

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 2025**

A9 Accountancy Limited  
Chartered Accountants  
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

---

	<b>Page</b>
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 - 24

---

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## CHAIRMAN'S STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2025

---

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: 02/06/2025  
.....

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2025

---

The trustees present their annual report and financial statements for the year ended 31 March 2025.

### **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 159 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 an average of 18 people per day on weekdays and 10 people per day each weekend day. 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 6 people per week with an additional average of 5 people per week taking up the minibus service to Portree.

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. In the year 2024-25 we were fortunate to receive funding from the Highland Council Regeneration Fund in order to employ a dedicated staff member to provide consistency and an enhanced service to those living in South Skye and Lochalsh. This has proved popular as we have now managed to provide a bus service to pick up members from as far as the Aird of Sleat to bring them to Am Fasgadh on a Wednesday each week, this enables the South Skye and Lochalsh members to socialise with the Am Fasgadh members and to join in with regular activities run on a Wednesday including decider skills. There is also an opportunity for members to attend one weekend in five.

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 17 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 2025

---

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. Though now that the government is shifting those who have been on Employment Support Allowance on to the Universal Credit system, this may prove challenging given the lack of IT skills and equipment and fear of change.

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.

24 new clients used our services for the first time in the year under review. 5 of whom were in the 18-26 age group.

### *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. We were delighted to be able to replace our old shed and equip it from the HCCRF. This will allow us to run some upcycling workshops and hopefully learn some new skills and experiences.

### **Financial review**

The Trustees have been having ongoing discussions with NHS Highland regarding the future of our funding. We have yet to learn if our funding is secure after June 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 2025 was £53,486 (2024 £71,515) 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 the Robertson Trust who awarded us a three year grant of £20,000 per year.

### *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 recently had a meeting of Directors and Staff where we discussed future development and needs. Our members fed into this meeting through meetings held with staff and the clear message that we received was that our membership wishes the service to continue in its present form with no major changes. The two main pressures felt by staff are time and funding. Time, due to the lack of security, the time and effort to seek it and the way in which we have to try and fit into the funders eligibility criteria without changing our service. We are awaiting the results of 2 funding applications and have an application to submit in late May.

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

---

### **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

Dr H Mcardle

Ms H Mcloughlin

Dr S Potts

Dr G Terry

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 2025

---

### *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).

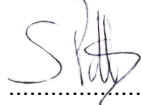
Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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;
- 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 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**

Type text here

Date: 02/06/2025



# 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 2025, which are set out on pages 7 to 24.

#### **Respective responsibilities of trustees and examiner**

The charity 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 Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of Regulation 10(1)(a)-(c) of the Charities Accounts (Scotland) Regulations 2006 does not apply.

It is my responsibility to examine the financial statements as required under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 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 Charities Accounts (Scotland) Regulations 2006. 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 seeking 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 the course of 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 Charities and Trustee Investment (Scotland) Act 2005 and Regulation 4 of the Charities Accounts (Scotland) Regulations 2006, and
- to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the Charities Accounts (Scotland) Regulations 2006

have not been met, or

2. 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  
Date: 02/06/2025.....

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2025

Current financial year		Unrestricted funds General 2025 £	Unrestricted funds Designated 2025 £	Restricted funds 2025 £	Total 2025 £	Total 2024 £
	Notes					
<b>Income from:</b>						
Donations and legacies	3	40,369	-	36,300	76,669	59,560
Charitable activities	4	180,967	18,324	-	199,291	164,840
Other trading activities	5	-	-	-	-	7,316
Investments	6	250	-	-	250	38
<b>Total income</b>		221,586	18,324	36,300	276,210	231,754
<b>Expenditure on:</b>						
Charitable activities	7	239,615	2,115	33,801	275,531	239,280
<b>Total expenditure</b>		239,615	2,115	33,801	275,531	239,280
<b>Net income/(expenditure)</b>		(18,029)	16,209	2,499	679	(7,526)
<b>Net movement in funds</b>		(18,029)	16,209	2,499	679	(7,526)
<b>Reconciliation of funds:</b>						
Fund balances at 1 April 2024		71,515	31,370	8,486	111,371	118,897
<b>Fund balances at 31 March 2025</b>		53,486	47,579	10,985	112,050	111,371

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 2025

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

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## BALANCE SHEET

AS AT 31 MARCH 2025

	Notes	2025 £	£	2024 £	£
<b>Fixed assets</b>					
Tangible assets	13		63,532		65,891
<b>Current assets</b>					
Stocks	14	1,600		1,600	
Debtors	15	10,280		5,062	
Cash at bank and in hand		44,804		54,953	
		56,684		61,615	
<b>Creditors: amounts falling due within one year</b>	16	(8,166)		(16,135)	
<b>Net current assets</b>			48,518		45,480
<b>Total assets less current liabilities</b>			112,050		111,371
<b>The funds of the charity</b>					
Restricted income funds	20	10,985		8,486	
Unrestricted funds - general	21	53,486		71,515	
Unrestricted funds - Designated	19	47,579		31,370	
		112,050		111,371	


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 2025.

