

Charity registration number SC021154 (Scotland)

Company registration number SC185967 (Scotland)

**SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Ms E C Bouwmeester Ms C Forsyth Mr L Macdonald Ms S Macdonald Dr H Mcardle Ms H Mcloughlin Dr S Potts Dr G Terry Ms M J Gillies	(Appointed 18 April 2024)
Secretary	Ms S MacKenzie	
Charity number (Scotland)	SC021154	
Company number	SC185967	
Registered office	Am Fasgadh Woodpark Dunvegan Road Portree Isle Of Skye Scotland IV51 9HQ	
Independent examiner	Hollie Mackay CA Independent Examiner A9 Accountancy Limited Cradlehall Business Park United Kingdom IV2 5GH	

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

CONTENTS

	Page
Chairman's statement	1
Trustees' report	2 - 5
Independent examiner's report	6
Statement of financial activities	7 - 8
Balance sheet	9
Notes to the financial statements	10 - 23

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

The need for mental health support services is indisputable and Skye & Lochalsh mental Health Association has proven that it is able to meet much of that need in very practical and accessible ways. After our 30 year celebration last June when we reflected on how much had been achieved, our focus now is on the future, how the association might expand and develop our service. In addition we need to ensure our future resilience at a time when statutory services are under immense pressure.

The Association's profile has increased thanks in part to community fundraising events including our 30 year celebrations, Skye Events Half Marathon, our pop up cafe and active use of social media in promoting the Furniture Project resulting in approximately £18,000 in donations in this financial year. We now have 5 regular young adult members, a group that we have been able to reach out to with the help of a grant from the Highland Cares fund.

It has been a busy year with attendances up 11% on last year including 20 new service users; this is a year on year increase which we anticipate will continue. We have been able to continue weekend opening thanks to a grant from the Mental Health and Wellbeing Fund. Members regularly voice their appreciation that Am Fasgadh is open every day and we know that weekends are a particularly critical time.

This has also been a busy year with activities for members as detailed in their report. We are most grateful to our staff who give their time generously to allow overnight trips and other adventures which the members greatly enjoy and appreciate.

The completion of the kitchen upgrade has been a great boost to catering and has allowed us to run a monthly pop-up café open to the public with real benefit to members who feel a sense of pride and ownership.

A substantial award from the Highland Council Regeneration Fund has allowed us to employ a project worker who will primarily focus on developing our service in South Skye & Lochalsh, a much needed development we have been aiming for over the last few years. In addition, HCRF is also supporting our Furniture Project with a grant to build a workshop to allow upcycling of donated items, something we want members to have the opportunity to be fully involved with.

We have said goodbye to two project workers and welcomed 3 new staff in recent months and are delighted that we have been able to recruit people with valuable skills and experience to complement our other strong team members; as a Board, we feel optimistic about the Association's future despite the huge financial challenges for health and social services generally. We are committed to ensuring our staff feel valued and have access to training and professional development, not easy when money is tight but essential for the future of our organisation.

Attracting and retaining funding is a perennial challenge and we are grateful to NHS Highland for their continuing financial support which meets over 60% of our core costs without which we could not operate. Likewise our service is invaluable in supporting people with severe and enduring mental illness, helping them to remain well, live in their own homes and feel part of their community.



.....
Dr S Potts

Co-chairperson

Date: 26/6/2024
.....

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2024

The trustees present their annual report and financial statements for the year ended 31 March 2024.

Objectives and activities

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.

Achievements and performance

Significant activities and achievements against objectives

Mental health services

SLMHA supported 135 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 84 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 9 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 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.

We also provide a drop-in service in South Skye and Lochalsh, this has proved challenging to get our members back to pre-covid attendance. This coming year we have managed to secure our funding in order to have a dedicated worker for 20 hours per week to develop the South Skye and Lochalsh Project to meet the specific needs for that community.

Outreach support is provided to clients who are referred by the Mental Health Team, this allows them to discharge patients, but continue to keep an eye on them, so that they can pick up new and urgent referrals. The project supported 18 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.

