

Charity Registration No. SC027040

Company Registration No. SC178916 (Scotland)

**HEARTS AND MINDS LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# HEARTS AND MINDS LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Directors</b>	Helen Bowie	(Resigned 31 August 2022)
	Alan Cameron	
	Kevin Carter	
	Stephen Gallagher	(Resigned 17 May 2023)
	Robert Irvine	
	Sandy Lunan	
	Dr Susan Northrop	(Resigned 24 May 2023)
	Kirsty Mackay Tough	
	Jack Webb	
	Gary Ward	(Appointed 24 November 2022)
<b>Secretary</b>	Sean Donnelly	
<b>Charity number</b>	SC027040	
<b>Company number</b>	SC178916	
<b>Registered office</b>	Lower Ground Floor 4 Castle Terrace Edinburgh EH1 2DP	
<b>Independent examiner</b>	McFadden Associates Limited 19 Rutland Square Edinburgh EH1 2BB	

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# HEARTS AND MINDS LIMITED

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# HEARTS AND MINDS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The Board of Directors present their report and accounts for the year ended 31 March 2023.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and 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).

#### Objectives and activities

Hearts & Minds is a registered Scottish charity (no. SC027040); established in 1997 to promote improvement in the quality of life for children and adults in hospitals, hospices, care homes and school settings. The charity delivers three participative arts-in-health programmes: the Clowndoctors programme for children (launched in 1999) the Elderflowers programme for older people living with dementia (launched in 2001) and the Clowndoctors in the Classroom programme for children and young people in Special Educational Schools across Scotland.

#### Vision

Humans are hard-wired to connect. Meaningful human connection is vital for wellbeing, and is especially important when we are at our most vulnerable. Hearts & Minds connect to people's humanity and transform experiences of adversity with lightness & joy.

#### Mission

To promote, deliver and embed the benefits and professional practice of therapeutic clowning in Scotland's healthcare provision.

This is achieved by:

- always striving to improve, by being accountable and consistently measuring performance;
- building strong partnerships to better understand the circumstances and context of the environment we are in, to ensure the continuity and stability of our programmes, making sure that our partners get the best out of the work we do;
- high quality, ongoing training of our professional practitioners ensuring that we deliver outstanding practice in each and every visit we undertake.
- collaboration in planning and developing future programmes ensures that we consistently deliver the best service possible to the units we visit. Programmes are tailored for each individual setting and person we visit.

#### Values

##### Artistic Integrity

We know that only the highest quality therapeutic clown practice can make the positive impact we believe is possible. We ensure regular artistic training that is specific to the environments we work in and the people we visit.

##### Empathy

Empathy helps us step into the shoes of the people we work with and for and create interactions that are meaningful at all times. We listen actively, are emotionally open and are mindful of our environment. We are non-judgmental at all times.

##### Kindness

Within our team and towards others, we are friendly, generous and considerate. We celebrate the success of our partners, offer help where we can, and are courageous and honest in giving and receiving feedback.

##### Collaboration

We collaborate with our partners in order to tailor our practice to suit individuals and the units we visit at all times. We are open and active listeners, are respectful of the environments in which we work and we value honest feedback and communication.

##### Playfulness

Playfulness is at the heart of what it is to be human and to be a clown. We believe in the power of play to help us face adversity with openness, creativity and humour. We create invitations to play and connect wherever we go.

# HEARTS AND MINDS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### **The Clowndoctors Programme:**

For a child in hospital or hospice care, or with special educational requirements, there are often additional concerns alongside their medical condition such as feelings of powerlessness; procedures which they may find painful, distressing or confusing; boredom; loss of self-esteem; loss of control; difficulty with communication or physical skills; and difficulty in taking part in group activities.

