support for people with Alcohol Related Brain Damage at our award-winning services in Edinburgh and Glasgow

### Carer Support

Supporting those who care for someone with a mental health problem.

### Criminal Justice

Working with criminal justice team to provide support for people as they transition from prison to home so that they have the emotional support and strategies they need to cope and connect within their local communities.

### Distress Brief Intervention (DBI)

The aim of the DBI programme is to provide compassionate, connected support to people in distress.

### Edinburgh Crisis Centre

Provides easily accessed support to people in crisis and distress.

### Future Pathways

Along with Health in Mind, NHS Greater Glasgow and Clyde Trauma Services and the Scottish Government we continue to deliver this service for survivors of in care abuse



through an Alliance partnership. This was the first Alliance in Scotland

### **Homelessness Services**

Practical and emotional support for people who are homeless or at risk of homelessness and who are experiencing mental health issues

### **Nova Projects**

Wellbeing projects in communities that provide 1:1 and group opportunities, promoting recovery, social inclusion and self-management.

### **Peer Support**

Support provided by staff who bring their own experience of mental ill health and recovery. Almost 20% of our staff are employed in Peer posts and so share their experience of recovery, an aspect of our work that we know is valued by people who use our services.

### **Penumbra WOWs**

Penumbra workshops on wellbeing. These are provided as part of education programmes where people come together in facilitated groups to share their experience in a safe space and learn from each other about specific areas of mental health and wellbeing.

### **Primary Care services**

Services based in GP practices providing short-term support for people referred by GP's e.g. we provide a peer support service in Angus, giving people who contact their GP time and space with people who have lived experience of recovery.

### **Supporting People who experience Self-Harm**

In many areas we provide specific support to adults and young people who have self-harmed. In addition to support we also raise awareness and provide training for other professionals who are involved in supporting people at risk of self-harm.

### **Suicide Prevention Support Service**

We provide specific suicide prevention support that is based on a model of self-referral and therefore provides quick support for people who are at risk of suicide.

### **Supported Housing**

We have a variety of supported housing services that provide ongoing recovery focused practical and emotional support for people in order that they can live safely and as independently as possible within communities.

### **Supported Living**

Our supported living services provide practical and emotional support to meet people's needs in their own home.

## Strategic Report

### Achievements and Performance

#### Recovery

##### Service users

As mentioned above over 6,000 people used Penumbra services in 2020- 2021. More people than ever are therefore accessing our services and are receiving support from Penumbra. We recognise the lived experience of each person and seek to ensure that each person has access to recovery focussed, person-centred support. We measure the impact of our work and are therefore confident that we make a positive contribution to the mental health and wellbeing of people who use our services.

##### Peer Work

We are the largest employer of peer workers in mental health in Scotland. We believe that Peer working makes an important and significant contribution to positive recovery outcomes for people and that it also makes a positive contribution to ensuring that the voice of lived experience is heard and valued.

##### Scottish Recovery Network (SRN)

We continue to host the Scottish Recovery Network which promotes recovery across all mental health services. SRN has launched a new strategy focusing on making recovery real and supporting the development of more peer work opportunities.

#### People

##### Recovery Teams

Our recovery teams support a group of supported people in a specific locality to ensure consistency and quality of approach.

##### Scottish Living Wage

All staff in Penumbra receive pay that is above the current Scottish Living Wage rate of £9.50 per hour. All staff received a 2% cost of living increase in 2020/21 and the Board have agreed an increase of 2.2% for 2021/22.

##### Staff satisfaction

Our staff survey is undertaken every two years, with the most recent one having been undertaken in June 2019. The results were consistently good and comparable with the 2017 survey. The staff survey for 2021 will take place during July.

##### Learning and Development

This year, through the pandemic, we have re-designed much of our approach and our L&D and practice development team have worked to ensure that our staff continued to feel connected and supported within Penumbra.

#### Innovation

##### Support to Survivors of Sexual Abuse

In 2020 we launched 2 new services, funded by Inspiring Scotland, who were appointed to provide support to the Scottish Government's survivor support team. Our Team in Dundee launched a service aimed at supporting people who self-harm. The service provides 1:1 and group support and also has delivered many awareness sessions.

In Aberdeen we partnered with Aberdeen Cyrenians to launch a trauma support service to people who are homeless or who are at risk of homelessness, providing flexible, person-centred trauma support.

##### Distress Brief Intervention (DBI)

We continue as key partners in the Scottish Governments DBI programme. Our Aberdeen pilot area has had a very busy year and is set to introduce a test of change project for

14/15-year-old with two local schools and the CAMHS service. Nationally we developed along with 3<sup>rd</sup> sector partners the DBI (Covid response) working with the NHS24 mental health hub. This service covered the whole of Scotland and we provided this service remotely to six health board areas covering 43% of the Scottish population. Over 1200 referrals were received by this service in 2020/21.

We successfully launched a local DBI service across Ayrshire and Arran and will commence a new local DBI service in Midlothian in early 2021/22. We are also in discussion with a number of other areas about developing a local DBI service.

### **Granite Care Consortium**

We are working in a partnership with 10 organisations to provide care and support at home to the people of Aberdeen. This partnership has successfully collaborated to re-design delivery towards a person-centred, outcomes focused model of support.

### **I.ROC**

I.ROC is now licensed to 65 organisations in total. I.ROC is now being used in 7 countries, including the United Kingdom, Spain, Australia, Finland, Czech Republic, Belgium and the Netherlands. We are also beginning the roll out of Y.ROC which is a youth-focused version of I.ROC and are currently in the process of improving the digital reporting system (I.ROC Wellbeing) with our external partners. The project will also be delivering the use of the digital reporting system to Penumbra staff and inclusion of Y.ROC. This development project is anticipated to conclude in July 2021.

## **Influence**

### **Scottish Mental Health Partnership**

We are members of the Scottish Mental Health Partnership, a coalition of third sector mental health organisations, service providers and professional bodies, which contributes to the ongoing implementation of the Scottish Mental Health Strategy. During 2020/21 the partnership produced a manifesto called 'Promote, Prevent, Provide' for the Scottish parliament elections.

Penumbra is represented on a number of Scottish Government Programme Boards including the National Suicide Prevention Leadership Group, the Digital Citizens Programme Board and the NHS24 mental health service redesign board. We also contributed evidence to the Independent Review of Adult Social Care.

Penumbra is an active member of Mental Health Europe (MHE). Our chief executive is a senior policy advisor to the Board, having previously held the office of President of the Board of MHE and our Director of Services and Innovation continued as a Board member.

Locally Penumbra staff are members of various strategic planning groups for Health and Social Care. Penumbra staff regularly present at conferences and seminars in Scotland and beyond

## **Improvement**

### **Care Inspectorate**

Due to the Coronavirus pandemic, no Care Inspectorate visits were carried out in 2020/21.