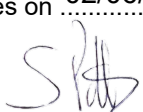
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 02/06/2025

  
.....  
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 2025

---

### 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 2025

---

### 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 2025

---

### 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 2025

### 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 £12,063 (2024 £12,663) and the carrying value of fixed assets at the year end amounts to £65,532 (2024 £65,891).

### 3 Donations and legacies

	Unrestricted funds general	Restricted funds	Total	Total
	2025	2025	2025	2024
	£	£	£	£
Donations and gifts	20,369	-	20,369	11,856
Grants received	20,000	36,300	56,300	47,704
	<u>40,369</u>	<u>36,300</u>	<u>76,669</u>	<u>59,560</u>



# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 3 Donations and legacies

(Continued)

#### Grants receivable for core activities

Highland Third Sector Interface	-	17,327	17,327	2,442
Highlands and Islands Enterprise	-	-	-	40,262
The Highland Council	-	18,973	18,973	5,000
The Robertson Trust	20,000	-	20,000	-
	<u>20,000</u>	<u>36,300</u>	<u>56,300</u>	<u>47,704</u>

### 4 Income from charitable activities

	Charitable income 2025 £	Charitable income 2024 £
NHS Highland Trust	165,213	143,213
Cafe	13,299	13,669
Financial Inclusion Project	2,455	1,856
Furniture Projects	18,324	6,102
	<u>199,291</u>	<u>164,840</u>
<b>Analysis by fund</b>		
Unrestricted funds - general	180,967	158,738
Unrestricted funds - Designated	18,324	6,102
	<u>199,291</u>	<u>164,840</u>

### 5 Income from other trading activities

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Fundraising events	-	7,316

### 6 Income from investments

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Interest receivable	250	38

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 7 Expenditure on charitable activities

	Charitable activities 2025 £	Charitable activities 2024 £
<b>Direct costs</b>		
Staff costs	186,448	164,952
Cafe	10,450	6,986
In Kind Direct	2,794	1,092
Depreciation, amortisation and other similar costs	12,063	12,663
	<u>211,755</u>	<u>185,693</u>
<b>Share of support and governance costs (see note 8)</b>		
Support	61,097	50,995
Governance	2,679	2,592
	<u>275,531</u>	<u>239,280</u>
<b>Analysis by fund</b>		
Unrestricted funds - general	239,615	191,422
Unrestricted funds - Designated	2,115	2,727
Restricted funds	33,801	45,131
	<u>275,531</u>	<u>239,280</u>

### 8 Support costs allocated to activities

	2025 £	2024 £
Bank charges	-	258
Establishment costs	14,986	13,111
Office expenses	6,746	6,694
Subscriptions	1,563	1,566
Rent	25,005	22,765
Sundry and other costs	2,806	1,686
Travel and subsistence	9,694	4,060
Fundraising and project development	297	855
Governance costs	2,679	2,592
	<u>63,776</u>	<u>53,587</u>
<b>Analysed between:</b>		
Charitable activities	<u>63,776</u>	<u>53,587</u>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 8 Support costs allocated to activities (Continued)

	2025 £	2024 £
<b>Governance costs comprise:</b>		
Independent examiners fees	2,645	2,520
Legal and professional fees	34	72
	<u>2,679</u>	<u>2,592</u>

### 9 Independent examiner's fee

	2025 £	2024 £
Examination of the financial statements	<u>2,645</u>	<u>2,520</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:

	2025 Number	2024 Number
	<u>7</u>	<u>7</u>

#### Employment costs

	2025 £	2024 £
Wages and salaries	170,556	151,266
Social security costs	9,335	6,836
Other pension costs	6,557	6,850
	<u>186,448</u>	<u>164,952</u>

4 (2024 - 6) of the employees participated in the Defined Contribution Pension Schemes.

The total employee benefits of key management personnel of the charity were £47,293 (2024 - £43,518)

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 2025

### 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 £
<b>Cost</b>					
At 1 April 2024	30,084	42,164	103,834	34,000	210,082
Additions	-	721	8,983	-	9,704
	<u>30,084</u>	<u>42,885</u>	<u>112,817</u>	<u>34,000</u>	<u>219,786</u>
At 31 March 2025	30,084	42,885	112,817	34,000	219,786
<b>Depreciation and impairment</b>					
At 1 April 2024	30,084	36,009	50,150	27,948	144,191
Depreciation charged in the year	-	1,001	9,549	1,513	12,063
	<u>30,084</u>	<u>37,010</u>	<u>59,699</u>	<u>29,461</u>	<u>156,254</u>
At 31 March 2025	30,084	37,010	59,699	29,461	156,254
<b>Carrying amount</b>					
At 31 March 2025	-	5,875	53,118	4,539	63,532
	<u>-</u>	<u>5,875</u>	<u>53,118</u>	<u>4,539</u>	<u>63,532</u>
At 31 March 2024	-	6,155	53,684	6,052	65,891
	<u>-</u>	<u>6,155</u>	<u>53,684</u>	<u>6,052</u>	<u>65,891</u>