In addition to the core support, we provided informal advocacy 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.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

We help extensively with financial matters, including support with benefits applications, advice on how to make the most of their money and planning for future events/ bills to reduce stress, again most especially this year due to the additional financial pressures people are under. Support is particularly needed by those whose benefit payments are stopped because they fail to attend appointments or respond to letters. We are able to provide the space, internet and technology to allow them to access their universal credit account in order that they keep it up to date.

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.

Another aspect of the service is support with housing issues and maintaining tenancies. No regular service users were made homeless during the year under review.

30 new clients used our services for the first time in the year under review. 3 of whom were referred by their GP or CPN and 27 that self-referred or were taken in by a friend known to the service.

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 project continues to provide volunteering experience to members of the Association and to deliver essential items to those in need on a weekly basis. We were lucky this past year to have 2 regular member volunteers who were able to commit to a regular slot which is really helpful for their mental health and for the project.

Financial review

The Trustees have been having ongoing discussions with NHS Highland regarding the future of our funding. This has been secured until the end of March 2025.

Reserves policy

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to 25% of its running costs which would be around £45,000. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. The unrestricted undesignated reserves at the 31 March 2024 was £62,588 (2023 £44,727) and therefore the charity are meeting their reserve policy.

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 Mental Health and Wellbeing Fund to support the reopening of the weekend service, this money covers the period from the end of December 2023 until 31 March 2024, Highland Cares fund which was money given to engage with the 18-26 age group through running decider skills groups and engaging through social media. This has resulted in 5 new members of 18-26 members now in regular contact, Highland Council Discretionary Grant towards running decider skills and engaging in communities out with Portree.

Investment policy

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.

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.

Plans for future periods

We have been successful in an application to the Highland Council - Community Regeneration Fund, this is a 12 month grant starting in May 2024 for the development of South Skye and Lochalsh Service, the weekend service for 2024/25 and the replacement of our shed so that we can develop an upcycling project for our members to complement our furniture project. We also have applications in for 2 other funds that will be notified about in May 2024.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Ms E C Bouwmeester

Ms C Forsyth

Mr L Macdonald

Ms S Macdonald

Ms K Mackay

(Resigned 1 November 2023)

Dr H Mcardle

Ms H Mcloughlin

Dr S Potts

Dr G Terry

Mr N Clapperton

(Resigned 6 May 2023)

Ms M J Gillies

(Appointed 18 April 2024)

Recruitment and appointment of 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.

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.

Organisational structure

The operation and the day to day delivery of the service at Am Fasgadh to our members is delegated to the manager 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.

Induction and training of 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.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Other matters

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, and in the year under review these were all drawn 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.

Relationship with related parties

No transactions with related parties arose during the year.

Statement of Trustees' and Directors' Responsibilities

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

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was approved by the Board of Trustees.



Dr S Potts
Trustee

Date: 26/6/2024

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

I report on the financial statements of the charity for the year ended 31 March 2024, which are set out on pages 7 to 23.

Respective responsibilities of trustees and examiner

The charity's trustees, who are also the directors of Skye And Lochalsh Mental Health Association for the purposes of company law, are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investments (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the financial statements 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 statement

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 financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement

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

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
 - (i) to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - (ii) to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Hollie Mackay CA
A9 Accountancy Limited

Elm House
Cradlehall Business Park
Inverness
IV2 5GH
United Kingdom

Dated: 26/6/2024

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

Current financial year		Unrestricted funds General 2024 £	Unrestricted funds Designated 2024 £	Restricted funds 2024 £	Total 2024 £	Total 2023 £
	Notes					
Income from:						
Donations and legacies	3	11,856	-	47,704	59,560	69,985
Charitable activities	4	158,738	6,102	-	164,840	160,701
Other trading activities	5	7,316	-	-	7,316	-
Investments	6	38	-	-	38	40
Total income		177,948	6,102	47,704	231,754	230,726
Expenditure on:						
Charitable activities	7	191,422	2,727	45,131	239,280	233,128
Total expenditure		191,422	2,727	45,131	239,280	233,128
Net income/(expenditure)		(13,474)	3,375	2,573	(7,526)	(2,402)
Transfers between funds		40,262	-	(40,262)	-	-
Net movement in funds		26,788	3,375	(37,689)	(7,526)	(2,402)
Reconciliation of funds:						
Fund balances at 1 April 2023		44,727	27,995	46,175	118,897	121,299
Fund balances at 31 March 2024		71,515	31,370	8,486	111,371	118,897

