



penumbra
your way to a brighter future

**Directors' Report and
Financial Statements**

For the year ended 31 March 2020



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Reference & Administration

Directors

The directors of the charity during the year ended 31 March 2020, and up to the signing date of the Directors' Report, were as follows:

Patricia (Trisha) Hall	Chair, resigned 18 September 2019
Laura Reid	Treasurer, Chair from 18 September 2019
Brian Small	resigned 2 December 2019
Alistair Hodgson	
Colin Briggs	
Niall Stirling	Treasurer, from 18 September 2019
Craig Hamilton	resigned 18 September 2019
Louise Goodlad	
Angus Macfarlane	
Alison Bavidge	appointed 18 September 2019

Company Secretary

Nigel Henderson

Senior Management (Directorate)

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

Reference & Administration (continued)

Registered Office

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EH7 5QY

Auditor

Scott-Moncrieff
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

Bankers

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

Investment Brokers

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

Insurance Brokers

Marsh Commercial
G1 Building
5 George Square
G2 1AR

Solicitors

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

Trustees' and Directors' Report and Strategic Report

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 March 2020.

Objectives and Activities

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

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

Vision

Penumbra envisages a society where people with mental health problems expect recovery and are accepted, supported and have the resources to fulfil their potential.

Mission

Penumbra will provide, support and influence services and activities that improve the mental health and wellbeing of people.

Core Principles

People can and do recover from mental ill health; People have equal human value regardless of their situation or ability and have the right to dignity, respect, privacy and choice; People should be enabled to exercise control over their lives by means of real choice and participation and should be free from stigma and discrimination; Penumbra's services should provide person centred support on an ordinary and inclusive basis wherever possible.

Strategic Plan

The Strategic Plan for 2016-2020 was approved by the Board in January 2016. This plan sets out five key aims that will support the Vision and Mission of Penumbra: recovery, people, innovation, influence, improvement (RPIII).

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

Each year a business plan is developed to support the Strategic Plan which includes details of work to be undertaken in pursuit of our strategic objectives. The business plan is reviewed by the Board every six months.

The Strategic Plan for 2016-2020 focusses on embedding the use of an outcomes approach utilising our validated recovery outcomes measure - I.ROC® (Individual Recovery Outcomes Counter) - and the HOPE® framework - a resource which provides practical guidance on achieving recovery. The Strategic Plan for the next four years is currently being consulted on and will be published in 2021.

To ensure quality and continuous improvement in all business processes to achieve our mission.

RP111 ensures that all local projects understand how they can contribute to the organisation's objectives.

Strategic Aims

Recovery

To ensure that all mental health services and activities are hopeful, personalised and recovery focussed.

People

To ensure a highly valued, skilled and involved workforce.

Innovation

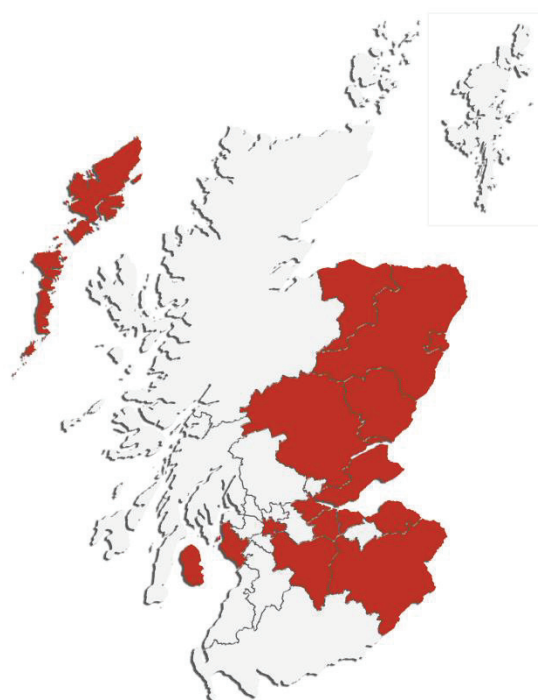
To develop, support and provide innovative responses that promote recovery, social inclusion and citizenship for people with mental health problems.

Influence

To promote mental health and wellbeing in communities by influencing policy makers, funders and others.

Improvement

Penumbra Services



Our services are located in 18 local authority areas. We operate from three regional offices in Glasgow, Aberdeen and Edinburgh with each service also having a local office or base. Each week we support around 1,800 adults and young people. The support provided ranges from a few hours each week to services that operate 24 hours a day. In 2019/20 4575 people accessed our services. This included 2500 new people with a corresponding number moving on positively from our support..

Our services use the HOPE[®] framework for wellbeing and I.ROC[®] - a validated measure of personal recovery. We developed the HOPE[®] framework to enable our skilled staff to support people to grow their personal skills and resources to enable them to participate more fully in community life.

Services

1st Response

We run a number of 1st Response services for people who are seeking help and need short term support or information about local services. These are self referral walk in services.

ARBD

Recovery Focused support for people with Alcohol Related Brain Damage.

Carer Support

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

Distress Brief Intervention (DBI)

The aim of the DBI programme is to provide a compassionate and effective response to people in distress.

Edinburgh Crisis Centre

24 hour helpline, along with the possibility of staying at the centre for up to seven nights.

Employment Support

For people who are working towards/need support in employment.

Homelessness Services

Practical and emotional support for people who are homeless or at risk of homelessness.

Nova Projects

Wellbeing projects in communities that promote recovery, social inclusion and self-management.

