

Company registration number: SC185967

Charity registration number: SC021154

# Skye and Lochalsh Mental Health Association

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2018

P A Capewell FCA  
Independent Examiner  
A9 Accountancy Limited  
Elm House  
Cradlehall Business Park  
Inverness  
IV2 5GH

# **Skye and Lochalsh Mental Health Association**

## **Contents**

Reference and Administrative Details	1
Chairman's Report	2
Trustees' Report including the Director's Report	3 to 7
Independent Examiner's Report	8
Statement of Financial Activities	9
Balance Sheet	10
Notes to the Financial Statements	11 to 23

## **Skye and Lochalsh Mental Health Association**

### **Reference and Administrative Details**

<b>Trustees</b>	Mr L MacDonald Dr S Potts Ms H McLoughlin Ms C Forsyth Ms S MacDonald Mr A Gordon Dr H Mcardle (appointed 15 November 2017)
<b>Secretary</b>	Mr A Jones
<b>Principal Office</b>	Am Fasgadh Wood Park Dunvegan Road Portree Isle of Skye IV51 9HQ
<b>Registered Office</b>	Am Fasgadh Wood Park Dunvegan Road Portree Isle of Skye IV51 9HQ
	The charity is incorporated in Scotland.
<b>Company Registration Number</b>	SC185967
<b>Charity Registration Number</b>	SC021154
<b>Solicitors</b>	Ferguson MacSween & Stewart Bridge Road Portree Isle of Skye IV51 9ER
<b>Bankers</b>	Clydesdale Bank Plc Somerled Square Portree Isle of Skye IV51 9EH
<b>Independent Examiner</b>	P A Capewell FCA Independent Examiner A9 Accountancy Limited Elm House Cradlehall Business Park Inverness IV2 5GH

## **Skye and Lochalsh Mental Health Association**

### **Chairman's Report for the Year Ended 31 March 2018**

Our aim at Skye and Lochalsh Mental Health Association (SLMHA), is to improve the quality of life of adults affected by a mental health problem. We continue to provide a support service to adults living in Skye and Lochalsh with significant mental illness, and to work closely with the local mental health team and support them whenever we can.

We are very proud to celebrate our 25th anniversary this year, especially as there are a few people who have had the project as part of their lives for the whole of that journey. SLMHA is a truly unique organisation, started and developed at grass roots level and guided by needs of our unique community. We've developed a model of service that wouldn't work in most places but which has thrown a lifeline to hundreds of people over the years. Many initiatives, indeed many organisations, have come and gone during the last quarter century but SLMHA has weathered the financial, political and organisational storms. We've become professional enough to have attracted support from many of the UK's leading funders but we're confident we've held on to the vibrancy and informality that made the original start up special.

We continue to have steady numbers using the centre, and staff remain busy especially as they are taking it in turns to provide the main meal of the day. Our outreach service in Lochalsh and South Skye has kept the increased number of attendees and is proving very successful.

We are very excited to have been chosen as one of the main charities that will benefit from funding from this years' Highland Cross. We hope to get a new van and 2 new container units, to solve our storage issues. We will have a team of 20 or more volunteers to help with the logistics and registration on race day.

Core funding looks set to remain static until 2019. During the year to come NHS Highland propose to visit and review each service that they fund in order to make sure the funding they receive fits within NHS priorities.

Our staff have been working very closely with our local mental health team delivering a new training course, Decider Skills, which is being rolled out throughout Highland. It is an evidence based resource building coping and self-management skills course for those with mental health problems, most especially those with personality disorders. The course itself was developed in Guernsey by 2 incredible ladies who came to Inverness to help train the first few hundred facilitators in Highland. We have a room in Am Fasgadh given over mainly to the Decider Skills and Life Skills training. So far it looks like it is going to be very successful.

We're also delighted to be launching our new and revitalised website to make us as visible as possible to people looking for support.

With longevity in mind the Board has decided that it is time to further develop the service. It has been noted for some time that there is a need for specialist mental health support staff to be able to provide home support to clients with severe and enduring mental illnesses. These are some of the most vulnerable in our community but also the most difficult to support due to their complex needs. The Association is very well placed as we already have an established base with staff and a close working relationship with the NHS and many of the clients that we will be supporting. We have just started the process of registering with the Care Inspectorate and we hope to be up and running by the end of summer.