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

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

Prior financial year		Unrestricted funds general 2023 £	Unrestricted funds Designated 2023 £	Restricted funds 2023 £	Total 2023 £
	Notes				
Income from:					
Donations and legacies	3	9,960	-	60,025	69,985
Charitable activities	4	155,678	5,023	-	160,701
Investments	6	40	-	-	40
Total income		165,678	5,023	60,025	230,726
Expenditure on:					
Charitable activities	7	193,363	3,525	36,240	233,128
Total expenditure		193,363	3,525	36,240	233,128
Net income/(expenditure)		(27,685)	1,498	23,785	(2,402)
Transfers between funds		15,213	-	(15,213)	-
Net movement in funds		(12,472)	1,498	8,572	(2,402)
Reconciliation of funds:					
Fund balances at 1 April 2022		57,199	26,497	37,603	121,299
Fund balances at 31 March 2023		44,727	27,995	46,175	118,897

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
Fixed assets					
Tangible assets	13		65,891		61,228
Current assets					
Stocks	14	1,600		1,250	
Debtors	15	5,062		6,149	
Cash at bank and in hand		54,953		60,142	
		61,615		67,541	
Creditors: amounts falling due within one year	16	(16,135)		(9,872)	
Net current assets			45,480		57,669
Total assets less current liabilities			111,371		118,897
Net assets excluding pension liability			111,371		118,897
The funds of the charity					
Restricted income funds	20	8,486		46,175	
Unrestricted funds - general		71,515		44,727	
Unrestricted funds - Designated	19	31,370		27,995	
		111,371		118,897	

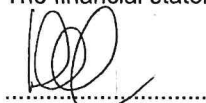
The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2024.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

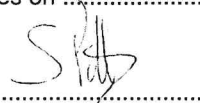
The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the trustees on 26/6/2024



Mr L Macdonald
Trustee



Dr S Potts
Trustee

Company registration number SC185967 (Scotland)

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Charity information

Skye And Lochalsh Mental Health Association is a private company limited by guarantee incorporated in Scotland. The registered office is Am Fasgadh, Woodpark, Dunvegan Road, Portree, Isle Of Skye, IV51 9HQ, Scotland.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: 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 2019).

The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy notes. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation. Donated assets are recognised at their fair value.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

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.

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.

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.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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

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

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Over 10 years
Plant and equipment	25% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.11 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.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

Depreciation of tangible fixed assets

The depreciation of tangible fixed assets is a key area of estimation. The useful life and residual value of fixed assets is considered and a depreciation rate applied accordingly. Details of the depreciation policies applied can be found in the accounting policies section of the notes to the financial statements. The depreciation charge for the year amounts to £12,663 (2023 £12,049) and the carrying value of fixed assets at the year end amounts to £65,891 (2023 £61,228).

3 Donations and legacies

	Unrestricted funds general	Restricted funds	Total	Total
	2024	2024	2024	2023
	£	£	£	£
Donations and gifts	11,856	-	11,856	9,960
Grants received	-	47,704	47,704	60,025
	<u>11,856</u>	<u>47,704</u>	<u>59,560</u>	<u>69,985</u>

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

3 Donations and legacies

(Continued)

Grants receivable for core activities

Highland Third Sector Interface	-	2,442	2,442	22,812
NHS Highland	-	-	-	22,000
Highlands and Islands Enterprise	-	40,262	40,262	15,213
The Highland Council	-	5,000	5,000	-
	-	47,704	47,704	60,025