Penumbra WOW

Penumbra workshops on wellbeing. These sessions provide an opportunity to learn, share and discuss various topics on lifeskills, lifestyle and mental wellbeing.

Peer Support

Support provided by staff who bring their own experience of mental ill health and recovery. Almost 20% of our staff are employed in Peer posts.

Primary Care services

Services based in GP practices providing short-term support for people referred by GP's

Supported Living

Offering recovery focused practical and emotional support to meet people's needs in their own home.

Supported Housing

A variety of supported accommodation and tenancy projects.

Short Breaks

Supportive breaks for people to focus on their recovery.

Self-Harm Projects

Community based projects for both adults and young people who self-harm and who may also be experiencing suicidal thoughts.

Suicide Prevention Support Service

This is a new suicide prevention service for people at risk of suicide provided in Angus.

Young Peoples' Projects

Services that focus on support for young people.

Strategic Report

Achievements and Performance

Recovery

Service users

A total of 4,575 people used our services in 2019-20, and we have seen improvement in all I.ROC wellbeing indicators.

Peer Work

We are the largest employer of peer workers in mental health in Scotland. Almost 20% of our workforce are employed in peer worker or peer practitioner roles. Peer working makes an important and significant contribution to positive recovery outcomes for people. Our Peer Services are now being successfully delivered in GP practices in Angus where our existing service has expanded to more practices.

Park Cottage

We successfully tendered for this service in Midlothian. Park Cottage provides support for people with a view to them moving on to more independent living.

Scottish Recovery Network (SRN)

We continue to host the Scottish Recovery Network which promotes recovery across mental health. SRN continued to develop its 'Making Recovery Real' work in localities.

People

Recovery Teams

We have implemented the Recovery Team model across the organisation, ensuring personalised support is provided by small teams supporting a group of supported

people to ensure continuity and good relationships

Scottish Living Wage

All staff in Penumbra receive pay that is above the current Scottish Living Wage rate of £9.30 per hour. All staff received a 3% cost of living increase in 2019/20 and the Board have agreed an increase of 2% for 2020/21.

Staff satisfaction

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

Learning and Development

This year we developed and delivered new learning programmes including Trauma Informed Practice and Recovery and Risk.

Innovation

Future Pathways

Along with Health in Mind, the Mental Health Foundation, NHS Greater Glasgow and Clyde Trauma Services and the Scottish Government we continue to deliver this service for survivors of in care abuse through an Alliance partnership. This was the first Alliance in Scotland.

I.ROC

I.ROC is now licensed to 35 organisations across the UK, and 79 organisations in total. I.ROC is now being used in 8 countries, including Netherlands, Belgium, Czech Republic and Spain, and we have secured a trademark for I.ROC in the EU and China. We are also beginning the roll out of Y.ROC which is a youth-focused version of I.ROC, and are currently in the process of improving the

digital reporting system (I.ROC Wellbeing) with our external partners.

Mental Health and Wellness

In Moray we continue to develop the work of our Mental Health and Wellness Centre and our mental health links worker service in GP practices; this innovative service based in Elgin acts as the single access point for a range of adult services designed to promote positive mental health and support people recovering from mental ill health. We have expanded our 1st Response services this year and have delivered a range of wellbeing programmes and workshops across the country, including being a partner provider to Remploy, delivering our Ready, Steady, Work programme in Dundee, Glasgow and Lanarkshire.

In 2018 we launched our new Suicide Support Service and in 2019 appointed a Young Person's Recovery Practitioner to deliver wellbeing programmes to schools and young people in Angus.

Distress Brief Intervention (DBI)

Our DBI service in Aberdeen continued to develop and will expand to under 18s. This builds on our innovative crisis and First Response services and contributes to the roll out of the national DBI programme. Referrals to the service come from Police Scotland, GP's, Scottish Ambulance Service and the Emergency Department at Aberdeen Royal Infirmary. We were delighted to launch the first DBI Associate Programme in Moray in 2019.

Influence

Scottish Mental Health Partnership

We are members of the Scottish Mental Health Partnership, a coalition of third sector

mental health organisations, service providers and professional bodies, which contributes to the ongoing implementation of the Scottish Mental Health Strategy.

Representation

Penumbra is represented on a number of Scottish Government Programme Boards including the National Suicide Prevention Leadership Group, the Minister for Mental Health's Strategic Delivery Board, the Technology Enabled Care programme board and the NHS24 mental health service redesign board. We also contributed to a number of the workstreams of the Children and Young People's Mental Health Taskforce in 2019.

Penumbra is an active member of Mental Health Europe (MHE). Our chief executive is a senior policy advisor to the Board, having previously held the office of President of the Board of MHE and our Director of Services and Innovation was appointed to the Board of MHE in April 2018. Our Chief Executive was elected to the Board of the Coalition of Care and Support Providers Scotland (CCPS) in September 2019.

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

Improvement

Care Inspectorate

Our average Care Inspectorate Score was 5.0 for Care and Support and 5.1 overall (out of 6) during 2019/20. Many Penumbra services scored 6 (excellent) in all inspection criteria. The Care Inspectorate reported that they

"...found the support to be of a high quality and sector leading".

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

Our Quality Manager, Julie Rutherford, was awarded the David Bradley Ambassador award in 2019 by Quality Scotland.

Digital Transformation

In April 2019 we launched 'Project Skye' which aimed to replace and improve all our software systems with a new cloud based fully integrated solution. By March 2020 we had setup, tested and implemented new digital solutions for Finance, Payroll, HR, Fundraising, Care and Support Planning, Staff Rotas and Expenses. This was a significant achievement and the core project team and our external project managers from Optimum PPS are to be congratulated for delivering this work on time and within budget. All staff now have remote real time access through smartphones, PC's or tablets to the tools and information they need to do their jobs.