The Clowndoctors Programme offers an intervention that helps to improve the healthcare environment for child patients. Our practitioners provide contact that is playful and quite simply for and about each individual child. Clowndoctors will happily provide one off visits to children who are in hospital for a short period of time, however children who are in hospital or residential health care for weeks, months or years particularly benefit from the programme. The Clowndoctors make repeat visits to children in long term care, working with individuals at their bedside; they are thereby able to build a very positive relationship that is of value to the child and their family.

#### **The Clowndoctors in the Classroom Programme:**

The Clowndoctors in the Classroom programme was developed in 2010 and is a pioneering arts-in-healthcare provision. Because of their medical conditions and disabilities (which can include autism, limited cognitive abilities, difficulties with motor skills, hearing and vision issues), the children face a range of challenges which significantly impact their learning capabilities. These might be ongoing physical pain, boredom and isolation, loss of self-esteem and confidence, loss of control, difficulty with communication or physical skills, or difficulty taking part in group activities. Through sensory play, performance and participation, we help children with complex needs or life-threatening illnesses to have positive learning experiences and learn new skills.

Children, or whole classes, are referred for a visit from the Clowndoctors by school staff who brief our practitioners before each visit to ensure an individual approach. This gives our Clowndoctors the most up-to-date insight into each child's mood, abilities, challenges or emotional goals that day, which in turn helps our practitioners to nurture, encourage and empower each child in the most appropriate way. The Clowndoctors in the Classroom syllabus follows the Scottish Government's Getting It Right For Every Child (GIRFEC) policy and enhances elements of the Curriculum for Excellence.

#### **The Elderflowers Programme:**

Dementia is one of the foremost public health challenges worldwide. People with dementia can have complex needs and issues; the challenges they may face include depression, feelings of isolation, difficulty with self-expression, difficulty socialising with others, sensory decline, boredom, frustration and confusion. Elderflowers present themselves as extended family, wear clothes that hark back to a previous generation, and carry props such as ukuleles, hats, maps and photographs. Our practitioners connect with each person and their abilities by using their names, their verbal or physical rhythm or personal history. Elderflowers encourage participation and interaction, enabling participants to give as well as receive. People living with dementia in care are in the position of having to accept/receive what is presented to them. Our programme helps to restore feelings of worth and empowers people with dementia by making them feel they can 'give' something valuable to someone else: aid, advice, sympathy, and/or information.

# HEARTS AND MINDS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### Achievements and performance

##### Programme delivery:

Programme	Visits	Interactions.	Units
Clowndoctors	248	4650	Edinburgh Dundee, Glasgow, CHAS hospices
Clowndocor in the Classroom	149	2682	Fairview, Mavisbank, Beatlie, Royal Blind School, Victoria Park, Oaklands, Perth Academy
Elderflowers	73	870	Borders General Hospital, Findlay House, Edinburgh
<b>Total</b>	<b>470</b>	<b>8402</b>	

In 2023, Hearts & Minds celebrated a significant milestone by resuming our full programme in hospitals, hospices, and schools throughout Scotland. While we maintain a hybrid model of both in-person and online delivery we have returned to fully on-site delivery across all of our units.

We continue to increase the number of visits delivered across Scotland. After a number of years of decreasing activity due to lock down restrictions we are now able to grow each of our 3 programmes. From delivering 249 visits last year we delivered 470 visits this year with 8402 unique and tailored interactions, an increase of almost 90%.

Our commitment to delivering Clowndocor visits remains strong, with regular on-site visits to Edinburgh's Royal Hospital for Children and Young People (RHCYP) and Dundee's Ninewells Hospital. Moreover, we are delighted that, thanks to the support from Glasgow Children's Hospital Charity, our Clowndoctors have resumed twice-weekly visits to Glasgow Royal Hospital for Children in October 2022.

In addition to our Clowndocor program, our Elderflowers have also resumed weekly visits to the residents at Findlay House in Edinburgh. This marks a crucial step in our long-term strategy to expand and enhance our Elderflowers program, increasing our presence in healthcare units.