C Forsyth

25/06/2018



## **Skye and Lochalsh Mental Health Association**

### **Trustees' Report including the Director's Report**

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 March 2018.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Association is a registered Scottish charity and a company limited by guarantee. It is governed by a Board of Directors whose members are both the directors of the company and trustees of the charity.

##### **Recruitment and appointment of new trustees**

Board members can be appointed in one of two ways. Firstly, they can be appointed by the members of the company in general meeting; all members are entitled to one vote. Secondly, they can be invited by the existing Board to serve in an interim capacity until their appointment is approved by the membership at the next general meeting. All members of the Board must also be ordinary members of the Association.

Each year the Board reviews its membership and identifies any gaps that may exist, taking account of Directors' skills, knowledge and expertise as well as representation of stakeholders and of geographical areas. New invitations to join the Association and the Board are then made based on this review. Potential Board members are welcome to approach the Association and appropriate applicants will be invited to join.

##### **Induction and training of new trustees**

The Association produces a Directors' handbook which is issued to all trustees. As well as providing a "job" description and guidance on the role of Director, it summarises key information on the organisation, including activities, structure and finances. The Manager and experienced trustees make time available to discuss this and other queries. Professionally published material on the role of voluntary sector trustees is also made available.

##### **Organisational structure**

The operation and the day to day delivery of the service at Am Fasgadh to our members is delegated to the managers Alex Jones and Sandra Mackenzie. This is done within the context of policies and procedures which are ratified by the trustees. These policies set out a minimum standard of good practice and the values and objectives that are intended to inform the staff response to whatever situations arise.

The trustees are responsible for

- Approving operational policies and procedures
- Approving and reviewing the organisation's aims and objectives
- Setting reserves policy
- Approving an operational budget for each financial year
- Setting pay and conditions of employment for all staff
- Providing an annual appraisal of the Manager's performance
- Reviewing all aspects of the organisation's performance through the Manager's regular reports and instructing changes where necessary.

##### **Related parties**

No transactions with related parties arose during the year.

## **Skye and Lochalsh Mental Health Association**

### **Trustees' Report including the Director's Report**

#### **Risk management**

The trustees recognise their duty to identify and review the risks to which the charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error. The trustees are confident that these provide reasonable, but not absolute, protection against material misstatement and loss.

#### **Use of volunteers**

In accordance with the Service Delivery Contract, the delivery of core services is not reliant on volunteers. The Association aims to create an environment in which members are involved in the daily running of the centre and also provides placements for individuals on employment schemes and community payback orders. Any activity that would be considered restricted work and require PVG scheme membership will only be carried out by paid members of staff.

The furniture project is reliant on volunteers, drawn as far as possible from the members of the Association. The trustees promote this as a way of developing members' skills and confidence and in order to break down stigma by raising the public profile of the Association. In the year under review the project used an average of 8 hours a week of voluntary work.

### **OBJECTIVES AND ACTIVITIES**

#### **Objectives and aims**

The object of the company in the year under review was to support adults in Skye and Lochalsh who are affected by problems resulting from mental illness including stress, social isolation and addiction. To this end the company provides support services directly to its members through its drop-in centre and through outreach work.

#### **Mental health services**

SLMHA supported 103 people in the year under review. The largest part of the service is Am Fasgadh, our drop-in centre in Portree, which was used by 90 people. It provides a place to meet people and access social and emotional support, low cost food, internet access, laundry facilities and games and activities. An Drochaid, our weekly Lochalsh drop-in, was used by 22 people.

The drop-in service supports members with their mental health in many ways depending on their individual circumstances. First and foremost it provides a safe and welcoming environment in which they can meet people and escape the social isolation that so often accompanies mental illness. A significant percentage of our members say that they have no other social contacts. It also offers a place to talk through day to day concerns, difficulties and anxieties as they arise.