Financial Review

The net (expenditure)/income before other recognised gains and losses for the year as shown in the Statement of Financial Activities on page 17 are:

	2019/20	2018/19
	£	£
Penumbra	(291,159)	422,692

As stated these figures are before the loss on the pension scheme. During 2019/20 we invested heavily in new technology, implementing a new cloud based end to end

system for finance, HR, payroll, fundraising, staff rostering and care planning. This work has seen all staff equipped with smartphones where they are able to access all the functions they need to manage and report on their work.

We remain mindful of the challenges facing health and social care nationally and the potential impact on our work. As we end the financial year 2019/20 the Covid pandemic has hit the UK and is set to stretch and test all health and social care services. Possible impacts are continually reviewed by Senior Management and the Finance, Risk and Audit Committee.

Reserves Policy

The reserves policy for Penumbra states that three months operating expenditure should be maintained in unrestricted reserves, at approximately £2.7m. This should enable the organisation to finance all its commitments and obligations should the company ever be required to be wound up.

The total unrestricted funds at 31 March 2020 amounting to £3,146,876 (2019: £3,616,398) is in line with our reserves policy. This figure includes £182,826 which has been designated for defined benefit pension scheme contributions falling due during the year to 31 March 2021.

Restricted funds as at 31 March 2020 are £452,163 (2019: £459,668), and are not available for the general purposes of the company.

The free reserves, as at 31 March 2020, total £2,339,981.

Principal Funding Sources

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

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

Investment Policy

Our short term investments are placed with our bankers, whom we rely upon to place funds in accordance with good banking practice. To spread risk, we have split our medium and long term deposits between our bankers and two other banks. During the year to 31 March 2020, funds were on deposit with Bank of Scotland, Aldermore, and Octopus. In addition to this, we took the strategic decision in 2018/19 to make a longer term investment in the stock markets, and appointed Brewin Dolphin as Investment Brokers. The Board approved our risk and ethical investment policies, which restricted or prevented investment in pharmaceutical, alcohol, weapons and tobacco amongst others.

Plans for future periods

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

- Continue to promote the use of I.ROC within the UK and overseas.
- Promote the use of personal outcomes focused support in our contracted work rather than 'time and task' inputs/outputs.
- To further develop our work on distress by developing more DBI associate services.
- Launch Y.ROC our wellbeing outcomes measure for young people aged 12-18 years.

As these accounts are being prepared, we are in the midst of a worldwide pandemic, Covid-19. CoSLA have issued guidance to all local authorities that contracted levels of funding should be provided to social care providers to ensure sustainability. In due course an agreed reconciliation process will be conducted with providers. We are continuing to deliver support, albeit in a different manner, following all Scottish Government guidance on this. Whilst the pandemic has impacted on our investment portfolio, we do not anticipate significant impact on our other finances.

Review of Major Risks

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

The key risk highlighted in the risk register was the financial risk associated with changes to our existing funding structure, for example, the reduction or loss of local authority contracts and the increasing number of framework agreements that are replacing block contracts. This is mitigated through careful forecasting and financial and service delivery monitoring, as well as maintaining regular communication with our funders and commissioners. In addition, another key risk is in relation to Project Skye, the project implementing our new end to end ICT system. There are a number of risks associated with this project and the Board review the risk register accordingly. We maintain a contract with an external Health & Safety company to help advise us with any issues and changes in legislation, thereby mitigating against any risks regarding Health and Safety.

Employment

Penumbra has an Equalities and Equal Opportunities policy and procedures to ensure that no job applicant, employee on a paid or voluntary basis receives less favourable treatment on the grounds of disability, HIV status, race, colour, nationality, religion, sex, age, marital status, sexuality or responsibility for dependents. This policy covers training, career development and promotion as well as recruitment. All employees have access to the same opportunities.

The charity has an active policy of communicating with its staff through various newsletters and also holds a staff conference every two years. The trustees are committed to developing genuine and effective employee involvement in the charity's activities.

Structure, governance and management

Governing document

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

Method of appointment to the Board

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

Remuneration of the charity's key management personnel is set by the Remuneration Committee comprising Penumbra Board members and is reviewed and benchmarked every three years.

Transactions with related parties are disclosed at Note 10 on pages 31 to 32.

Statement of Directors' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable

steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

Decision making structure

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

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

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

The Directors' engage with employees in a number of different ways. They see and comment on the staff survey results, they undertake visits to services and they are invited to attend staff conferences, workshops and roadshows. We continue to engage with all our stakeholders, and take a holistic informed view when undertaking any decisions.

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

Funds Held on Behalf of Service Users

Penumbra held funds of £42,966 (2018/19: £53,252) on behalf of service users at 31 March 2020. This is included within other creditors at the year end.

Going Concern

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

Auditor

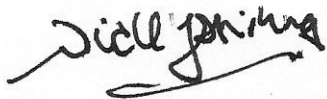
The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Scott-Moncrieff Audit Services. Scott-Moncrieff Audit Services have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Approval of Trustees' Annual Report

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

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

This report was approved by the Board on 26 August 2020.



