

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 2026**

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 J MacDonald	(Appointed 10 October 2025)
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

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SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2026

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: 2/6/26

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2026

The trustees present their annual report and financial statements for the year ended 31 March 2026.

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, social isolation and related challenges through accessible and person-centered support services.

Achievements and performance

Significant activities and achievements against objectives

Mental health services

SLMHA supported 188 members during the year. Am Fasgadh, the Association's drop-in centre in Portree, continued to provide a safe and welcoming environment 365 days a year, with average daily attendance of 19 members on weekdays and 10 members at weekends.

Members accessed social and emotional support, meals provision, activities, internet access, laundry facilities and practical support with everyday challenges. The service continued to provide immediate and trusted support to members experiencing anxiety, isolation and crisis situations.

During the year:

- 6,121 attendances were recorded at the drop-in service
- Nearly 5,800 meals were provided, including over 800 delivered meals
- Members were supported to attend over 112 medical appointments
- Staff assisted with 77 benefits-related issues and over 1,456 day-to-day support interventions
- At least 9 hospital admissions were prevented through ongoing support and early intervention

South Skye and Lochalsh Service

The South Skye and Lochalsh Service continued to operate from the Lighthouse in Kyle. During the year the Association significantly expanded access to the service through the addition of a 17-seater minibus donated by Highland Cross.

The minibus enabled regular transport for South Skye members to attend Am Fasgadh each week, improving social inclusion and participation in activities. Attendance and engagement within the South Skye and Lochalsh service increased during the year.

Furniture project

The furniture project continued to provide affordable furniture and household goods to individual and families across Skye and Lochalsh whilst diverting significant amounts of waste landfill.

Over 800 items were redistributed to more than 520 households during the year. The project also continued to provide volunteering opportunities for members, helping to build confidence, skills and community involvement.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2026

Financial review

The majority of the Association's income during the year continued to come from NHS Highland through the Service Level Agreement together with additional outreach funding.

Additional support was received from grant funders and community supporters including The Robertson Trust, Highland Third Sector Interface, NFU Scotland, Rabbie's Tours, Portree Co-op and Highland Cross.

The trustees continue to monitor expenditure carefully in response to increasing operational costs, particularly fuel, heating and food costs. Despite these pressures the Association remained within budget during the year under review.

Reserves policy

The company aims to retain 30% of its total annual expenditure as unrestricted undesignated reserves which would be around £47,250. The trustees consider this necessary in order to provide financial stability and allow the organisation time to respond to any future reductions or interruptions in funding.

The unrestricted undesignated reserves at the 31 March 2026 was £80,155 (2025 £53,486) and therefore the charity are meeting their reserve policy.

The trustees' have also set aside £10,000 for Planned Maintenance and Improvements, this decision recognised that items such as laptops, phones, washing machines, boilers etc have a limited lifespan.

Reserves are reviewed regularly by the Board as part of ongoing financial monitoring procedures.

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.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2026

Plans for future periods

The trustees and staff continue to review the future development needs of the organisation.

Future				priorities					include:
• Continuing	development	of	the	South	Skye	and	Lochalsh	Service	
• Expanding	opportunities	for	trips,	activities	and	community	participation		
• Supporting	involvement	in	the	Scottish	Mental	Health	Arts	Festival	
• Developing	digital		engagement		and	promotional		work	
• Securing sustainable long-term funding for services									

The trustees remain committed to ensuring the long-term sustainability and resilience of the organisation in response to growing demand for mental health support services within the community.

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

J MacDonald

(Appointed 10 October 2025)

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.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

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

FOR THE YEAR ENDED 31 MARCH 2026

Organisational structure

The day-to-day operation and delivery of services at Am Fasgadh is delegated to the manager, Sandra Mackenzie, within the context of policies and procedures ratified by the trustees.