Hearts & Minds remains committed to supporting Special Educational Needs Schools throughout Scotland. In alignment with our Clowndoctors program, we maintained our virtual visit offerings as needed but have now resumed on-site visits with all the school in which we work.

#### Clowndoctors

*"It's really just the Clowndoctors who can get her responding like this...when I see how she responds it makes me feel relieved and happy that maybe she's happy and alright in there." Mum, Royal hospital for Children, Glasgow*

*"I can't believe the difference in her. She has been really unhappy today and in a bad mood and now look at her. They're really good." Mum, Royal Hospital for Children and Young People, Edinburgh*

*"That was his first smile since surgery. I was waiting for his smile and there it is" Mum of baby, Neonates, Royal Hospital for Children and Young People, Edinburgh*

#### Clowndoctors in the Classroom

*"My daughter loves the Clowndoctors, and her engagement is tremendous. This does really benefit her. Thank you very much."*

*"Very helpful. A has loved seeing the clown doctors and come home very happy after the sessions and is definitely improving in stressful times. Thank you."*

*"It was great to see him smile - he NEVER normally smiles" The teacher of a 14-year-old boy, Perth Academy*

*"I'm going to let the staff observe as you guys are the experts in intensive interaction."*

# HEARTS AND MINDS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### **Elderflowers**

*"I've seen you many times. What you do is wonderful! Everyone here is so caring." Husband of Resident at Findlay House*

*"You've really made my day, beautiful what you're bringing here" Nurse, Findlay house, Edinburgh,*

*"I've never seen his face light up like that before" Staff Nurse, Borders General Hospital*

#### **Programme Highlights**

##### **Clowning S'Cool**

Clowning S'Cool was developed and delivered in partnership with the Edinburgh Children's Hospital Charity (EHC) to support children and young people with Inflammatory Bowel Disease (IBD). The intention of Clowning S'Cool was to help these children and young people address feelings of shame and embarrassment associated with their condition by learning clowning skills and humour while connecting with others who shared similar experiences. Our goal was to build their self-esteem and confidence, ultimately reducing feelings of loneliness and isolation by empowering them to feel more comfortable and take control of their own narrative through the tools they practised in Clowning S'Cool. Participants learned the skills of the Clowndoctors, magic, and slapstick, and even created their own Clowndoctor characters.

An evaluation of the programme by Dr. Denise Milne, who also participated in the week-long project, highlighted several key themes, including Building Trust and Connection, Celebrating Progress, Developing Identity, Gratitude, and Personal Narrative, among others. Her conclusions confirmed that the programme had a profoundly positive impact on the lives of the participants.

##### **Key Outcomes:**

- All children who participated in Clowning S'Cool reported increased confidence and improved ability to express themselves by the end of the program.
- Children and young people felt less apprehensive about hospitals and had more positive experiences.
- The program encouraged children to embrace silliness, have fun, express themselves, and make choices related to their costumes, names, acts, and food, fostering emotional expression and comfort.
- Families of participating children formed connections, sharing experiences and support through a WhatsApp group created at the end of the week.
- Children and young people developed improved self-confidence and the ability to manage their conditions, resulting in better experiences of healthcare in their communities.

##### **Feedback from Families:**

- "Our child had a truly wonderful week, and we noticed a significant improvement in their overall happiness and attitude. It was heartening to witness the positive impact."
- "They felt more at ease expressing their emotions, which boosted their self-confidence."
- "This program has been instrumental in building our child's confidence and creating positive memories associated with hospital visits."

# HEARTS AND MINDS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### Edinburgh Neonatal Pilot

Hearts & Minds is determined to consolidate and grow our core programmes, but we have also sought to create innovative programmes to address unmet needs identified by clinical staff in hospitals. An example of this was our Neonates programme. This pilot project, funded by Cattanach as part of a three-year project, was specifically tailored to the neonatal ward for new-born and premature babies unable to go home because of ongoing medical interventions, to support their parents to encourage interactions and to support early attachment. The Clowndoctors tailored interactions using music, song, rhythm and colour to create sensory experiences crucial for babies' development, to soothe and provide gentle stimulus.