NIALL STIRLING

Treasurer

Independent Auditor's Report

Opinion

We have audited the financial statements of Penumbra (the charitable company) for the year ended 31 March 2020 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern. For example, the impact of Covid-19 on the charity's activities, suppliers, employees and other stakeholders and on the wider economy in general is difficult to evaluate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the directors

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

are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

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

Allison Gibson, Senior Statutory Auditor
For and on behalf of
Scott-Moncrieff Audit Services, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

31 August 2020

Statement of Financial Activities

Incorporating the Income and Expenditure Account

	Notes	Unrestricted funds £	Restricted income funds £	Restricted capital funds £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:						
Donations and legacies	4	176,892	-	-	176,892	201,671
Charitable activities	5					
Services for adults		14,641	10,155,804	-	10,170,445	9,791,495
Services for young people		-	286,089	-	286,089	216,762
Other services		8,810	155,763	-	164,573	208,646
Investments		49,530	-	-	49,530	19,672
Other income		-	-	-	-	12,085
Total		249,873	10,597,656	-	10,847,529	10,450,331
Expenditure on:						
Raising funds		67,778	-	-	67,778	32,149
Charitable activities	6					
Services for adults		-	10,125,220	-	10,125,220	9,532,931
Services for young people		-	257,312	-	257,312	184,554
Other services		505,241	79,286	-	584,527	276,965
Total		573,019	10,461,818	-	11,034,837	10,026,599
Total income less expenditure		(323,146)	135,838	-	(187,308)	423,732
Net (losses) on investments		(103,851)	-	-	(103,851)	(1,040)
Net (expenditure)/income		(426,997)	135,838	-	(291,159)	422,692
Transfers between funds		145,475	(143,343)	(2,132)	-	-
Other recognised gains/(losses):						
Actuarial (loss) on defined benefit scheme	25	(188,000)	-	-	(188,000)	(16,000)
Net movement in funds		(469,522)	(7,505)	(2,132)	(479,159)	406,692
Reconciliation of funds:						
Total funds brought forward		3,616,398	459,668	10,214	4,086,280	3,679,588
Total funds carried forward		3,146,876	452,163	8,082	3,607,121	4,086,280

The notes on pages 21 to 44 form part of these financial statements.

Balance Sheet

	Notes	2020	2019
		£	£
Fixed Assets			
Tangible fixed assets	12	314,493	333,962
Intangible fixed assets	13	220,656	-
Investments	14	921,362	1,003,588
<i>Total fixed assets</i>		<u>1,456,511</u>	<u>1,337,550</u>
Current assets			
Debtors	15	1,534,347	757,007
Cash at bank and in hand		1,970,661	3,089,753
<i>Total current assets</i>		<u>3,505,008</u>	<u>3,846,760</u>
Liabilities:			
Creditors: amounts falling due within one year	16	(776,905)	(583,023)
<i>Net current assets</i>		<u>2,728,103</u>	<u>3,263,737</u>
<i>Total assets less current liabilities</i>		<u>4,184,614</u>	<u>4,601,287</u>
Provisions for liabilities	17	(577,493)	(538,007)
<i>Net assets excluding pensions asset</i>		<u>3,607,121</u>	<u>4,063,280</u>
Defined benefit pension asset	25	-	23,000
Total net assets		<u>3,607,121</u>	<u>4,086,280</u>
The funds of the charity:			
Restricted capital funds	19	8,082	10,214
Restricted income funds	20	452,163	459,668
<i>Total restricted funds</i>		<u>460,245</u>	<u>469,882</u>
Unrestricted income funds	21	2,875,130	3,322,936
Defined benefit pension payments fund	21	182,826	181,542
Innovation and development fund	21	52,420	52,420
Young people's development fund	21	7,500	7,500
Revaluation reserve	21	29,000	29,000
<i>Unrestricted funds excluding pension liability</i>		<u>3,146,876</u>	<u>3,593,398</u>
Defined benefit pension reserve	21	-	23,000
<i>Total unrestricted funds</i>		<u>3,146,876</u>	<u>3,616,398</u>
Total charity funds		<u>3,607,121</u>	<u>4,086,280</u>

The notes on pages 21 to 44 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 26 August 2020.

NIALL STIRLING
Treasurer



ANGUS MACFARLANE
Director



Statement of Cash Flows

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities:					
<i>Net cash (used in)/provided by operating activities</i>	1a		(888,297)		337,887
Cash flows from investing activities:					
Interest received		49,530		19,672	
Proceeds of sale of quoted investments		49,341		-	
Purchase of quoted investments		(70,966)		(1,004,527)	
Proceeds of sale of fixed assets		-		76,768	
Purchase of property, plant and equipment		-		(21,871)	
Purchase of intangible fixed assets		(258,700)			
<i>Net cash (used in)/provided by investing activities</i>			(230,795)		(929,958)
<i>Change in cash and cash equivalents in the reporting period</i>			(1,119,092)		(592,071)
Cash and cash equivalents at the beginning of the reporting period			3,089,753		3,681,824
<i>Cash and cash equivalents at the end of the reporting period</i>			1,970,661		3,089,753

The notes on pages 21 to 44 form part of these financial statements.