4 Income from charitable activities

	Charitable income 2024 £	Charitable income 2023 £
NHS Highland Trust	143,213	143,213
Cafe	13,669	9,651
Financial Inclusion Project	1,856	2,814
Furniture Projects	6,102	5,023
	164,840	160,701
Analysis by fund		
Unrestricted funds - general	158,738	155,678
Unrestricted funds - Designated	6,102	5,023
	164,840	160,701

5 Income from other trading activities

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Fundraising events	7,316	-

6 Income from investments

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Interest receivable	38	40

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

7 Expenditure on charitable activities

	Charitable activities 2024 £	Charitable activities 2023 £
Direct costs		
Staff costs	164,952	161,768
Cafe	6,986	4,375
In Kind Direct	1,092	2,386
Depreciation, amortisation and other similar costs	12,663	12,049
	<u>185,693</u>	<u>180,578</u>
Share of support and governance costs (see note 8)		
Support	50,995	50,232
Governance	2,592	2,318
	<u>239,280</u>	<u>233,128</u>
Analysis by fund		
Unrestricted funds - general	191,422	193,363
Unrestricted funds - Designated	2,727	3,525
Restricted funds	45,131	36,240
	<u>239,280</u>	<u>233,128</u>

8 Support costs allocated to activities

	2024 £	2023 £
Bank charges	258	205
Establishment costs	13,111	11,660
Office expenses	6,694	5,570
Subscriptions	1,566	3,851
Rent	22,765	22,917
Sundry and other costs	1,686	1,590
Travel and subsistence	4,060	2,021
Fundraising and project development	855	2,418
Governance costs	2,592	2,318
	<u>53,587</u>	<u>52,550</u>
Analysed between:		
Charitable activities	<u>53,587</u>	<u>52,550</u>

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

8 Support costs allocated to activities (Continued)

	2024 £	2023 £
Governance costs comprise:		
Independent examiners fees	2,520	2,318
Legal and professional fees	72	-
	<u>2,592</u>	<u>2,318</u>

9 Independent examiner's fee

	2024 £	2023 £
Examination of the financial statements	<u>2,520</u>	<u>2,318</u>

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

11 Employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
	<u>7</u>	<u>7</u>
Employment costs	2024 £	2023 £
Wages and salaries	151,266	146,790
Social security costs	6,836	8,396
Other pension costs	6,850	6,582
	<u>164,952</u>	<u>161,768</u>

6 (2023 - 4) of the employees participated in the Defined Contribution Pension Schemes.

The total employee benefits of key management personnel of the charity were £43,518 (2023 - £41,539)

There were no employees whose annual remuneration was more than £60,000.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

12 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

13 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2023	30,084	42,164	86,508	34,000	192,756
Additions	-	-	17,326	-	17,326
At 31 March 2024	30,084	42,164	103,834	34,000	210,082
Depreciation and impairment					
At 1 April 2023	30,084	35,012	40,501	25,931	131,528
Depreciation charged in the year	-	997	9,649	2,017	12,663
At 31 March 2024	30,084	36,009	50,150	27,948	144,191
Carrying amount					
At 31 March 2024	-	6,155	53,684	6,052	65,891
At 31 March 2023	-	7,152	46,007	8,069	61,228

14 Stocks

	2024 £	2023 £
Finished goods and goods for resale	1,600	1,250

15 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Other debtors	-	520
Prepayments and accrued income	5,062	5,629
	5,062	6,149

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

16 Creditors: amounts falling due within one year

	Notes	2024 £	2023 £
Other taxation and social security		2,104	2,837
Government grants	17	7,327	-
Trade creditors		4,159	370
Other creditors		-	4,240
Accruals and deferred income		2,545	2,425
		<u>16,135</u>	<u>9,872</u>

17 Government grants

Deferred income is included in the financial statements as follows:

	2024 £	2023 £
Deferred income is included within:		
Current liabilities	<u>7,327</u>	<u>-</u>
Movements in the year:		
Deferred income at 1 April 2023	-	-
Resources deferred in the year	<u>7,327</u>	<u>-</u>
Deferred income at 31 March 2024	<u>7,327</u>	<u>-</u>

Deferred income relates to grant income received in advance. There are performance related conditions applicable such that the grant cannot be recognised in the period.