Our excellence journey continues and we remain active members of the EFQM Scotland Voluntary Sector network

## Financial Review

The net income/(expenditure) before other recognised gains and losses for the year as shown in the Statement of Financial Activities on page 18 are:

	2020/21	2019/20
	£	£
Penumbra	878,698	(291,159)

*This favourable outcome is due to a positive return on our investments of £280,194 (2020: deficit of £82,226), and an additional £219,085 of income added to our restricted income funds reserve (as per Charities SORP), whilst the expense for these funds will occur in future years.*

We also experienced growth in our service delivery, as we developed new services and extended existing services to provide much needed support during the Covid19 pandemic for people experiencing emotional distress and mental ill health. As stated these figures are before the loss on the pension scheme. During 2020/21 we invested heavily in new technology, implementing a new cloud-based end to end system for finance, HR, payroll, fundraising, staff rostering and care planning. This work has seen all staff equipped with smartphones where they are able to access all the functions they need to manage and report on their work.

We remain mindful of the challenges facing health and social care nationally and the potential impact on our work. As we end the financial year 2020/21 the Coronavirus pandemic has continued to have a significant

impact on all of the UK. We have monitored the situation closely and held weekly meetings to ensure that we are keeping up to date with latest Government Guidance and also ensuring that staffing levels aren't adversely affected. Services have continued to operate, either continuing face to face support where needed, or via remote support.

## Reserves Policy

The reserves policy for Penumbra states that three months operating expenditure should be maintained in unrestricted reserves, at approximately £2.5m. This should enable the organisation to finance all its commitments and obligations should the company ever be required to be wound up.

The total unrestricted funds at 31 March 2021 amounting to £3,632,621 (2020: £3,146,876) is in line with our reserves policy. This figure includes £37,221 which has been designated for defined benefit pension scheme contributions falling due during the year to 31 March 2022.

Restricted funds as at 31 March 2021 are £671,248 (2020: £452,163), and are not available for the general purposes of the company.

The free reserves, as at 31 March 2021, total £3,082,106.

## Principal Funding Sources

As in previous years the principal sources of income for the organisation remain contracts and service level agreements with Local Authorities and Health Boards, with some private individual contributions from individual supported people. Revenue grants are received from central government and charitable trusts. Unrestricted donations are

also received from individuals and fundraising events.

Income from statutory sources is detailed at Note 23 and represents nearly 90% of our income for the year.

## **Investment Policy**

Our short-term investments are placed with our bankers, whom we rely upon to place funds in accordance with good banking practice. To spread risk, we have split our medium- and long-term deposits between our bankers, and two other organisations. During the year to 31 March 2021, funds were on deposit with Bank of Scotland, Aldermore and Octopus. In addition to this, we took the strategic decision in 2018/19 to make a longer-term investment in the stock markets, and appointed Brewin Dolphin as Investment Brokers. The Board approved our risk and ethical investment policies, which restricted or prevented investment in pharmaceutical, alcohol, weapons and tobacco amongst others.

## **Plans for future periods**

Penumbra has made specific plans for the coming year to achieve our strategic objectives of Recovery and Wellbeing, Innovation, People, Improvement and Leadership. Amongst the detailed activities that have been budgeted for and planned are:

- We will expand our services that offer support to people experiencing crisis/distress.
- We will re-brand our logo, key messages and redesign our web/social media content.
- We will continue to build our peer workforce and develop work on creating a centre of excellence for peer work.
- We will review and evaluate staff roles within Penumbra and

collaborate with others to promote the value of social care workers.

- We will continue to gather evidence of the impact our work has.

## **Review of Major Risks**

The major risk identified during 2020/21 was the effect of the global Covid-19 pandemic on our work, financial sustainability and the wellbeing of our staff and supported people. Individual risk assessments were carried out by each service and a safe pattern of work adopted in line with Government guidance. Financial stability was supported by various directions by Government to ensure that we were paid as per contract and where extra costs were incurred these could be claimed through sustainability payments schemes locally. We ensured we had sufficient supplies of PPE, introduced PCR and LFD testing as per Government guidance and provided our staff with a range of tools, tips and support for their wellbeing and the wellbeing of our supported people.

During the year the risk register was reviewed quarterly by the *Finance, Risk and Audit Committee*. The objective of these meetings was to review the work of the Senior Management Group, who bi-annually assess the risks which Penumbra is exposed to, and to assess the effectiveness of the systems and procedures that have been put in place that manage or mitigate these risks. The results of this committee's reviews were reported to the Board, who confirmed their satisfaction that the major risks to which Penumbra is exposed are being adequately managed. The Board impact was closely monitored and updates sent to the Board regularly.

Other key risks highlighted in the risk register was the financial risk associated with changes to our existing funding structure, for example, the reduction or loss of local authority

contracts and the increasing number of framework agreements that are replacing block contracts. This is mitigated through careful forecasting and financial and service delivery monitoring, as well as maintaining regular communication with our funders and commissioners.

The Company, which is limited by guarantee, is registered in Scotland, No. SC091542 and governed by its Memorandum and Articles of Association. It is a recognised Scottish Charity, No. SC010387.

### **Method of appointment to the Board**

In recent years appointments to the Board have been by advertisement and interviews, with new appointments approved by the Annual General Meeting. New Board Members are given induction training on their appointment, which includes meeting with the charity's key management personnel, visiting services, and sessions on governance and finance during Board meetings. All Board Members are offered a group training opportunity regularly.

During 2020/21 three new members were appointed to the Board following a public advert. Remuneration of the charity's key management personnel is set by the Remuneration Committee comprising Penumbra Board members and is reviewed and benchmarked every three years.

Transactions with related parties are disclosed at Note 10.

### **Statement of Directors' Responsibilities**

The trustees (who are also Directors of Penumbra for the purpose of company law)

are responsible for preparing the Directors' Report, incorporating the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). 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 the surplus or deficit of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 company will continue in business.

The trustees are responsible for keeping proper accounting records that 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Decision making structure

Penumbra continues to operate as a group structure, with one wholly owned subsidiary, Penumbra (Trading) Limited. Penumbra (Trading) Limited's results for the year are immaterial, and hence it is not consolidated into the results of Penumbra.

All members of Penumbra's Board are Trustees for the purposes of charity law, with overall responsibility for its activities. The Board meets six times a year, and is supported by three committees: *Finance, Risk & Audit Committee*; *People, Quality and Improvement Committee*; and, *Remuneration Committee*.

These committees have no executive authority and instead make recommendations to the Board for approval.

The Directors' engage with employees in a number of different ways. They see and comment on the staff survey results, they

undertake visits to services and they are invited to attend staff conferences, workshops and roadshows.

The Strategic Plan and annual targets, management accounts, the annual Budget, appointments to the Directorate and the remuneration of key management personnel are approved directly by the Board, with day-to-day executive authority being delegated to the Directorate, which consists of the Chief Executive, the Director of Services & Innovation and the Director of Corporate Services. None of the members of the Directorate are also members of the Board.