Statement of Cash Flows (continued)

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

	2020	2019
	£	£
Net (expenditure)/income before other recognised gains & losses	(291,159)	422,692
Defined benefit pension scheme servicing costs	37,000	31,000
Defined benefit pension scheme contributions	(200,000)	(197,000)
Defined benefit pension scheme financing costs	(2,000)	1,000
	<u>(456,159)</u>	<u>257,692</u>
Net losses on investments	103,851	1,040
Interest receipts	(49,530)	(19,672)
Depreciation	19,469	13,326
Amortisation	38,044	-
(Gain) on disposal of assets	-	(12,085)
(Increase) in debtors	(777,340)	(4,409)
Increase/(decrease) in creditors	193,882	(112,071)
Increase in provisions	39,486	214,066
	<u>(888,297)</u>	<u>337,887</u>

Analysis of changes in net debt

	As at 1 April 2019	Cashflows	As at 31 March 2020
	£	£	£
Cash	3,089,753	(1,119,092)	1,970,661

General information

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

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

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

1. Accounting policies

a) Basis of accounting

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

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

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

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

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

b) Company status

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

c) Going concern

The accounts are prepared on a going concern basis, as explained in the Trustees' Report on page 12. We review our resources on an on-going basis and with careful monitoring, planning and budgeting we are confident that we have sufficient financial and human resources to sustain our work for the foreseeable future. This assessment includes the expected impact of Covid-19 on the charity.

d) Fund accounting

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

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

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

e) Income recognition

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

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

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

Investment income includes interest and dividend income from investments received.

Other income includes the gain on disposal of fixed assets.

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

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

f) Expenditure recognition

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

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

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

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

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

g) Governance costs

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

h) Tangible fixed assets and depreciation

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

Property	over 50 years
Computer equipment	over 3 years

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

i) Intangible fixed assets and amortisation

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

Software development	over 3 years
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All classes of intangible fixed assets are included at cost.

j) Fixed asset investments

Quoted investments are valued at their fair value measured using the share price at the balance sheet date.

Investment in subsidiary is valued at the aggregate of share capital and reserves.

Other investments are valued at cost.

k) Debtors

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

l) Cash and cash equivalents

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

m) Creditors

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

n) Transfer between funds

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

o) Pension costs

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

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

p) Operating leases

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

q) Financial assets and financial liabilities

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

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

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

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

r) Provision for liabilities

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

2. Critical judgements and estimates

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

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

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

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

3. Comparative Statement of Financial Activities

	Notes	Unrestricted funds £	Restricted income funds £	Restricted capital funds £	Total funds 2019 £
Income and endowments from:					
Donations and legacies	4	192,215	9,456	-	201,671
Charitable activities	5				
Services for adults		24,675	9,766,820	-	9,791,495
Services for young people		-	216,762	-	216,762
Other services		17,496	191,150	-	208,646
Investments		19,672	-	-	19,672
Other income		12,085	-	-	12,085
Total		266,143	10,184,188	-	10,450,331
Expenditure on:					
Raising funds		32,149	-	-	32,149
Charitable activities	6				
Services for adults		-	9,532,931	-	9,532,931
Services for young people		-	184,554	-	184,554
Other services		-	276,965	-	276,965
Total		32,149	9,994,450	-	10,026,599
Total income less expenditure		233,994	189,738	-	423,732
Net (losses) on investments		(1,040)	-	-	(1,040)
Net income		232,954	189,738	-	422,692
Transfers between funds		75,076	(72,944)	(2,132)	-
Other recognised (losses):					
Actuarial (loss) on defined benefit scheme	25	(16,000)	-	-	(16,000)
Net movement in funds		292,030	116,794	(2,132)	406,692

4. Donations and legacies

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

	General	Services for adults	Services for young people	Total 2019
	£	£	£	£
Scottish Government S10 core funding	68,000	-	-	68,000
Other	109,981	23,538	152	133,671
Total voluntary income	177,981	23,538	152	201,671

Other includes £nil (2019: £9,456) restricted income for services for adults.

5. Income from charitable activities

	Services for adults	Services for young people	Other services	Total 2020
	£	£	£	£
Unrestricted				
Other income	14,641	-	8,810	23,451
Total unrestricted income	14,641	-	8,810	23,451
Restricted income				
Other income	307,222	30,090	20,760	358,072
Services				
Statutory sources	8,709,492	161,999	-	8,871,491
Private sources	185,968	-	-	185,968
Scottish Government	475,000	84,000	135,003	694,003
Health Boards	478,122	10,000	-	488,122
Total restricted income	10,155,804	286,089	155,763	10,597,656
Total charitable income	10,170,445	286,089	164,573	10,621,107
2019				
	Services for adults	Services for young people	Other services	Total 2019
	£	£	£	£
Unrestricted				
Other income	24,675	-	17,496	42,171
Total unrestricted income	24,675	-	17,496	42,171
Restricted income				
Other income	218,871	17,418	26,077	262,366
Services				
Statutory sources	8,437,363	169,344	-	8,606,707
Private sources	205,021	-	-	205,021
Scottish Government	475,000	30,000	165,073	670,073
Health Boards	430,565	-	-	430,565
Total restricted income	9,766,820	216,762	191,150	10,174,732
Total charitable income	9,791,495	216,762	208,646	10,216,903

6. Resources expended – charitable activities

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

	Notes	Services for adults £	Services for young people £	Other services £	2019 £
Charitable activities		8,489,666	162,220	276,276	8,928,162
Support costs	7	1,031,442	22,073	-	1,053,515
Governance costs	8	11,823	261	689	12,773
Total		9,532,931	184,554	276,965	9,994,450

7. Support costs

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

	Raising funds £	Services for adults £	Services for young people £	Other services £	2019 £
Staff costs	-	638,058	13,654	-	651,712
Training	-	93,676	2,005	-	95,681
Information technology	-	77,244	1,653	-	78,897
Establishment expenses	-	75,416	1,614	-	77,030
Legal and professional fees	-	52,199	1,117	-	53,316
Other	-	94,849	2,030	-	96,879
Total	-	1,031,442	22,073	-	1,053,515