The key features of the service are the immediacy of support and the relationship of trust that members develop. The degree of anxiety that can be caused by simple events such as a summons to a medical assessment or an overdue bill is often not appreciated. Situations with the potential to snowball into a full blown crisis can be resolved simply with the right support but it has to be available straight away. Making a future appointment with an advice service isn't enough because panic and unwise responses can cause considerable harm in the intervening time. Our members are also far more likely to address and follow up a problem when supported by someone they know well and trust. It often takes encouragement and persuasion to get someone to go to the doctor, appeal a benefits decision or get professional advice on a problem. The same support also greatly improves the chances of that leading to changes that are sustained. Our members tell us that it is far easier to turn to us than to someone they would have to tell their story to from the beginning.

Outreach support is provided to clients referred by the Community Psychiatric Nurses. The project supported 25 such clients during the year, including some of the most vulnerable and isolated people in our community. This is funded by NHS Highland in addition to the Service Delivery Contract.



## **Skye and Lochalsh Mental Health Association**

### **Trustees' Report including the Director's Report**

This year we've begun providing Decider Skills training in partnership with the Community Psychiatric Nurses. This is either a 4 week or 10 week programme based on cognitive behavioural therapy which teaches emotional self-management and better ways of responding to crisis. The nursing team are required to offer it throughout Highland but without this partnership they would be unable to do so in Skye because of staff shortages. At 31 March we were coming to the end of the first 10 week programme and at least 3 more courses and 2 graduate programmes will be run in 2018.

In addition to the core support, we provided informal advocacy to 36 people by speaking to other services on their behalf, attending meetings and appointments with them or helping with letters. Support of this kind significantly increases the likelihood of members keeping appointments. It often happens that people faced with a problem don't know where to turn and, lacking confidence, would take no action if they couldn't share the problem with someone they trust.

41 people received help with financial matters, including support with benefits applications, personal budgets and financial planning. Support is particularly needed by those whose benefit payments are stopped because they fail to attend appointments or respond to letters. This is a particular risk for people with mental health problems. A lot of work goes into preventing sanctions and no regular service users were sanctioned in the year under review.

24 people were given support with housing issues and maintaining tenancies. No regular service users were made homeless during the year under review (although some people first contacted the service while in the process of fleeing abuse which led to them becoming homeless).

Of all our clients, 28% used our services for the first time in the year under review. At a time when the Community Mental Health team remain limited to offering a service only to the most vulnerable 41% of our members are also their patients.

50% of the cost of opening Am Fasgadh at the weekend was funded by the Robertson Trust and slightly more than 50% of the cost of An Drochaid was funded by the Peoples Health Trust.

#### **Furniture project**

The Association accepts donations of furniture and household goods that are no longer needed and passes them on for a donation to those in need. The Board are delighted that Highland Cross 2018 have agreed to provide the project with a new van and 2 container units. With the rental of a container in the interim period the project has become more active and better able to cover its own costs. It continues to provide volunteering experience to members of the Association and to deliver essential items to those in need on a weekly basis.

#### **FINANCIAL REVIEW**

With core funding remaining frozen the financial climate continues to be difficult. The Directors are disappointed at the deficit in the year under review, but note that extensive staff absence has limited the capacity to seek new funding and, in planning to better meet the Association's future needs, the Directors decided to recruit a part time administrator which further increased costs. They remain confident that, having previously met the target of the reserves policy, there are sufficient funds to allow time to secure new funding and achieve a balanced budget.

#### **Reserves Policy**

The charitable company aims to retain 25% of its total annual expenditure as unrestricted undesignated reserves. At this time the trustees feel this is necessary to afford the Association time to make alternative plans in the event of further cuts or loss of funding.

## **Skye and Lochalsh Mental Health Association**

### **Trustees' Report including the Director's Report**

As indicated in the balance sheet at 31 March 2018, unrestricted undesignated reserves stood at £38,882 (2017 - £44,676), equivalent to 20% of total annual expenditure.

While the reserves policy has not been met at present, the Board consider that the policy remains appropriate and will aim to improve the reserves position in future years.

#### **Investment Performance**

As expected, low interest rates meant that income from investment was very small in the year under review. This situation appears likely to continue and future budgets are being prepared on this assumption.

#### **Principal Funding Sources**

The majority of our income in the year under review was from NHS Highland, through a service delivery contract for the core service and payments for outreach support. This was supplemented by grants from The Peoples Health Trust and The Robertson Trust.

#### **Investment Policy and Objectives**

The Memorandum and Articles of Association place no restrictions upon the investment powers of the trustees. All funds not likely to be required in the next month are placed in a 30 day deposit account at the company's usual bankers.