The trustees are responsible for

- Approving operational policies and procedures
- Approving and reviewing the organisation's aims and objectives
- Setting reserves policy
- Approving annual budgets
- Setting pay and conditions for staff
- Reviewing organisational performance through regular reports from the manager

Induction and training of trustees

The Association produces a Directors' handbook which is issued to all trustees. As well as providing guidance on the role of Director, it summarises key information on the organisation, including activities, structure and finances.

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.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

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

FOR THE YEAR ENDED 31 MARCH 2026

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

Date: 2/6/26

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 2026, which are set out on pages 8 to 25.

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

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IV2 5GH

United Kingdom

Date:03/06/26.....

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2026

Current financial year		Unrestricted funds General 2026 £	Unrestricted funds Designated 2026 £	Restricted funds 2026 £	Total 2026 £	Total 2025 £
	Notes					
Income from:						
Donations and legacies	3	60,927	-	63,760	124,687	76,669
Charitable activities	4	183,829	12,725	-	196,554	199,291
Other trading activities	5	782	-	-	782	-
Investments	6	6	-	-	6	250
Total income		<u>245,544</u>	<u>12,725</u>	<u>63,760</u>	<u>322,029</u>	<u>276,210</u>
Expenditure on:						
Charitable activities	7	208,862	1,751	73,908	284,521	275,531
Other expenditure	12	13	-	-	13	-
Total expenditure		<u>208,875</u>	<u>1,751</u>	<u>73,908</u>	<u>284,534</u>	<u>275,531</u>
Net income/(expenditure)		36,669	10,974	(10,148)	37,495	679
Transfers between funds		(10,000)	10,000	-	-	-
Net movement in funds		26,669	20,974	(10,148)	37,495	679
Reconciliation of funds:						
Fund balances at 1 April 2025		53,486	47,579	10,985	112,050	111,371
Fund balances at 31 March 2026		<u>80,155</u>	<u>68,553</u>	<u>837</u>	<u>149,545</u>	<u>112,050</u>

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 2026

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

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

BALANCE SHEET

AS AT 31 MARCH 2026

	Notes	2026 £	£	2025 £	£
Fixed assets					
Tangible assets	14		53,599		63,532
Current assets					
Stocks	15	1,300		1,600	
Debtors	16	5,882		10,280	
Cash at bank and in hand		98,858		44,804	
		<u>106,040</u>		<u>56,684</u>	
Creditors: amounts falling due within one year	17	<u>(10,094)</u>		<u>(8,166)</u>	
Net current assets			95,946		48,518
Total assets less current liabilities			<u>149,545</u>		<u>112,050</u>
The funds of the charity					
Restricted income funds	21		837		10,985
Unrestricted funds - general	22		80,155		53,486
Unrestricted funds - Designated	20		68,553		47,579
			<u>149,545</u>		<u>112,050</u>

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 2026.

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


Mr L Macdonald
Trustee


Dr S Potts
Trustee

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

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 Basis of preparation

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 2026

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 2026

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 2026

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 £10,101 (2025 £12,063) and the carrying value of fixed assets at the year end amounts to £53,599 (2025 £65,532).

3 Donations and legacies

	Unrestricted funds general	Restricted funds	Total	Total
	2026	2026	2026	2025
	£	£	£	£
Donations and gifts	30,094	-	30,094	20,369
Grants received	30,833	63,760	94,593	56,300
	<u>60,927</u>	<u>63,760</u>	<u>124,687</u>	<u>76,669</u>

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2026

3 Donations and legacies

(Continued)

Grants receivable for core activities

Highland Third Sector Interface	-	20,000	20,000	17,327
NHS Highland	-	10,000	10,000	-
The Highland Council	-	33,760	33,760	18,973
The Robertson Trust	20,000	-	20,000	20,000
Agnes Hunter Trust	8,333	-	8,333	-
The Wood Foundation	2,500	-	2,500	-
	<u>30,833</u>	<u>63,760</u>	<u>94,593</u>	<u>56,300</u>