8. Governance costs

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

	Raising funds	Services for adults	Services for young people	Other services	2019
	£	£	£	£	£
Events	-	-	-	-	-
Board expenses	-	92	2	5	99
Audit fees and costs	-	11,731	259	684	12,674
Total	-	11,823	261	689	12,773

9. Net (expenditure)/income for the year

This is stated after charging/(crediting):	2020 £	2019 £
Auditor's remuneration – audit fees	10,750	10,450
Depreciation and amortisation	57,513	13,326
(Gain) on disposal of fixed assets	-	(12,085)

10. Staff and Trustees' costs

	2020	2019
	£	£
Staff costs and numbers		
Wages and salaries	8,026,296	7,458,732
Social security costs	582,640	537,479
Pension costs	298,798	235,228
	<u>8,907,734</u>	<u>8,231,439</u>

Included in pension costs is the Defined Benefits pension scheme employer's contributions adjustment of (£200,000) (2019: (£197,000)) and service cost adjustment of £37,000 (2019: £31,000).

There were pension contributions of £67,940 outstanding at the year end (2019: £53,418).

The average number of staff employed during the year was 379 (2019: 375) of whom 300 (2019: 272) were full time and 79 (2019: 103) were part time.

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

	2020	2019
	No.	No.
Services for adults	298	300
Services for young people	8	4
Fundraising and publicity	3	3
Management and administration of the charity	16	15
	<u>325</u>	<u>322</u>
Total headcount	<u>379</u>	<u>375</u>

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

	2020	2019
	No.	No.
£60,000 - £70,000	2	-
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-
	<u>3</u>	<u>1</u>

10. Staff and Trustees' costs (continued)

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

The employee benefit for key management personnel was salaries and national insurance of £232,470 (2019: £233,912) and pensions £53,311 (2019: £50,879).

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

Expenses of £17 were reimbursed to one Trustee for travel costs (2019: £78 to two Trustees).

During the year, Albion Trust Management Limited, of which Nigel Henderson, Penumbra's Chief Executive and Secretary, was a trustee, were paid £nil (2019: £66,072) in connection with rent and other overheads. At the year end £nil (2019: £719) was outstanding.

Albion Trust Management Limited transferred to Norton Park SCIO from April 2019.

In addition, Mental Health Europe, of which Jane Cumming is a Board member, was paid £2,945 (2019: £2,021) in connection with membership fees in the year. At the year end £2,945 (2019: £nil) was outstanding.

During the year, Coalition of Care and Support Providers in Scotland, of which of which Nigel Henderson, Penumbra's Chief Executive and Secretary, is a trustee, were paid £3,675 (2019: £3,075) in connection with membership. At the year end £nil (2019: £nil) was outstanding.

A loan of £60,000 was made to Penumbra (Trading) Limited, a wholly owned subsidiary, on 30 March 2016. Interest was charged at 1% above base rate, with a repayment date of 30 June 2018. £60,000 was written off in the prior year, and £nil (2019: £nil) was outstanding at the year end.

A further loan of up to £80,000 to Penumbra (Trading) Limited, a wholly owned subsidiary, was approved on 30 November 2016. Interest was charged at 1% above base rate, with a repayment date of 31 March 2019. £80,000 was written off in the prior year, and £nil (2019: £nil) was outstanding at the year end.

Transactions amounting to £542 (2019: £,935) were paid on behalf of Penumbra (Trading) Limited during the year. £105 (2019: £17,059) was due to Penumbra at the year end.

11. Taxation

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

12. Tangible fixed assets

	Heritable & leasehold property £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2019	345,000	97,719	442,719
At 31 March 2020	<u>345,000</u>	<u>97,719</u>	<u>442,719</u>
Depreciation			
At 1 April 2019	32,909	75,848	108,757
Depreciation charge in year	12,179	7,290	19,469
At 31 March 2020	<u>45,088</u>	<u>83,138</u>	<u>128,226</u>
Net book value			
At 31 March 2020	<u>299,912</u>	<u>14,581</u>	<u>314,493</u>
At 31 March 2019	<u>312,091</u>	<u>21,871</u>	<u>333,962</u>

13. Intangible fixed assets

	Software development £
Cost or valuation	
At 1 April 2019	-
Additions	<u>258,700</u>
At 31 March 2020	<u>258,700</u>
Amortisation	
At 1 April 2019	-
Amortisation charge in year	<u>38,044</u>
At 31 March 2020	<u>38,044</u>
Net book value	
At 31 March 2020	<u>220,656</u>
At 31 March 2019	<u>-</u>

14. Investments

Summary of investments

	2020	2019
	£	£
Quoted investments	907,541	993,570
Cash as part of portfolio	13,720	9,917
Investment in subsidiary undertaking	100	100
Other investments	1	1
	<u>921,362</u>	<u>1,003,588</u>

Quoted investments

	2020	2019
	£	£
Market value at 1 April	993,570	-
Disposals at opening market value	(30,766)	-
Additions at cost	67,163	994,610
Unrealised (loss) in year	(122,426)	(1,040)
Market value at 31 March	<u>907,541</u>	<u>993,570</u>
Cash as part of portfolio	<u>13,720</u>	<u>9,917</u>
Balance carried forward at 31 March	<u>921,261</u>	<u>1,003,487</u>
Historic cost (including cash)	<u>1,031,911</u>	<u>1,004,527</u>

Investment in subsidiary undertaking

	2020	2019
Penumbra (Trading) Ltd		
Class of share	Ordinary	Ordinary
Holding %	100	100
Aggregate capital and reserves £	11,751	10,772
Surplus for the year	<u>979</u>	<u>129,358</u>

Other investments

Penumbra owns an 11% (2019: 11%) shareholding in Big Hearted Scotland Ltd, a company registered in Scotland.