#### **FUTURE DEVELOPMENTS**

The Association intends to register with the Care Inspectorate in order to offer a home based support service to clients with severe and enduring mental health problems, to be funded through self-directed support. This will have extensive implications in terms of staff training and service design, but will address a chronic shortage of suitably supported workers to provide the individual support packages that legislation requires. NHS Highland has confirmed that they would seek to commission such a service.

The Association also plans to extend and develop its partnership with NHS Highland in delivering the Decider Skills training courses.

Core funding from NHS Highland has been secured until March 2019. Future funding is uncertain beyond that point. The trustees are optimistic that future core funding will be received but with a possible reduction in funding. The trustees will actively seek other funding and reduce operations to core charitable activities. The trustees therefore consider it appropriate to prepare the accounts on a going concern basis.

#### **Statement of Trustees' and Directors' Responsibilities**

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;

## **Skye and Lochalsh Mental Health Association**

### **Trustees' Report including the Director's Report**

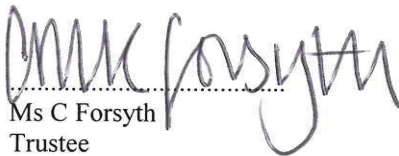
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Small company provisions**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 25 June 2018 and signed on its behalf by:

  
Ms C Forsyth  
Trustee



## **Skye and Lochalsh Mental Health Association**

### **Independent Examiner's Report to the trustees of Skye and Lochalsh Mental Health Association**

I report on the accounts of the charity for the year ended 31 March 2018 which are set out on pages 9 to 23 .

#### **Respective responsibilities of trustees and examiners**

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The trustees consider that an audit is not required for this year under Regulation 10(1) (a) to (c) of the Accounts Regulations.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

#### **Basis of independent examiner's report**

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

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

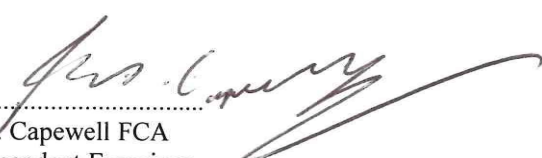
In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounting Regulations;

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



.....  
P. A. Capewell FCA  
Independent Examiner

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

25 June 2018



# Skye and Lochalsh Mental Health Association

## Statement of Financial Activities for the Year Ended 31 March 2018 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>Income and Endowments from:</b>					
Donations and legacies	3	12,390	15,127	27,517	33,293
Charitable activities	4	145,930	15,000	160,930	160,673
Investment income	5	65	-	65	119
Total Income		<u>158,385</u>	<u>30,127</u>	<u>188,512</u>	<u>194,085</u>
<b>Expenditure on:</b>					
Charitable activities	6	<u>(164,826)</u>	<u>(30,180)</u>	<u>(195,006)</u>	<u>(185,617)</u>
Total Expenditure		<u>(164,826)</u>	<u>(30,180)</u>	<u>(195,006)</u>	<u>(185,617)</u>
Net (expenditure)/income		<u>(6,441)</u>	<u>(53)</u>	<u>(6,494)</u>	<u>8,468</u>
Net movement in funds		(6,441)	(53)	(6,494)	8,468
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>57,917</u>	<u>356</u>	<u>58,273</u>	<u>49,805</u>
Total funds carried forward	16	<u><u>51,476</u></u>	<u><u>303</u></u>	<u><u>51,779</u></u>	<u><u>58,273</u></u>

All of the charity's activities derive from continuing operations during the above two periods.  
The funds breakdown for 2017 is shown in note 16.

# Skye and Lochalsh Mental Health Association

**(Registration number: SC185967)**  
**Balance Sheet as at 31 March 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	9,903	12,057
<b>Current assets</b>			
Stocks	12	600	520
Debtors	13	6,387	6,100
Cash at bank and in hand		45,794	123,865
		<u>52,781</u>	<u>130,485</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(10,905)</u>	<u>(84,269)</u>
<b>Net current assets</b>		<u>41,876</u>	<u>46,216</u>
<b>Net assets</b>		<u>51,779</u>	<u>58,273</u>
<b>Funds of the charity:</b>			
<b>Restricted funds</b>		303	356
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>51,476</u>	<u>57,917</u>
<b>Total funds</b>	16	<u>51,779</u>	<u>58,273</u>