4 Income from charitable activities

	Charitable income 2026 £	Charitable income 2025 £
NHS Highland Trust	165,212	165,213
Cafe	17,701	13,299
Financial Inclusion Project	916	2,455
Furniture Projects	12,725	18,324
	<u>196,554</u>	<u>199,291</u>
Analysis by fund		
Unrestricted funds - general	183,829	180,967
Unrestricted funds - Designated	12,725	18,324
	<u>196,554</u>	<u>199,291</u>

5 Income from other trading activities

	Unrestricted funds 2026 £	Unrestricted funds 2025 £
Fundraising events	<u>782</u>	<u>-</u>

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2026

6 Income from investments

	Unrestricted funds 2026 £	Unrestricted funds 2025 £
Interest receivable	6	250

7 Expenditure on charitable activities

	Charitable activities 2026 £	Charitable activities 2025 £
Direct costs		
Staff costs	200,875	186,448
Cafe	8,273	10,450
In Kind Direct	3,542	2,794
Depreciation, amortisation and other similar costs	10,101	12,063
	<u>222,791</u>	<u>211,755</u>
Share of support and governance costs (see note 8)		
Support	58,909	61,097
Governance	2,821	2,679
	<u>284,521</u>	<u>275,531</u>
Analysis by fund		
Unrestricted funds - general	208,862	239,615
Unrestricted funds - Designated	1,751	2,115
Restricted funds	73,908	33,801
	<u>284,521</u>	<u>275,531</u>

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2026

8 Support costs allocated to activities

	2026 £	2025 £
Establishment costs	15,610	14,986
Office expenses	7,006	6,746
Subscriptions	2,334	1,563
Rent	23,413	25,005
Sundry and other costs	1,052	2,806
Travel and subsistence	9,494	9,694
Fundraising and project development	-	297
Governance costs	2,821	2,679
	<u>61,730</u>	<u>63,776</u>
Analysed between:		
Charitable activities	<u>61,730</u>	<u>63,776</u>

	2026 £	2025 £
Governance costs comprise:		
Independent examiners fees	2,710	2,645
Legal and professional fees	111	34
	<u>2,821</u>	<u>2,679</u>

9 Independent examiner's fee

	2026 £	2025 £
Examination of the financial statements	<u>2,710</u>	<u>2,645</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:

2026 Number	2025 Number
<u>8</u>	<u>7</u>

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2026

11 Employees	(Continued)	
Employment costs	2026 £	2025 £
Wages and salaries	179,953	170,556
Social security costs	10,574	9,335
Other pension costs	10,348	6,557
	<u>200,875</u>	<u>186,448</u>

6 (2025 - 4) of the employees participated in the Defined Contribution Pension Schemes.

The total employee benefits of key management personnel of the charity were £49,041 (2025 - £47,293)

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

12 Other expenditure	Unrestricted funds 2026 £	Unrestricted funds 2025 £
Net loss on disposal of tangible fixed assets	<u>13</u>	<u>-</u>

13 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.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2026

14 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2025	30,084	42,885	112,817	34,000	219,786
Additions	-	409	-	-	409
Disposals	-	(237)	(228)	-	(465)
At 31 March 2026	30,084	43,057	112,589	34,000	219,730
Depreciation and impairment					
At 1 April 2025	30,084	37,010	59,699	29,461	156,254
Depreciation charged in the year	-	884	8,082	1,135	10,101
Eliminated in respect of disposals	-	(224)	-	-	(224)
At 31 March 2026	30,084	37,670	67,781	30,596	166,131
Carrying amount					
At 31 March 2026	-	5,387	44,808	3,404	53,599
At 31 March 2025	-	5,875	53,118	4,539	63,532

15 Stocks

	2026 £	2025 £
Finished goods and goods for resale	1,300	1,600

16 Debtors

	2026 £	2025 £
Amounts falling due within one year:		
Other debtors	-	5,000
Prepayments and accrued income	5,882	5,280
	5,882	10,280