## Funds Held on Behalf of Service Users

Penumbra held funds of £39,552 (2019/20: £42,966) on behalf of service users at 31 March 2021. This is included within other creditors at the year end.

## Going Concern

We are aware that the coming years will be a challenging time for Penumbra with likely continued public spending restrictions. We review our resources on an on-going basis and with careful monitoring, planning and budgeting we are confident that we have sufficient financial and human resources to sustain our work for the foreseeable future.

## Auditor

On 7 September 2020 Group Audit Services Limited trading as Scott-Moncrieff Audit Services changed their name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and have accordingly expressed their willingness to continue in office as auditor.

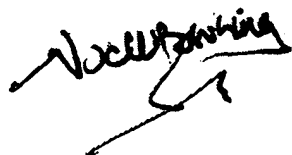
A resolution will be proposed at the Annual General Meeting that Azets Audit Services be appointed as auditor to the charity for the ensuing year.

## **Approval of Trustees' Annual Report**

At the time of approving this report, the Directors are aware of no relevant audit information of which the charity's auditor is unaware, and have taken all steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

In approving the Trustees' Annual Report, the Trustees are also approving the Strategic Report in their capacity as company directors.

This report was approved by the Board on 25 August 2021.

A handwritten signature in black ink, appearing to read 'Niall Stirling', with a stylized flourish underneath.

**NIALL STIRLING**

Treasurer



## Independent Auditor's Report

### Opinion

We have audited the financial statements of Penumbra (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report (incorporating the Strategic Report), for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report (incorporating the Strategic Report) have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (incorporating the Strategic Report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of the directors**

As explained more fully in the directors' responsibilities statement set out on page 11, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the charitable company

through discussions with management, and from our commercial knowledge and experience of the sector;

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the charitable company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's directors, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members, as a body, and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

**Allison Gibson (Senior Statutory Auditor)**  
**for and on behalf of Azets Audit Services,**  
**Statutory Auditor**

Eligible to act as an auditor in terms of Section  
1212 of the Companies Act 2006  
Chartered Accountants  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

25 August 2021

## Statement of Financial Activities

### Incorporating the Income and Expenditure Account

		Unrestricted funds	Restricted income funds	Restricted capital funds	Total funds 2021	Total funds 2020
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies	4	186,271	-	-	186,271	176,892
Charitable activities	5					
Services for adults		6,486	10,975,388	-	10,981,874	10,170,445
Services for young people		-	163,999	-	163,999	286,089
Other services		12,740	375,660	-	388,400	164,573
Investments		33,247	-	-	33,247	49,530
<b>Total</b>		<b>238,744</b>	<b>11,515,047</b>	<b>-</b>	<b>11,753,791</b>	<b>10,847,529</b>
<b>Expenditure on:</b>						
Raising funds		73,181	-	-	73,181	67,778
Charitable activities	6					
Services for adults		-	10,033,794	-	10,033,794	10,125,220
Services for young people		-	163,999	-	163,999	257,312
Other services		378,329	489,627	-	867,956	584,527
<b>Total</b>		<b>451,510</b>	<b>10,687,420</b>	<b>-</b>	<b>11,138,930</b>	<b>11,034,837</b>
<b>Total income less expenditure</b>		<b>(212,766)</b>	<b>827,627</b>	<b>-</b>	<b>614,861</b>	<b>(187,308)</b>
Net gains/(losses) on investments		263,837	-	-	263,837	(103,851)
<b>Net income/(expenditure)</b>		<b>51,071</b>	<b>827,627</b>	<b>-</b>	<b>878,698</b>	<b>(291,159)</b>
<b>Transfers between funds</b>		<b>610,674</b>	<b>(608,542)</b>	<b>(2,132)</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses):</b>						
Actuarial (loss) on defined benefit scheme	25	(176,000)	-	-	(176,000)	(188,000)
<b>Net movement in funds</b>		<b>485,745</b>	<b>219,085</b>	<b>(2,132)</b>	<b>702,698</b>	<b>(479,159)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		3,146,876	452,163	8,082	3,607,121	4,086,280
<b>Total funds carried forward</b>		<b>3,632,621</b>	<b>671,248</b>	<b>5,950</b>	<b>4,309,819</b>	<b>3,607,121</b>

The notes on pages 22 to 45 form part of these financial statements.

## Balance Sheet

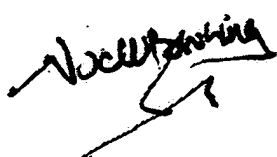
SC091542

	Notes	£	2021 £	£	2020 £
<b>Fixed Assets</b>					
Tangible fixed assets	12		295,024		314,493
Intangible fixed assets	13		129,350		220,656
Investments	14		1,201,556		921,362
<i>Total fixed assets</i>			<u>1,625,930</u>		<u>1,456,511</u>
<b>Current assets</b>					
Debtors	15	1,863,308		1,534,347	
Cash at bank and in hand		1,899,987		1,970,661	
<i>Total current assets</i>		<u>3,763,295</u>		<u>3,505,008</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	16	(714,972)		(776,905)	
<i>Net current assets</i>			<u>3,048,323</u>		<u>2,728,103</u>
<i>Total assets less current liabilities</i>			<u>4,674,253</u>		<u>4,184,614</u>
Provisions for liabilities	17	(364,434)		(577,493)	
<i>Net assets excluding pensions asset</i>			<u>4,309,819</u>		<u>3,607,121</u>
Defined benefit pension asset	25	-		-	
<b>Total net assets</b>			<u><u>4,309,819</u></u>		<u><u>3,607,121</u></u>
<b>The funds of the charity:</b>					
Restricted capital funds	19	5,950		8,082	
Restricted income funds	20	671,248		452,163	
<i>Total restricted funds</i>			<u>677,198</u>		<u>460,245</u>
Unrestricted income funds	21	3,506,480		2,875,130	
Defined benefit pension payments fund	21	37,221		182,826	
Innovation and development fund	21	52,420		52,420	
Young people's development fund	21	7,500		7,500	
Revaluation reserve	21	29,000		29,000	
<i>Unrestricted funds excluding pension liability</i>		<u>3,632,621</u>		<u>3,146,876</u>	
Defined benefit pension reserve	21	-		-	
<i>Total unrestricted funds</i>			<u>3,632,621</u>		<u>3,146,876</u>
<b>Total charity funds</b>			<u><u>4,309,819</u></u>		<u><u>3,607,121</u></u>

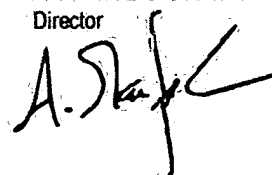
The notes on pages 22 to 45 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 25 August 2021.