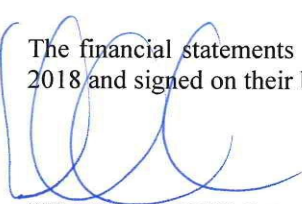
For the financial year ending 31 March 2018 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

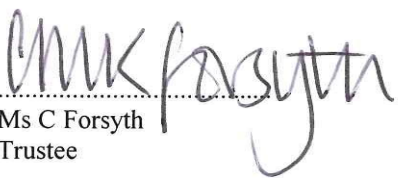
Directors' responsibilities:

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

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

The financial statements on pages 9 to 23 were approved by the trustees, and authorised for issue on 25 June 2018 and signed on their behalf by:

  
 Mr L MacDonald  
 Trustee

  
 Ms C Forsyth  
 Trustee

# **Skye and Lochalsh Mental Health Association**

## **Notes to the Financial Statements for the Year Ended 31 March 2018**

### **1 Charity status**

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

The financial statements have been prepared in accordance with Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Companies Act 2006.

#### **Basis of preparation**

Skye and Lochalsh Mental Health Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. These conditions are outlined in the trustees' report. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### **Exemption from preparing a cash flow statement**

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

#### **Judgements**

The use of judgement when applying accounting policies is not deemed to have had a significant effect on the amounts recognised in the financial statements.

#### **Key sources of estimation uncertainty**

The use of judgement when applying accounting policies is not deemed to have had a significant effect on the amounts recognised in the financial statements.

#### **Income and endowments**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

## **Skye and Lochalsh Mental Health Association**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **Donations and legacies**

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

#### **Grants receivable**

Income from government and other grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

#### **Deferred income**

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

#### **Investment income**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

#### **Charitable activities**

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in this category provides funding to support programme activities.

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### **Charitable activities**

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

#### **Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.



## **Skye and Lochalsh Mental Health Association**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **Governance costs**

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

#### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Tangible fixed assets**

Individual fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### **Depreciation and amortisation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

#### **Impairment of fixed assets**

Intangible and tangible fixed assets are reviewed for impairment when changes in circumstances or events indicate that the carrying value of the fixed assets may not be recoverable. An impairment loss is recognised where the recoverable amount is less than the carrying value.

#### **Stock**

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## Skye and Lochalsh Mental Health Association

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

#### Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### 3 Income from donations and legacies

	Unrestricted funds			
	General	Restricted	Total	Total
	£	funds £	2018 £	2017 £
Donations and legacies;				
Donations from individuals	5,390	-	5,390	4,267
Grants, including capital grants;				
Grant from other agencies	7,000	15,127	22,127	29,026
	<u>12,390</u>	<u>15,127</u>	<u>27,517</u>	<u>33,293</u>



# Skye and Lochalsh Mental Health Association

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 4 Income from charitable activities

	Unrestricted funds		Restricted funds	Total 2018	Total 2017
	Designated £	General £	£	£	£
NHS Highland Trust	-	143,213	15,000	158,213	158,213
Cafe	-	281	-	281	663
Financial Inclusion Projects	-	247	-	247	742
Furniture Project	2,055	-	-	2,055	1,055
Benefactors' Funds	134	-	-	134	-
	<u>2,189</u>	<u>143,741</u>	<u>15,000</u>	<u>160,930</u>	<u>160,673</u>

### 5 Investment income

	Unrestricted funds	Total 2018	Total 2017
	General £	£	£
Interest receivable and similar income;			
Interest receivable on bank deposits	<u>65</u>	<u>65</u>	<u>119</u>

# Skye and Lochalsh Mental Health Association

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 6 Expenditure on charitable activities

	Note	Unrestricted funds		Restricted funds	Total 2018	Total 2017
		Designated £	General £			
Cafe		-	2,810	-	2,810	1,771
Furniture Project		1,346	-	-	1,346	1,363
In Kind Direct		-	2,444	-	2,444	2,774
Depreciation, amortisation and other similar costs		1,430	668	53	2,151	2,660
Staff costs	9	-	112,680	27,695	140,375	132,615
Allocated support costs	7	285	40,894	2,432	43,611	42,337
Governance costs	7	-	2,269	-	2,269	2,097
		<u>3,061</u>	<u>161,765</u>	<u>30,180</u>	<u>195,006</u>	<u>185,617</u>