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2026

17 Creditors: amounts falling due within one year

	2026 £	2025 £
Other taxation and social security	5,375	3,130
Trade creditors	252	2,366
Accruals and deferred income	4,467	2,670
	<u>10,094</u>	<u>8,166</u>

18 Government grants

Deferred income is included in the financial statements as follows:

	2026 £	2025 £
Deferred income is included within:		
Current liabilities	<u>1,667</u>	<u>-</u>
	2026 £	2025 £
Movements in the year:		
Deferred income at 1 April 2025	-	7,327
Released from previous periods	-	(7,327)
Resources deferred in the year	<u>1,667</u>	<u>-</u>
Deferred income at 31 March 2026	<u>1,667</u>	<u>-</u>

Deferred income relates to grant income received in advance.

19 Retirement benefit schemes

	2026 £	2025 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>10,348</u>	<u>6,557</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 2026

20 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 2025 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2026 £
HIE Skye and Wester Ross	13	-	(67)	-	(54)
Highland Council MISG	17	-	(81)	-	(64)
Benefactor	56	-	(13)	-	43
Furniture project	45,985	12,725	(1,527)	-	57,183
Centre furniture	418	-	(63)	-	355
Branching out	1,090	-	-	-	1,090
Maintenance	-	-	-	10,000	10,000
	<u>47,579</u>	<u>12,725</u>	<u>(1,751)</u>	<u>10,000</u>	<u>68,553</u>

Previous year:	At 1 April 2024 £	Incoming resources £	Resources expended £	Transfers £	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>-</u>	<u>47,579</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.

The maintenance fund has been set up for planned maintenance and improvements.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2026

21 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 2024	Movement in funds		Balance at 1 April 2025	Movement in funds		Balance at 31 March 2026
	£	Incoming resources £	Resources expended £	£	Incoming resources £	Resources expended £	£
Highland Council Ward	115	-	(17)	98	-	(15)	83
NHS Highland	-	-	-	-	10,000	(10,000)	-
Portree & Braes Community Trust	1,044	-	(157)	887	-	(133)	754
Mental Health & Wellbeing Fund	7,327	7,327	(14,654)	-	20,000	(20,000)	-
Highland Alcohol & Drug Partnership Community Regeneration Fund	-	10,000	-	10,000	-	(10,000)	-
	-	18,973	(18,973)	-	33,760	(33,760)	-
	<u>8,486</u>	<u>36,300</u>	<u>(33,801)</u>	<u>10,985</u>	<u>63,760</u>	<u>(73,908)</u>	<u>837</u>

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 2026

22 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 2025 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2026 £
General funds	53,486	245,544	(208,875)	(10,000)	80,155
Previous year:	At 1 April 2024 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2025 £
General funds	71,515	221,586	(239,615)	-	53,486

Transfers

The transfer during the year was in relation to the maintenance fund.

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2026

23 Analysis of net assets between funds	Unrestricted funds		Designated funds		Restricted funds		Total Unrestricted funds		Designated funds		Restricted funds		Total	
	2026	£	2026	£	2026	£	2026	£	2025	£	2025	£	2025	£
Fund balances at 31 March 2026 are represented by:														
Tangible assets	48,960		3,802		837		53,599		57,541		5,007		63,532	
Current assets/(liabilities)	31,195		64,751		-		95,946		(2,645)		41,162		48,518	
	80,155		68,553		837		149,545		54,896		46,169		112,050	

SKYE AND LOCHALSH MENTAL HEALTH ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

24 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:

	2026 £	2025 £
Within one year	22,093	22,093
Between two and five years	88,372	88,372
In over five years	154,651	176,744
	<u>265,116</u>	<u>287,209</u>

25 Related party transactions

There were no disclosable related party transactions during the year (2025 - none).