**NIAL STIRLING**  
Treasurer



**ANGUS MACFARLANE**  
Director



## Statement of Cash Flows

	Notes	2021	2020
		£	£
<b>Cash flows from operating activities:</b>			
<b>Net cash (used in)/provided by operating activities</b>	1a	(87,564)	(888,297)
<b>Cash flows from investing activities:</b>			
Interest received		33,247	49,530
Proceeds of sale of quoted investments		137,810	49,341
Purchase of quoted investments		(154,167)	(70,966)
Purchase of intangible fixed assets		-	(258,700)
<b>Net cash provided by/(used in) investing activities</b>		16,890	(230,795)
<b>Change in cash and cash equivalents in the reporting period</b>		(70,674)	(1,119,092)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		1,970,661	3,089,753
<b>Cash and cash equivalents at the end of the reporting period</b>		1,899,987	1,970,661

## Statement of Cash Flows (continued)

### 1a Reconciliation of changes in resources to net cash (outflow) from operating activities

	2021	2020
	£	£
Net income/(expenditure) before other recognised gains & losses	878,698	(291,159)
Defined benefit pension scheme servicing costs	34,000	37,000
Defined benefit pension scheme contributions	(201,000)	(200,000)
Defined benefit pension scheme financing costs	(9,000)	(2,000)
	<u>702,698</u>	<u>(456,159)</u>
Net (gains)/losses on investments	(263,837)	103,851
Interest receipts	(33,247)	(49,530)
Depreciation	19,469	19,469
Amortisation	91,306	38,044
(Increase) in debtors	(328,961)	(777,340)
(Decrease)/increase in creditors	(61,933)	193,882
(Decrease)/increase in provisions	(213,059)	39,486
	<u>(87,564)</u>	<u>(888,297)</u>

### Analysis of changes in net debt

	As at 31 March 2020	Cashflows	As at 31 March 2021
	£	£	£
Cash	1,970,661	(70,674)	1,899,987



## **General information**

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated. They comprise the financial statements of Penumbra.

The principal activity of Penumbra is to provide, support and influence services and activities that improve the mental health and wellbeing of people.

Penumbra is a charitable company limited by guarantee incorporated in the United Kingdom and registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC010387. In the event of the winding up of the charitable company a member is liable to contribute a sum not exceeding £1. The company number is SC091542 and details of the registered office can be found on page 2 of these financial statements.

## **1. Accounting policies**

### **a) Basis of accounting**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Penumbra meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charitable company's financial statements unless otherwise stated.

The Statement of Financial Activities (SOFA) and balance sheet contain the results of the charity only, and not those of the group. The results of the subsidiary are not consolidated because they were deemed immaterial to the group results.

### **b) Company status**

The charity is a company limited by guarantee. The members of the company include the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

c) Going concern

The accounts are prepared on a going concern basis, as explained in the Trustees' Report on page 13. We review our resources on an on-going basis and with careful monitoring, planning and budgeting we are confident that we have sufficient financial and human resources to sustain our work for the foreseeable future. This assessment includes the expected impact of Covid-19 on the charity.

d) Fund accounting

Unrestricted Funds: donations and other incoming resources receivable without further specified purpose are treated as general unrestricted funds.

Within Unrestricted Funds, Designated Funds have been set up for various purposes, the balances of which are reviewed annually and may be increased or reduced as necessary.

Restricted Funds: these are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for specific purposes. Separate Income and Capital Funds have been set up.

e) Income recognition

Income is recognised when Penumbra has legal entitlement, the receipt is probable and the income is measurable. Income is shown within four categories within the Statement of Financial Activities.

Income from donations and legacies includes; voluntary income comprising grants, donations and legacies.

Income from charitable activities includes income received as a payment for services provided by Penumbra. Any amounts received in advance of the provision of a service is treated as deferred income, and released when the service is provided.

Investment income includes interest and dividend income from investments received.

The value of services provided by volunteers has not been included.

Grants, including grants for the purchase and improvement of fixed assets, are recognised in full in the year in which they are receivable. Grants received for specific purposes are accounted for as restricted funds. Income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or where the donor has explicitly specified that the income is to be expended in a future period. In addition funds managed by partnership groups are deferred until such time as expenditure decisions are approved by them.

f) Expenditure recognition

Expenditure is recognised when Penumbra has entered into a legal or constructive obligation, is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

All costs other than support costs have been attributed to specific areas of activity. Support costs (which include Head Office, Training and IT) have been allocated to specific areas on the basis of staff headcount.

The costs of generating voluntary income are shown in the Notes to the Accounts as Fundraising Costs, with details of the main items of expenditure provided.

Expenditure on charitable activities includes both direct service delivery costs and a proportion of central support costs as detailed in the Notes to the Accounts. Expenditure is adjusted in line with specific funding requirements.

Expenditure is recognised in the period in which it is incurred. Expenditure includes attributable VAT, which cannot be recovered.

**g) Governance costs**

Governance costs represent costs incurred in the governance of the charity including its constitutional and statutory requirements. These costs are allocated on a similar basis to the charity's support costs.

**h) Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £5,000 are capitalised and included at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Property	over 50 years
Computer equipment	over 3 years

All classes of tangible fixed assets are included at cost, except heritable property, which is included at deemed cost as at March 2015.

**i) Intangible fixed assets and amortisation**

Intangible fixed assets costing more than £5,000 are capitalised and included at cost. Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Software development	over 3 years
----------------------	--------------

All classes of intangible fixed assets are included at cost.

**j) Fixed asset investments**

Quoted investments are valued at their fair value measured using the share price at the balance sheet date. Investment in subsidiary is valued at the aggregate of share capital and reserves. Other investments are valued at cost.

**k) Debtors**

Trade debtors are amounts due from customers for goods sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

**l) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at fair value.

**m) Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

**n) Transfer between funds**

Transfers from unrestricted funds to restricted funds are made when necessary to fund deficits arising on restricted projects as shown in note 20. Transfers from restricted funds to unrestricted funds are made when the funders' conditions have been met in full.

**o) Pension costs**

Penumbra has a defined contribution pension scheme with Aegon for employees. A charge is made to expenditure in the period in which contributions become payable.

In addition, the company is an admitted body to the Lothian Pension Fund, which is a defined benefits scheme. This is closed to new members of staff. The cost of providing pension and related benefits is charged to the SOFA over the employees' service lives on the basis of a constant percentage of earnings which is an estimate of the regular cost. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings.

**p) Operating leases**

Operating lease rentals are charged to the SOFA on a straight-line basis over the period of the lease.

**q) Financial assets and financial liabilities**

Financial instruments are recognised in the balance sheet when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for a similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**r) Provision for liabilities**

Provisions are recognised when the charity has a present obligation (legal or constructive) as a result of a past event, it is probable that the charity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## **2. Critical judgements and estimates**

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Penumbra operates a defined benefit pension scheme and the valuation assumptions are detailed at note 25. The risk of misstatement is mitigated using valuations prepared by an actuary.