18 Retirement benefit schemes

	2024 £	2023 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>6,850</u>	<u>6,582</u>

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

19 Unrestricted funds - Designated

The income of funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 April 2023 £	Incoming resources £	Resources expended £	At 31 March 2024 £
HIE Skye and Wester Ross	183	-	(92)	91
Highland Council MISG	225	-	(112)	113
Benefactor	90	-	(19)	71
Furniture project	25,828	6,102	(2,417)	29,513
Centre furniture	579	-	(87)	492
Branching out	1,090	-	-	1,090
	<u>27,995</u>	<u>6,102</u>	<u>(2,727)</u>	<u>31,370</u>
Previous year:	At 1 April 2022 £	Incoming resources £	Resources expended £	At 31 March 2023 £
HIE Skye and Wetser Ross	291	-	(108)	183
Highland Council MISG	357	-	(132)	225
Benefactor	112	-	(22)	90
Furniture project	23,965	5,023	(3,160)	25,828
Centre furniture	682	-	(103)	579
Branching out	1,090	-	-	1,090
	<u>26,497</u>	<u>5,023</u>	<u>(3,525)</u>	<u>27,995</u>

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

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

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

The furniture project collects items of unwanted furniture from the surrounding area and supplies it to those who have been homeless or have every little due to poverty and ill health. These have been fully expended and are held against fixed assets with depreciation being charged against the fund.

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.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

20 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	Balance at 1 April 2022 £	Movement in funds			Balance at 1 April 2023 £	Movement in funds			Transfers £	Balance at 31 March 2024 £
		Incoming resources £	Resources expended £	Transfers £		Incoming resources £	Resources expended £	Transfers £		
Highland Council Ward	158	-	(23)	-	135	500	(520)	-	-	115
NHS Highland	22,000	22,000	(22,000)	-	22,000	-	(22,000)	-	-	-
Portree & Braes Community Trust	1,445	-	(217)	-	1,228	-	(184)	-	-	1,044
Mental Health & Wellbeing Fund	14,000	22,812	(14,000)	-	22,812	6,942	(22,427)	-	-	7,327
Highlands and Islands Enterprise	-	15,213	-	(15,213)	-	40,262	-	(40,262)	-	-
	37,603	60,025	(36,240)	(15,213)	46,175	47,704	(45,131)	(40,262)	-	8,486

The Portree & Braes Community Trust grant was for the purchase of a gazebo for the outdoor area. This has been fully expended and are held against fixed assets with depreciation being charged against the fund.

The Mental Health and Wellbeing Fund is to support the reopening of the weekend service, and to help with the delivering of training and decider skills to the community.

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 Highlands and Islands Enterprise grant was received to upgrade the kitchen to catering standards. As the grant was used for this purpose during the period, there was a transfer to unrestricted funds at the year end.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

21 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 April 2023 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2024 £
General funds	44,727	177,948	(191,422)	40,262	71,515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Previous year:	At 1 April 2022 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2023 £
General funds	57,199	165,678	(193,363)	15,213	44,727
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

22 Analysis of net assets between funds	Unrestricted funds		Designated funds		Restricted funds		Total Unrestricted funds		Designated funds		Restricted funds		Total	
	2024	£	2024	£	2024	£	2024	£	2023	£	2023	£	2023	£
Fund balances at 31 March 2024 are represented by:														
Tangible assets	58,130		6,603		1,158		65,891		51,149		8,717		61,228	
Current assets/(liabilities)	4,458		24,767		16,255		45,480		(6,422)		19,278		57,669	
	62,588		31,370		17,413		111,371		44,727		27,995		118,897	

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

23 Operating lease commitments

Lessee

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £	2023 £
Within one year	22,093	22,093
Between two and five years	88,372	88,372
In over five years	198,837	220,930
	<u>309,302</u>	<u>331,395</u>

24 Related party transactions

There were no disclosable related party transactions during the year (2023 - none).