15. Debtors

	2020	2019
	£	£
Trade debtors	1,157,674	426,212
Other debtors	46,454	69,815
Accrued income	256,712	104,130
Prepayments	73,507	156,850
	<u>1,534,347</u>	<u>757,007</u>

16. Creditors

	2020	2019
	£	£
Trade creditors	100,227	92,237
Accruals	183,705	167,638
Deferred income	221,633	54,436
Other creditors	130,709	131,980
Tax and social security costs	140,631	136,732
	<u>776,905</u>	<u>583,023</u>

Deferred income arises as follows:

	2020	2019
	£	£
Opening balance	54,436	56,462
Deferred in the year	193,864	54,436
Released in the year	(26,667)	(56,462)
Closing balance	<u>221,633</u>	<u>54,436</u>

17. Provisions for liabilities and charges

	2020	2019
	£	£
Opening balance	538,007	323,941
Additional unspent income	141,454	214,066
Amount repaid during the period	(101,968)	-
Closing balance	<u>577,493</u>	<u>538,007</u>

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

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

	2020	2019
	£	£
Financial assets at fair value	<u>907,541</u>	<u>993,570</u>

Financial assets at fair value comprise quoted investments.

19. Restricted capital funds

Heritable property

	2020	2019
	£	£
Cost or valuation		
At 1 April	106,615	106,615
At 31 March	<u>106,615</u>	<u>106,615</u>
Capital Grants released		
At 1 April	96,401	94,269
Release	2,132	2,132
At 31 March	<u>98,533</u>	<u>96,401</u>
Net book value	<u>8,082</u>	<u>10,214</u>

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

20. Restricted income funds

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers between funds £	Balance at 31 March 2020 £
Services for Adults Fund					
Lanarkshire	120,000	-	(3,310)	-	116,690
Moray	94,912	468,684	(468,684)	-	94,912
North Ayrshire Peer Service	23,339	76,441	(78,441)	-	21,339
Glasgow ARBD Alliance	-	28,099	(24,599)	-	3,500
Dundee Peer Recovery	-	26,667	(9,570)	-	17,097
Other	50,643	9,555,913	(9,540,616)	(34,198)	31,742
	288,894	10,155,804	(10,125,220)	(34,198)	285,280
Services for Young People Fund					
Distress Brief Intervention	23,104	84,000	(84,000)	-	23,104
Other	22,924	202,089	(173,312)	(36,413)	15,288
	46,028	286,089	(257,312)	(36,413)	38,392
Other Services Fund					
SDS Development Fund	22,463	-	-	-	22,463
Training Fund	24,000	20,760	(24,000)	-	20,760
Other	78,283	135,003	(55,286)	(72,732)	85,268
	124,746	155,763	(79,286)	(72,732)	128,491
Total	459,668	10,597,656	(10,461,818)	(143,343)	452,163

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers between funds £	Balance at 31 March 2019 £
Services for Adults Fund					
Angus Nova	-	6,422	(3,109)	-	3,313
Lanarkshire	120,000	-	-	-	120,000
Moray	28,512	405,653	(339,253)	-	94,912
North Ayrshire Peer Service	-	55,343	(32,004)	-	23,339
Other	36,325	9,308,858	(9,158,565)	(139,288)	47,330
	184,837	9,776,276	(9,532,931)	(139,288)	288,894
Services for Young People Fund					
Distress Brief Intervention	-	30,000	(6,896)	-	23,104
Other	42,130	186,762	(177,658)	(28,310)	22,924
	42,130	216,762	(184,554)	(28,310)	46,028
Other Services Fund					
SDS Development Fund	22,463	-	-	-	22,463
Training Fund	21,429	24,000	(21,429)	-	24,000
Other	72,015	167,150	(255,536)	94,654	78,283
	115,907	191,150	(276,965)	94,654	124,746
Total	342,874	10,184,188	(9,994,450)	(72,944)	459,668

20. Restricted income funds (continued)

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

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

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

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

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

21. Unrestricted income funds

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

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains & Losses £	Transfer £	Balance at 31 March 2019 £
Designated funds						
Defined benefit pension payments fund	180,811	-	-	-	731	181,542
Innovation and development fund	52,420	-	-	-	-	52,420
Young people's development fund	-	-	-	-	7,500	7,500
Total designated funds	233,231	-	-	-	8,231	241,462
General fund	2,882,550	266,143	(32,149)	(17,040)	223,432	3,322,936
Unrestricted funds	3,115,781	266,143	(32,149)	(17,040)	231,663	3,564,398
Revaluation reserve	334,587	-	-	-	(305,587)	29,000
	3,450,368	266,143	(32,149)	(17,040)	(73,924)	3,593,398
Defined benefit pension reserve	(126,000)	-	-	-	149,000	23,000
Total unrestricted funds	3,324,368	266,143	(32,149)	(17,040)	75,076	3,616,398