It is assumed that there has been no significant movement in the market value of heritable property since the last valuation in March 2015.

No estimates or assumptions have been made that pose a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 3. Comparative Statement of Financial Activities

		Unrestricted funds	Restricted income funds	Restricted capital funds	Total funds 2020
	Notes	£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies	4	176,892	-	-	176,892
Charitable activities	5				
Services for adults		14,641	10,155,804	-	10,170,445
Services for young people		-	286,089	-	286,089
Other services		8,810	155,763	-	164,573
Investments		49,530	-	-	49,530
<b>Total</b>		<b>249,873</b>	<b>10,597,656</b>	<b>-</b>	<b>10,847,529</b>
<b>Expenditure on:</b>					
Raising funds		67,778	-	-	67,778
Charitable activities	6				
Services for adults		-	10,125,220	-	10,125,220
Services for young people		-	257,312	-	257,312
Other services		505,241	79,286	-	584,527
<b>Total</b>		<b>573,019</b>	<b>10,461,818</b>	<b>-</b>	<b>11,034,837</b>
<b>Total income less expenditure</b>		<b>(323,146)</b>	<b>135,838</b>	<b>-</b>	<b>(187,308)</b>
Net (losses) on investments		(103,851)	-	-	(103,851)
<b>Net (expenditure)/income</b>		<b>(426,997)</b>	<b>135,838</b>	<b>-</b>	<b>(291,159)</b>
<b>Transfers between funds</b>		<b>145,475</b>	<b>(143,343)</b>	<b>(2,132)</b>	<b>-</b>
<b>Other recognised gains/(losses):</b>					
Actuarial (loss) on defined benefit scheme	25	(188,000)	-	-	(188,000)
<b>Net movement in funds</b>		<b>(469,522)</b>	<b>(7,505)</b>	<b>(2,132)</b>	<b>(479,159)</b>

#### 4. Donations and legacies

	General	Services for adults	Services for young people	Total 2021
	£	£	£	£
Scottish Government S10 core funding	68,000	-	-	68,000
Other	109,578	8,693	-	118,271
<b>Total voluntary income</b>	<b>177,578</b>	<b>8,693</b>	<b>-</b>	<b>186,271</b>

	General	Services for adults	Services for young people	Total 2020
	£	£	£	£
Scottish Government S10 core funding	68,000	-	-	68,000
Other	99,630	9,262	-	108,892
<b>Total voluntary income</b>	<b>167,630</b>	<b>9,262</b>	<b>-</b>	<b>176,892</b>

## 5. Income from charitable activities

	Services for adults	Services for young people	Other services	Total 2021
	£	£	£	£
<b>Unrestricted</b>				
Other income	6,486	-	12,740	19,226
Total unrestricted income	6,486	-	12,740	19,226
<b>Restricted income</b>				
Other income	455,450	50,000	24,000	529,450
<b>Services</b>				
Statutory sources	8,951,063	29,999	-	8,981,062
Private sources	186,867	-	-	186,867
Scottish Government	887,114	84,000	351,660	1,322,774
Health Boards	494,894	-	-	494,894
Total restricted income	10,975,388	163,999	375,660	11,515,047
<b>Total charitable income</b>	10,981,874	163,999	388,400	11,534,273

	Services for adults	Services for young people	Other services	Total 2020
	£	£	£	£
<b>Unrestricted</b>				
Other income	14,641	-	8,810	23,451
Total unrestricted income	14,641	-	8,810	23,451
<b>Restricted income</b>				
Other income	307,222	30,090	20,760	358,072
<b>Services</b>				
Statutory sources	8,709,492	161,999	-	8,871,491
Private sources	185,968	-	-	185,968
Scottish Government	475,000	84,000	135,003	694,003
Health Boards	478,122	10,000	-	488,122
Total restricted income	10,155,804	286,089	155,763	10,597,656
<b>Total charitable income</b>	10,170,445	286,089	164,573	10,621,107



## 6. Resources expended – charitable activities

	Notes	Services for adults £	Services for young people £	Other services £	2021 £
Charitable activities		8,997,208	151,323	867,956	10,016,487
Support costs	7	1,023,451	12,511	-	1,035,962
Governance costs	8	13,135	165	-	13,300
<b>Total</b>		<b>10,033,794</b>	<b>163,999</b>	<b>867,956</b>	<b>11,065,749</b>

	Notes	Services for adults £	Services for young people £	Other services £	2020 £
Charitable activities		8,926,057	233,501	583,206	9,742,764
Support costs	7	1,184,638	23,515	-	1,208,153
Governance costs	8	14,525	296	1,321	16,142
<b>Total</b>		<b>10,125,220</b>	<b>257,312</b>	<b>584,527</b>	<b>10,967,059</b>

## 7. Support costs

	Raising funds £	Services for adults £	Services for young people £	Other services £	2021 £
Staff costs	-	647,902	7,920	-	655,822
Training	-	39,409	482	-	39,891
Information technology	-	171,858	2,101	-	173,959
Establishment expenses	-	63,108	771	-	63,879
Legal and professional fees	-	41,061	502	-	41,563
Other	-	60,113	735	-	60,848
<b>Total</b>	<b>-</b>	<b>1,023,451</b>	<b>12,511</b>	<b>-</b>	<b>1,035,962</b>

	Raising funds £	Services for adults £	Services for young people £	Other services £	2020 £
Staff costs	-	798,984	15,860	-	814,844
Training	-	58,362	1,158	-	59,520
Information technology	-	102,461	2,034	-	104,495
Establishment expenses	-	89,434	1,775	-	91,209
Legal and professional fees	-	64,820	1,287	-	66,107
Other	-	70,577	1,401	-	71,978
<b>Total</b>	<b>-</b>	<b>1,184,638</b>	<b>23,515</b>	<b>-</b>	<b>1,208,153</b>

## 8. Governance costs

	Raising funds	Services for adults	Services for young people	Other services	2021
	£	£	£	£	£
Events	-	-	-	-	-
Board expenses	-	-	-	-	-
Audit fees and costs	-	13,135	165	-	13,300
<b>Total</b>	-	13,135	165	-	13,300

	Raising funds	Services for adults	Services for young people	Other services	2020
	£	£	£	£	£
Events	-	1,857	38	170	2,065
Board expenses	-	15	-	2	17
Audit fees and costs	-	12,653	258	1,149	14,060
<b>Total</b>	-	14,525	296	1,321	16,142

## 9. Net income/(expenditure) for the year

	2021 £	2020 £
This is stated after charging/(crediting):		
Auditor's remuneration – audit fees	13,300	10,750
Depreciation and amortisation	110,775	57,513

## 10. Staff and Trustees' costs

	2021	2020
	£	£
<b>Staff costs and numbers</b>		
Wages and salaries	8,457,129	8,026,296
Social security costs	650,692	582,640
Pension costs	282,771	298,798
	<u>9,390,592</u>	<u>8,907,734</u>

Included in pension costs is the Defined Benefits pension scheme employer's contributions adjustment of (£201,000) (2020: (£200,000)) and service cost adjustment of £34,000 (2020: £37,000).