### 14 Stocks

	2025 £	2024 £
Finished goods and goods for resale	1,600	1,600
	<u>1,600</u>	<u>1,600</u>

### 15 Debtors

	2025 £	2024 £
<b>Amounts falling due within one year:</b>		
Other debtors	5,000	-
Prepayments and accrued income	5,280	5,062
	<u>10,280</u>	<u>5,062</u>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

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

	Notes	2025 £	2024 £
Other taxation and social security		3,130	2,104
Government grants	17	-	7,327
Trade creditors		2,366	4,159
Accruals and deferred income		2,670	2,545
		<u>8,166</u>	<u>16,135</u>

### 17 Government grants

Deferred income is included in the financial statements as follows:

	2025 £	2024 £
Deferred income is included within:		
Current liabilities	-	7,327
	<u>-</u>	<u>7,327</u>
Movements in the year:		
Deferred income at 1 April 2024	7,327	-
Released from previous periods	(7,327)	-
Resources deferred in the year	-	7,327
	<u>-</u>	<u>7,327</u>
Deferred income at 31 March 2025	<u>-</u>	<u>7,327</u>

Deferred income in the prior year relates to grant income received in advance. These were performance related conditions applicable such that the grant could not be recognised in the period.

### 18 Retirement benefit schemes

	2025 £	2024 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	6,557	6,850
	<u>6,557</u>	<u>6,850</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 2025

### 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 2024 £	Incoming resources £	Resources expended £	At 31 March 2025 £
HIE Skye and Wester Ross	91	-	(78)	13
Highland Council MISG	113	-	(96)	17
Benefactor	71	-	(15)	56
Furniture project	29,513	18,324	(1,852)	45,985
Centre furniture	492	-	(74)	418
Branching out	1,090	-	-	1,090
	<u>31,370</u>	<u>18,324</u>	<u>(2,115)</u>	<u>47,579</u>
<b>Previous year:</b>	<b>At 1 April 2023 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>At 31 March 2024 £</b>
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>

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 2025

#### 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.

	Movement in funds				Movement in funds			
	Balance at 1 April 2023	Incoming resources	Resources expended	Transfers	Balance at 1 April 2024	Incoming resources	Resources expended	Balance at 31 March 2025
	£	£	£	£	£	£	£	£
Highland Council Ward	135	500	(520)	-	115	-	(17)	98
NHS Highland	22,000	-	(22,000)	-	-	-	-	-
Portree & Braes Community Trust	1,228	-	(184)	-	1,044	-	(157)	887
Mental Health & Wellbeing Fund	22,812	6,942	(22,427)	-	7,327	7,327	(14,654)	-
Highlands and Islands Enterprise	-	40,262	-	(40,262)	-	-	-	-
Highland Alcohol & Drug Partnership	-	-	-	-	-	10,000	-	10,000
Community Regeneration Fund	-	-	-	-	-	18,973	(18,973)	-
	<u>46,175</u>	<u>47,704</u>	<u>(45,131)</u>	<u>(40,262)</u>	<u>8,486</u>	<u>36,300</u>	<u>(33,801)</u>	<u>10,985</u>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2025

---

#### 20 Restricted funds

(Continued)

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 prior period, there was a transfer to unrestricted funds during the prior year.

The Highland Council Community Regeneration Fund provided a grant to support the costs of employing a dedicated staff member to provide consistency and an enhanced service to those living in South Skye and Lochalsh. It was also used to replace an old shed and equip it.

The Highland Drug & Alcohol Project provided a grant to help fewer people develop problem drug and alcohol use.



# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 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 2024 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2025 £
General funds	71,515	221,586	(239,615)	-	53,486
	<u>71,515</u>	<u>221,586</u>	<u>(239,615)</u>	<u>-</u>	<u>53,486</u>
<b>Previous year:</b>	<b>At 1 April 2023 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Transfers £</b>	<b>At 31 March 2024 £</b>
General funds	44,727	177,948	(191,422)	40,262	71,515
	<u>44,727</u>	<u>177,948</u>	<u>(191,422)</u>	<u>40,262</u>	<u>71,515</u>

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2025

22 Analysis of net assets between funds

	Unrestricted funds 2025 £	Designated funds 2025 £	Restricted funds 2025 £	Total Unrestricted funds 2025 £	Designated funds 2024 £	Restricted funds 2024 £	Total 2024 £
Fund balances at 31 March 2025 are represented by:							
Tangible assets	57,541	5,007	984	63,532	58,130	6,603	65,891
Current assets/(liabilities)	(2,645)	41,162	10,001	48,518	4,458	24,767	45,480
	<u>54,896</u>	<u>46,169</u>	<u>10,985</u>	<u>112,050</u>	<u>62,588</u>	<u>31,370</u>	<u>111,371</u>

# SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

---

### 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:

	2025 £	2024 £
Within one year	22,093	22,093
Between two and five years	88,372	88,372
In over five years	176,744	198,837
	<u>287,209</u>	<u>309,302</u>

### 24 Related party transactions

There were no disclosable related party transactions during the year (2024 - none).