### 7 Analysis of governance and support costs

#### Charitable activities expenditure

	Unrestricted funds		Restricted funds	Total 2018	Total 2017
	Designated £	General £			
Advertising	-	137	-	137	211
Bank charges	-	56	-	56	57
Establishment costs	-	6,680	-	6,680	7,269
Office expenses	-	3,879	-	3,879	3,690
Subscriptions	-	2,138	-	2,138	2,558
Rent	-	22,093	-	22,093	20,947
Sundry and other costs	285	2,422	29	2,736	3,175
Travel and subsistence	-	3,489	2,403	5,892	4,430
	<u>285</u>	<u>40,894</u>	<u>2,432</u>	<u>43,611</u>	<u>42,337</u>

# Skye and Lochalsh Mental Health Association

## Notes to the Financial Statements for the Year Ended 31 March 2018

### Governance costs

	Unrestricted funds		
	General	Total	Total
	£	2018 £	2017 £
Independent examiner fees			
Examination of the financial statements	2,016	2,016	1,836
Other fees paid to examiners	205	205	-
Legal and professional fees	48	48	261
	<u>2,269</u>	<u>2,269</u>	<u>2,097</u>

### 8 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses from the charity during the year.

## Skye and Lochalsh Mental Health Association

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 9 Staff costs

The aggregate payroll costs were as follows:

	2018 £	2017 £
<b>Staff costs during the year were:</b>		
Wages and salaries	128,801	118,974
Social security costs	6,811	6,682
Pension costs	4,127	6,905
Other staff costs	636	54
	<u>140,375</u>	<u>132,615</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2018 No	2017 No
Project workers	<u>7</u>	<u>6</u>

5 (2017 - 4) of the above employees participated in the Defined Contribution Pension Schemes.

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the charity were £60,211 (2017 - £58,745).

#### 10 Independent examiner's remuneration

	2018 £	2017 £
Examination of the financial statements	<u>2,016</u>	<u>1,836</u>
<b>Other fees to examiners</b>		
All other tax advisory services	<u>205</u>	<u>-</u>

# Skye and Lochalsh Mental Health Association

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 11 Tangible fixed assets

	Freehold interest in land and buildings (including heritage assets) £	Fixtures, fittings and equipment £	Plant and machinery including motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2017	30,084	33,170	61,818	125,072
At 31 March 2018	30,084	33,170	61,818	125,072
<b>Depreciation</b>				
At 1 April 2017	30,084	27,472	55,463	113,019
Charge for the year	-	868	1,282	2,150
At 31 March 2018	30,084	28,340	56,745	115,169
<b>Net book value</b>				
At 31 March 2018	-	4,830	5,073	9,903
At 31 March 2017	-	5,698	6,355	12,053

### 12 Stock

	2018 £	2017 £
Stocks	600	520

### 13 Debtors

	2018 £	2017 £
Prepayments	4,255	4,211
Other debtors	2,132	1,889
	6,387	6,100

# Skye and Lochalsh Mental Health Association

## Notes to the Financial Statements for the Year Ended 31 March 2018

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

	2018 £	2017 £
Trade creditors	205	123
Other taxation and social security	1,668	7,739
Other creditors	5,296	2,644
Accruals	2,594	2,157
Deferred income	1,142	71,606
	<u>10,905</u>	<u>84,269</u>
		<b>2018</b>
		<b>£</b>
Deferred income at 1 April 2017		71,606
Resources deferred in the period		1,142
Amounts released from previous periods		<u>(71,606)</u>
Deferred income at 31 March 2018		<u>1,142</u>

The deferred income is grant income that was received in advance and is due to be spent on charitable activities in the future year.