There were pension contributions of £71,522 outstanding at the year end (2020: £67,940).

The average number of staff employed during the year was 390 (2020: 379) of whom 288 (2020: 300) were full time and 102 (2020: 79) were part time.

The average number of full time equivalent employees for the year, analysed by function was:

	2021	2020
	No.	No.
Services for adults	299	298
Services for young people	4	8
Fundraising and publicity	3	3
Management and administration of the charity	16	16
	<u>322</u>	<u>325</u>
Total headcount	<u>390</u>	<u>379</u>

The number of employees whose emoluments were greater than £60,000 for the year fell in the following bands:

	2021	2020
	No.	No.
£60,000 - £70,000	2	2
£90,000 - £100,000	1	1
	<u>3</u>	<u>3</u>

## **10. Staff and Trustees' costs (continued)**

The key management personnel of the company comprises the Chief Executive, Director of Services and Innovation and Director of Corporate Services.

The employee benefit for key management personnel was salaries and national insurance of £236,130 (2020: £232,470) and pensions £54,377 (2020: £53,311).

The pensions figure includes payment towards a shortfall attributable to existing and previous members of the scheme, as detailed above.

No expenses were reimbursed to Trustees (2020: £17 to one Trustee for travel costs).

Mental Health Europe, of which Jane Cumming is a Board member and Nigel Henderson is a Senior Policy Advisor, was paid £2,916 (2020: £2,945) in connection with membership fees in the year. At the year end £2,916 (2020: £2,945) was outstanding.

During the year, Coalition of Care and Support Providers in Scotland, of which of which Nigel Henderson, Penumbra's Chief Executive and Secretary, is a trustee, were paid £2,756 (2020: £3,675) in connection with membership. At the year end £nil (2020: £nil) was outstanding.

Jane Cumming is a Director (appointed 7 October 2020) of Granite Care Consortium Ltd. Penumbra has a contractual relationship with them to deliver care and support services, and received £143,888 (2020: £nil) during the year. At the year end £14,436 (2020: £nil) was outstanding.

Transactions amounting to £89 (2020: £542) were paid on behalf of Penumbra (Trading) Limited during the year. In addition, a grant of £30,000 (2020: £3,975) was made to Penumbra (Trading) Ltd. £1,906 was due by Penumbra to Penumbra (Trading) Ltd (2020: £105 due to Penumbra) at the year end.

## **11. Taxation**

The directors consider that the whole of Penumbra's income and gains have been applied for charitable purposes only and as such is entitled to claim exemption from tax under section 505 Income and Corporation Taxes Act 1988.

## 12. Tangible fixed assets

	Heritable & leasehold property £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2020	345,000	97,719	442,719
At 31 March 2021	345,000	97,719	442,719
<b>Depreciation</b>			
At 1 April 2020	45,088	83,138	128,226
Depreciation charge in year	12,179	7,290	19,469
At 31 March 2021	57,267	90,428	147,695
<b>Net book value</b>			
At 31 March 2021	287,733	7,291	295,024
At 31 March 2020	299,912	14,581	314,493

## 13. Intangible fixed assets

	Software development £
<b>Cost or valuation</b>	
At 1 April 2020	258,700
At 31 March 2021	258,700
<b>Amortisation</b>	
At 1 April 2020	38,044
Amortisation charge in year	91,306
At 31 March 2021	129,350
<b>Net book value</b>	
At 31 March 2021	129,350
At 31 March 2020	220,656

## 14. Investments

### Summary of investments

	2021	2020
	£	£
Quoted investments	1,172,825	907,541
Cash as part of portfolio	28,630	13,720
Investment in subsidiary undertaking	100	100
Other investments	1	1
	<u>1,201,556</u>	<u>921,362</u>

### Quoted investments

	2021	2020
	£	£
Market value at 1 April	907,541	993,570
Disposals at opening market value	(132,489)	(30,766)
Additions at cost	139,257	67,163
Unrealised gain/(loss) in year	258,516	(122,426)
Market value at 31 March	<u>1,172,825</u>	<u>907,541</u>
Cash as part of portfolio	<u>28,630</u>	<u>13,720</u>
Balance carried forward at 31 March	<u>1,201,455</u>	<u>921,261</u>
Historic cost (including cash)	<u>1,024,029</u>	<u>1,031,911</u>

### Investment in subsidiary undertaking

	2021	2020
Penumbra (Trading) Ltd		
Class of share	Ordinary	Ordinary
Holding %	100	100
Aggregate capital and reserves £	15,315	11,751
Surplus for the year	<u>3,564</u>	<u>979</u>

### Other investments

Penumbra owns an 11% (2020: 11%) shareholding in Big Hearted Scotland Ltd, a company registered in Scotland.

## 15. Debtors

	2021	2020
	£	£
Trade debtors	1,054,393	1,157,674
Other debtors	69,950	46,454
Accrued income	548,035	256,712
Prepayments	190,930	73,507
	<u>1,863,308</u>	<u>1,534,347</u>

## 16. Creditors

	2021	2020
	£	£
Trade creditors	55,993	100,227
Accruals	337,842	183,705
Deferred income	195,301	221,633
Other creditors	125,836	130,709
Tax and social security costs	-	140,631
	<u>714,972</u>	<u>776,905</u>

Deferred income arises as follows:

	2021	2020
	£	£
Opening balance	221,633	54,436
Deferred in the year	135,119	193,864
Released in the year	(161,451)	(26,667)
Closing balance	<u>195,301</u>	<u>221,633</u>

## 17. Provisions for liabilities and charges

	2021	2020
	£	£
Opening balance	577,493	538,007
Additional unspent income	87,973	141,454
Amount repaid during the period	(301,032)	(101,968)
Closing balance	<u>364,434</u>	<u>577,493</u>

An amount has been provided for at the year end in relation to income not spent, which it is expected will be repaid within a year.

## 18. Financial assets and liabilities held at fair value through net income/(expenditure)

	2021	2020
	£	£
Financial assets at fair value	<u>1,172,825</u>	<u>907,541</u>

Financial assets at fair value comprise quoted investments.

## 19. Restricted capital funds

### Heritable property

	2021	2020
	£	£
<b>Cost or valuation</b>		
At 1 April	106,615	106,615
At 31 March	<u>106,615</u>	<u>106,615</u>
<b>Capital Grants released</b>		
At 1 April	98,533	96,401
Release	2,132	2,132
At 31 March	<u>100,665</u>	<u>98,533</u>
<b>Net book value</b>	<u>5,950</u>	<u>8,082</u>

Restricted capital funds, which are expendable, have been set up to include grants received for the specific purpose of procuring properties and related assets to be used for the provision of support services for people with mental health problems. These funds can be used only for this purpose and sufficient resources are held to enable them to be applied in accordance with this restriction.