21. Unrestricted income funds (continued)

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

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

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

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

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

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

22. Analysis of net assets between funds

	Unrestricted funds	Restricted income funds	Restricted capital funds	Total funds 2020
	£	£	£	£
Fixed assets	1,448,429	-	8,082	1,456,511
Current assets	2,475,352	1,029,656	-	3,505,008
Current liabilities	(776,905)	-	-	(776,905)
Provisions for liabilities and charges	-	(577,493)	-	(577,493)
	<u>3,146,876</u>	<u>452,163</u>	<u>8,082</u>	<u>3,607,121</u>
	Unrestricted funds	Restricted income funds	Restricted capital funds	Total funds 2019
	£	£	£	£
Fixed assets	1,327,336	-	10,214	1,337,550
Current assets	2,849,085	997,675	-	3,846,760
Current liabilities	(583,023)	-	-	(583,023)
Provisions for liabilities and charges	-	(538,007)	-	(538,007)
Defined benefit pension asset	23,000	-	-	23,000
	<u>3,616,398</u>	<u>459,668</u>	<u>10,214</u>	<u>4,086,280</u>

23. Funding from public bodies

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

	2020 £	2019 £
Scottish Government	694,003	670,073
Core Revenue	68,000	68,000
Total Scottish Government	<u>762,003</u>	<u>738,073</u>
Aberdeen City Council	2,224,958	2,275,250
City of Edinburgh Council	1,871,428	1,791,352
Glasgow City Council	1,092,891	1,267,475
Moray Council	557,672	521,950
Aberdeenshire Council	464,099	428,983
Angus Council	422,308	313,643
Fife Council	362,872	364,467
East Lothian Council	328,130	286,958
Midlothian Council	289,156	-
Scottish Borders Council	270,211	321,092
Falkirk Council	263,882	250,247
Dundee City Council	159,528	141,517
West Lothian Council	151,265	236,362
North Lanarkshire Council	132,936	151,502
North Ayrshire Council	106,440	85,342
Western Isles Council	102,035	101,882
South Lanarkshire Council	71,680	68,685
Total other public bodies	<u>8,871,491</u>	<u>8,606,707</u>
Total funding from public bodies	<u><u>9,633,494</u></u>	<u><u>9,344,780</u></u>

24. Commitments

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

	2020		2019	
	Land and buildings £	Other £	Land and buildings £	Other £
<i>Annual commitments which expire</i>				
Within 1 year	285,038	199,936	200,219	207,386
Between 2-5 years	391,853	297,362	250,586	487,818
	<u>676,891</u>	<u>497,298</u>	<u>450,805</u>	<u>695,204</u>

At the year end, the Board had committed to capital expenditure of £23,844 (2019: £276,780).

25. Defined benefits pension scheme

Penumbra belongs to the Lothian Pension Fund, a defined benefits scheme into which employees' and employers' contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. The Lothian Pension Fund is a funded scheme with assets held in a separately administered fund. One (2019: one) current employee and seven (2019: seven) former employees are members of this scheme. Pension costs are assessed every 3 years in accordance with advice from an independent qualified actuary using the projected unit method. The last valuation was prepared as at 31 March 2018.

During the year to 31 March 2020 the contributions were £8,382 (2019: £7,665) from the employee and £200,311 (2019: £196,572) from the employer. Contributions for future years are 9.5% from the employee and 48.5% plus a fixed element of £156,600 per annum from the employer.

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

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

	2020	2019
	£000	£000
Amounts recognised in the balance sheet		
Present value of employer pension liabilities	(1,769)	(1,886)
Fair value of employer pension assets	2,065	1,909
Asset ceiling loss	(296)	-
	<u>-</u>	<u>23</u>
	<u><u>-</u></u>	<u><u>23</u></u>
	2020	2019
	£000	£000
Movement in present value of defined benefit obligation		
Opening defined benefit obligation	1,886	1,761
Current service cost	37	31
Interest cost	45	46
Contribution by members	8	8
Actuarial (losses)/gains	(115)	77
Benefits paid	(92)	(37)
	<u>1,769</u>	<u>1,886</u>
	<u><u>1,769</u></u>	<u><u>1,886</u></u>

25. Defined benefits pension scheme (continued)

	2020	2019
	£000	£000
Movement in fair value of employer assets		
Opening fair value of employer assets	1,909	1,635
Interest income	47	45
Expected return on assets	(7)	61
Contribution by members	8	8
Contribution by the employer	200	197
Benefits paid	(92)	(37)
Closing fair value of employer assets	<u>2,065</u>	<u>1,909</u>

	2020	2019
	£000	£000
Expense recognised in the statement of financial activities		
Current service cost debited to pension cost	37	31
Interest cost on plan obligations	45	46
Interest income on plan assets	(47)	(45)
Total recognised in net (expenditure)/income	<u>35</u>	<u>32</u>

	2020	2019
	£000	£000
Movement in value of employer pension assets and liabilities		
Opening asset/(liability)	23	(126)
Recognised in statement of financial activities	165	165
Actuarial gain/(loss)	108	(16)
Asset ceiling (loss)	(296)	-
Closing asset	<u>-</u>	<u>23</u>

Fair value of employer assets and the return on those assets

	2020			2019		
	Value	As % plan assets	Expected Return	Value	As % plan assets	Expected Return
	£000	%	%	£000	%	%
Bonds	1,982	96	2.3	1,947	102	2.4
Cash	83	4	-	(38)	(2)	-
Actual return on plan assets	<u>2,065</u>			<u>1,909</u>		

25. Defined benefits pension scheme (continued)

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

	2020	2019
	%	%
Inflation/pension increase rate	2.0%	2.5%
Salary increase rate	3.6%	4.2%
Expected return on assets	2.3%	2.4%
Discount rate	2.3%	2.4%

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

	2019	
	Males	Females
Current pensioners	21.7 years	24.3 years
Future pensioners	24.8 years	27.5 years

The charity expects to contribute approximately £200,000 to its defined benefit scheme in the next financial year.