### 15 Obligations under leases and hire purchase contracts

#### Operating lease commitments

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

	2018 £	2017 £
<b>Land and buildings</b>		
Within one year	22,093	22,093
Between one and five years	88,372	88,372
After five years	<u>331,395</u>	<u>353,488</u>
	<u>441,860</u>	<u>463,953</u>



# Skye and Lochalsh Mental Health Association

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 16 Funds

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Balance at 31 March 2018 £
<b>Unrestricted funds</b>				
<i>General</i>				
Unrestricted fund	44,156	156,196	(161,790)	38,562
<i>Designated</i>				
HIE Skye and Wester Ross	1,195	-	(244)	951
Highland Council MISG	1,464	-	(298)	1,166
Benefactor	-	134	(134)	-
Van	3,518	-	(590)	2,928
Furniture project	3,983	2,055	(1,346)	4,692
Centre furniture	1,535	-	(230)	1,305
Branching out	2,066	-	(194)	1,872
	<u>13,761</u>	<u>2,189</u>	<u>(3,036)</u>	<u>12,914</u>
<b>Total Unrestricted funds</b>	<u>57,917</u>	<u>158,385</u>	<u>(164,826)</u>	<u>51,476</u>
<b>Restricted funds</b>				
Highland Council Ward	356	-	(53)	303
NHS Highland	-	15,000	(15,000)	-
Robertson Trust	-	5,500	(5,500)	-
People's Health Trust	-	9,627	(9,627)	-
	<u>356</u>	<u>30,127</u>	<u>(30,180)</u>	<u>303</u>
<b>Total restricted funds</b>	<u>356</u>	<u>30,127</u>	<u>(30,180)</u>	<u>303</u>
<b>Total funds</b>	<u>58,273</u>	<u>188,512</u>	<u>(195,006)</u>	<u>51,779</u>

# Skye and Lochalsh Mental Health Association

## Notes to the Financial Statements for the Year Ended 31 March 2018

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Balance at 31 March 2017 £
<b>Unrestricted funds</b>				
<i>General</i>				
Unrestricted fund	35,615	174,878	(166,337)	44,156
<i>Designated</i>				
HIE Skye and Wester Ross	1,483	-	(288)	1,195
Highland Council MISG	1,815	-	(351)	1,464
Benefactor	71	-	(71)	-
Van	4,305	-	(787)	3,518
Furniture project	4,291	1,055	(1,363)	3,983
Centre furniture	1,806	-	(271)	1,535
Branching out	-	3,152	(1,086)	2,066
	<u>13,771</u>	<u>4,207</u>	<u>(4,217)</u>	<u>13,761</u>
<b>Total unrestricted funds</b>	<u>49,386</u>	<u>179,085</u>	<u>(170,554)</u>	<u>57,917</u>
<b>Restricted funds</b>				
Highland Council Ward	419	-	(63)	356
NHS Highland	-	15,000	(15,000)	-
	<u>419</u>	<u>15,000</u>	<u>(15,063)</u>	<u>356</u>
<b>Total restricted funds</b>	<u>419</u>	<u>15,000</u>	<u>(15,063)</u>	<u>356</u>
<b>Total funds</b>	<u><u>49,805</u></u>	<u><u>194,085</u></u>	<u><u>(185,617)</u></u>	<u><u>58,273</u></u>

## Skye and Lochalsh Mental Health Association

### Notes to the Financial Statements for the Year Ended 31 March 2018

The specific purposes for which the funds are to be applied are as follows:

HIE Skye & Wester Ross and Highland Council MISG designated funds have been fully expended and are held against fixed assets with depreciation being charged against the fund.

The Benefactors' designated fund has continued to be used to meet members expenses and activities, out with the core services provided. Outgoing resources represent expenses for the benefactor activities and depreciation against assets which were purchased by the fund.

The Van designated funds outgoing resources include depreciation of the van used in the furniture project.

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

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

The Highland Council provided a ward grant for the purchase testing equipment, patio furniture and a loft ladder. This has been fully expended and are held against fixed assets with depreciation being charged against the fund.

NHS Highland provided a grant to support individuals with substance misuse and other mental health issues in collaboration with Skye & Lochalsh community mental health service.

The designated Branching Out fund includes incoming resources from Highland Third Interface and is held by the charity for a mental health project which is a joint initiative between NHS Highland and the Forestry Commission. It is not a constituted group and cannot receive the money directly therefore the charity holds this money on their behalf.

#### 17 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	General £	£	£
Tangible fixed assets	9,600	303	9,903
Current assets	52,781	-	52,781
Current liabilities	(10,905)	-	(10,905)
Total net assets	51,476	303	51,779