## 20. Restricted income funds

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers between funds £	Balance at 31 March 2021 £
<b>Services for Adults Fund</b>					
Lanarkshire	116,690	-	-	-	116,690
Moray	94,912	246,400	(246,400)	-	94,912
North Ayrshire Peer Service	21,339	76,584	(76,664)	-	21,259
Dundee Peer Recovery	17,097	39,000	(39,164)	-	16,933
Scottish Recovery Network	-	555,044	(346,700)	-	208,344
Other	35,242	10,058,360	(9,324,866)	(723,282)	45,454
	<u>285,280</u>	<u>10,975,388</u>	<u>(10,033,794)</u>	<u>(723,282)</u>	<u>503,592</u>
<b>Services for Young People Fund</b>					
Distress Brief Intervention	23,104	84,000	(84,151)	-	22,953
Other	15,288	79,999	(79,848)	(5,439)	10,000
	<u>38,392</u>	<u>163,999</u>	<u>(163,999)</u>	<u>(5,439)</u>	<u>32,953</u>
<b>Other Services Fund</b>					
SDS Development Fund	22,463	-	-	-	22,463
Training Fund	20,760	24,000	(20,760)	-	24,000
Social Care Bonus	-	202,330	(202,330)	-	-
Other	85,268	149,330	(266,537)	120,179	88,240
	<u>128,491</u>	<u>375,660</u>	<u>(489,627)</u>	<u>120,179</u>	<u>134,703</u>
<b>Total</b>	<u>452,163</u>	<u>11,515,047</u>	<u>(10,687,420)</u>	<u>(608,542)</u>	<u>671,248</u>
	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers between funds £	Balance at 31 March 2020 £
<b>Services for Adults Fund</b>					
Lanarkshire	120,000	-	(3,310)	-	116,690
Moray	94,912	468,684	(468,684)	-	94,912
North Ayrshire Peer Service	23,339	76,441	(78,441)	-	21,339
Glasgow ARBD Alliance	-	28,099	(24,599)	-	3,500
Dundee Peer Recovery	-	26,667	(9,570)	-	17,097
Other	50,643	9,555,913	(9,540,616)	(34,198)	31,742
	<u>288,894</u>	<u>10,155,804</u>	<u>(10,125,220)</u>	<u>(34,198)</u>	<u>285,280</u>
<b>Services for Young People Fund</b>					
Distress Brief Intervention	23,104	84,000	(84,000)	-	23,104
Other	22,924	202,089	(173,312)	(36,413)	15,288
	<u>46,028</u>	<u>286,089</u>	<u>(257,312)</u>	<u>(36,413)</u>	<u>38,392</u>
<b>Other Services Fund</b>					
SDS Development Fund	22,463	-	-	-	22,463
Training Fund	24,000	20,760	(24,000)	-	20,760
Other	78,283	135,003	(55,286)	(72,732)	85,268
	<u>124,746</u>	<u>155,763</u>	<u>(79,286)</u>	<u>(72,732)</u>	<u>128,491</u>
<b>Total</b>	<u>459,668</u>	<u>10,597,656</u>	<u>(10,461,818)</u>	<u>(143,343)</u>	<u>452,163</u>

## 20. Restricted income funds (continued)

The restricted income funds of the charity have been set up to account for the unexpended balance of donations and grants held on trust to be applied for specific purposes. No time limit has been set within which these funds must be utilised.

The **Services for Adults Fund** shows restricted income received and restricted expenditure incurred through Penumbra's Adult Services activities.

The **Services for Young People Fund** shows restricted income and restricted expenditure incurred through Penumbra's Services to Young People. Within this area of activity a series of specific funds has been established to allow restricted income received in excess of current expenditure to be made available for future use, mainly in specific geographical areas.

The **Other Services Fund** shows restricted income received and restricted expenditure incurred through Penumbra's other services.

Transfers from unrestricted funds to restricted funds are made when necessary to fund deficits arising on restricted projects. Transfers from restricted funds to unrestricted funds are made when the funders' conditions have been met in full.

## 21. Unrestricted income funds

	Balance at 1 April 2020 £	Income £	Expenditure £	Gains & Losses £	Transfer £	Balance at 31 March 2021 £
Designated funds						
Defined benefit pension payments fund	182,826	-	-	-	(145,605)	37,221
Innovation and development fund	52,420	-	-	-	-	52,420
Young people's development fund	7,500	-	-	-	-	7,500
Total designated funds	242,746	-	-	-	(145,605)	97,141
General fund	2,875,130	238,744	(451,510)	87,837	756,279	3,506,480
Unrestricted funds	3,117,876	238,744	(451,510)	87,837	610,674	3,603,621
Revaluation reserve	29,000	-	-	-	-	29,000
<b>Total unrestricted funds</b>	<b>3,146,876</b>	<b>238,744</b>	<b>(451,510)</b>	<b>87,837</b>	<b>610,674</b>	<b>3,632,621</b>

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains & Losses £	Transfer £	Balance at 31 March 2020 £
Designated funds						
Defined benefit pension payments fund	181,542	-	-	-	1,284	182,826
Innovation and development fund	52,420	-	-	-	-	52,420
Young people's development fund	7,500	-	-	-	-	7,500
Total designated funds	241,462	-	-	-	1,284	242,746
General fund	3,322,936	249,873	(573,019)	(291,851)	167,191	2,875,130
Unrestricted funds	3,564,398	249,873	(573,019)	(291,851)	168,475	3,117,876
Revaluation reserve	29,000	-	-	-	-	29,000
	3,593,398	249,873	(573,019)	(291,851)	168,475	3,146,876
Defined benefit pension reserve	23,000	-	-	-	(23,000)	-
<b>Total unrestricted funds</b>	<b>3,616,398</b>	<b>249,873</b>	<b>(573,019)</b>	<b>(291,851)</b>	<b>145,475</b>	<b>3,146,876</b>

## 21. Unrestricted income funds (continued)

The unrestricted income funds of the charity have been set up to include the following "Free Reserves" that have arisen from previous and current surpluses and transfers, as shown on the Statement of Financial Activities. No restrictions exist on how these funds may be applied.

The **defined benefit pension payments fund** was set up to provide against contributions payable to the defined benefit pension scheme for the next 12 months.

The **innovation and development fund** represents a legacy received in 2016/2017, and the funds are earmarked for investing in the development of our services.

The **young people's development fund** represents a grant from the Christina Mary Hendrie Trust received in 2018/2019, and the funds are earmarked for investing in the development of our services for young people.

The charity's heritable property was revalued at 31 March 2015. The increase in value was transferred to the **revaluation reserve**, which represents the sum of unrealised amounts arising from the revaluation of the charity's tangible fixed assets.

Transfers from unrestricted funds to restricted funds are made when necessary to fund deficits arising on restricted projects. Transfers from restricted funds to unrestricted funds are made when the funders' conditions have been met in full. Transfers between the revaluation reserve and unrestricted funds are made when properties are sold or revalued.

## 22. Analysis of net assets between funds

	Unrestricted funds	Restricted income funds	Restricted capital funds	Total funds 2021
	£	£	£	£
Fixed assets	1,619,980	-	5,950	1,625,930
Current assets	2,727,613	1,035,682	-	3,763,295
Current liabilities	(714,972)	-	-	(714,972)
Provisions for liabilities and charges	-	(364,434)	-	(364,434)
	3,632,621	671,248	5,950	4,309,819

	Unrestricted funds	Restricted income funds	Restricted capital funds	Total funds 2020
	£	£	£	£
Fixed assets	1,448,429	-	8,082	1,456,511
Current assets	2,475,352	1,029,656	-	3,505,008
Current liabilities	(776,905)	-	-	(776,905)
Provisions for liabilities and charges	-	(577,493)	-	(577,493)
	3,146,876	452,163	8,082	3,607,121

## 23. Funding from public bodies

Penumbra receives financial support from the Scottish Government, and Local Authorities throughout Scotland through revenue funding. The principal grants received during the year were as follows:-

	2021 £	2020 £
Scottish Government	1,322,774	694,003
Core Revenue	68,000	68,000
Total Scottish Government	<u>1,390,774</u>	<u>762,003</u>
Aberdeen City Council	2,294,373	2,224,958
City of Edinburgh Council	2,006,323	1,871,428
Glasgow City Council	988,105	1,092,891
Moray Council	540,520	557,672
Angus Council	477,477	422,308
East Lothian Council	377,365	328,130
Fife Council	367,679	362,872
Scottish Borders Council	294,201	270,211
Midlothian Council	293,035	289,156
Falkirk Council	251,290	263,882
Aberdeenshire Council	210,957	464,099
North Ayrshire Council	181,697	106,440
Dundee City Council	177,476	159,528
North Lanarkshire Council	132,684	132,936
West Lothian Council	122,800	151,265
South Lanarkshire Council	116,271	71,680
Western Isles Council	104,603	102,035
East Renfrewshire Council	41,055	-
South Ayrshire Council	3,151	-
Total other public bodies	<u>8,981,062</u>	<u>8,871,491</u>
Total funding from public bodies	<u><u>10,371,836</u></u>	<u><u>9,633,494</u></u>

## 24. Commitments

At the year end, the total commitments payable under non-cancellable operating leases were as follows:

	2021		2020	
	Land and buildings £	Other £	Land and buildings £	Other £
<i>Annual commitments which expire</i>				
Within 1 year	205,284	198,717	285,038	199,936
Between 2-5 years	272,013	100,905	391,853	297,362
	<u>477,297</u>	<u>299,622</u>	<u>676,891</u>	<u>497,298</u>

At the year end, the Board had committed to capital expenditure of £nil (2020: £23,844).

## 25. Defined benefits pension scheme

Penumbra belongs to the Lothian Pension Fund, a defined benefits scheme into which employees' and employers' contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. The Lothian Pension Fund is a funded scheme with assets held in a separately administered fund. One (2020: one) current employee and seven (2020: seven) former employees are members of this scheme. Pension costs are assessed every 3 years in accordance with advice from an independent qualified actuary using the projected unit method. The last valuation was prepared as at 31 March 2021.

During the year to 31 March 2021 the contributions were £8,733 (2020: £8,382) from the employee and £201,185 (2020: £200,311) from the employer. Contributions for future years are 9.5% from the employee and 47.6% plus a fixed element of £24,000 per annum from the employer.

In order to reduce the level of potential net pension deficit in the future, the scheme was closed to new members in 1992.

In accordance with Financial Reporting Standard 102 on retirement benefits, the Fund's actuaries undertook an interim pension valuation as at 31 March 2020, and a full valuation as at 31 March 2021. The value of the fund at these dates was as follows:

	2021	2020
	£000	£000
<b>Amounts recognised in the balance sheet</b>		
Present value of employer pension liabilities	(1,874)	(1,769)
Fair value of employer pension assets	2,247	2,065
Asset ceiling loss	(373)	(296)
	<u>-</u>	<u>-</u>
	2021	2020
	£000	£000
<b>Movement in present value of defined benefit obligation</b>		
Opening defined benefit obligation	1,769	1,886
Current service cost	34	37
Interest cost	40	45
Contribution by members	9	8
Actuarial (losses)/gains	93	(115)
Benefits paid	(71)	(92)
Closing defined benefit obligation	<u>1,874</u>	<u>1,769</u>

## 25. Defined benefits pension scheme (continued)

	2021	2020
	£000	£000
<b>Movement in fair value of employer assets</b>		
Opening fair value of employer assets	2,065	1,909
Interest income	49	47
Expected return on assets	(6)	(7)
Contribution by members	9	8
Contribution by the employer	201	200
Benefits paid	(71)	(92)
Closing fair value of employer assets	<u>2,247</u>	<u>2,065</u>

	2021	2020
	£000	£000
<b>Expense recognised in the statement of financial activities</b>		
Current service cost debited to pension cost	34	37
Interest cost on plan obligations	40	45
Interest income on plan assets	(49)	(47)
Total recognised in net income/(expenditure)	<u>25</u>	<u>35</u>

	2021	2020
	£000	£000
<b>Movement in value of employer pension assets and liabilities</b>		
Opening asset/(liability)	-	23
Recognised in statement of financial activities	176	165
Actuarial gain/(loss)	(99)	108
Asset ceiling (loss)	(77)	(296)
Closing asset	<u>-</u>	<u>-</u>

### Fair value of employer assets and the return on those assets

	2021			2020		
	Value	As % plan assets	Expected Return	Value	As % plan assets	Expected Return
	£000	%	%	£000	%	%
Bonds	2,157	96	2.0	1,982	96	2.3
Cash	90	4	-	83	4	-
Actual return on plan assets	<u>2,247</u>			<u>2,065</u>		

## 25. Defined benefits pension scheme (continued)

Principal actuarial assumptions (expressed as weighted average) at the year end were as follows:

	2021	2020
	%	%
Inflation/pension increase rate	2.85%	2.00%
Salary increase rate	3.35%	3.60%
Expected return on assets	1.95%	2.30%
Discount rate	1.95%	2.30%

	2021	
	Males	Females
Current pensioners	20.5 years	23.3 years
Future pensioners	21.9 years	25.2 years

	2020	
	Males	Females
Current pensioners	21.7 years	24.3 years
Future pensioners	24.7 years	27.5 years

The charity expects to contribute approximately £46,000 to its defined benefit scheme in the next financial year.