A core objective of the programme was to involve parents in the interactions creating meaningful moments for the babies but also actively encouraging parents to participate and connect with their infants. This approach addressed the self-esteem and confidence issues that some parents faced, making them feel more comfortable and capable of interacting with their babies in the hospital.

We initiated a new approach creating new characters dressed in red, black, and white. These colours were deliberately chosen because they are easier for very young babies to perceive and engage with. The program established a structured framework for each visit, centred around the concept of "Welcoming." This framework included various elements such as "welcome to song," "welcome to rhythm," "welcome to rhyme," and "welcome to stories."

Our key objectives were that:

- Neonates engage in stimulating experiences that support brain development.
- Babies will have more positive interactions and bonding opportunities with their carers, who become more confident to engage and interact within the hospital environment.
- Babies become less anxious and fretful and engage more with their carers.

This has been a very successful programme and we will continue to learn and develop the programme over the next 2 years and publish our findings at the end of the three-year pilot.

#### International Connections:

Hearts & Minds is proud to be one of the eight founding members of the European Federation of Hospital Clown Organisations (EFHCO). EFHCO members meet twice a year for artistic, organisational and fundraising exchanges. The overall aims of EFHCO are to provide a quality benchmark for the work of clowning in the healthcare environment; enable exchanges within the EU; build awareness of the work that they do across the continent; conduct and publish research findings and share best practice.

#### Financial review

During the year, the charity received income of £338,197 and had an expenditure of £350,941. Total funds held at 31st March 2023 amounted to £232,553 of which £144,359 were held as available reserves. Hearts & Minds operations produced a deficit for the year of £12,744.

#### Reserves Policy

The Trustees of Hearts & Minds have reviewed the organisation's need to generate free reserves in accordance with Charity Commission guidance. In the Trustees' view Hearts & Minds needs free reserves in order to:

- maintain sufficient funds to enable operational activities to be maintained, taking account of potential financial risks, uncertainties and contingencies that may arise from time to time;
- provide the financial resources to enable investment in resources and equipment to enhance the range of services Hearts & Minds provides.

In light of the above, Hearts & Minds aim to maintain a target level of free reserves of three months average expenditure, which equates to £96,174. The current level of free reserves meets this target. Restricted and designated funds are excluded from the free reserves calculation.



# HEARTS AND MINDS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### Risk Management

The Trustees have a risk management strategy which comprises of:

- Trustee and treasurer, Alan Cameron reviewing the risk register in detail with the CEO every quarter in advance of board meetings;
- review of the risk register quarterly, as part of every board meeting of the Board of Trustees, which includes looking at any principal risks and uncertainties that the charity faces;
- establishment of policies, systems and procedures to mitigate those risks identified in the risk register;
- implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

#### Structure, governance and management

##### Governing Document

Hearts & Minds is a company limited by guarantee governed by its Memorandum and Articles of Association dated 19 September 1997.

The Trustees who served during the year were:

Helen Bowie	(Resigned 31 August 2022)
Alan Cameron	
Kevin Carter	
Stephen Gallagher	(Resigned 17 May 2023)
Robert Irvine	
Sandy Lunan	
Dr Susan Northrop	(Resigned 24 May 2023)
Kirsty Mackay Tough	
Jack Webb	
Gary Ward	(Appointed 24 November 2022)

##### Appointment of Trustees

New Trustees are appointed by existing Trustees or through an open recruitment process. They are selected based on their lived and/or work experiences, their personal and/or professional skills, their commitment to the charity and its values.

New Trustees undergo an orientation to brief them on: their legal obligations under charity and company law, the Scottish Charity Regulator's guidance on trustee duties, and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan, past and recent financial performance of the charity.

Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

# HEARTS AND MINDS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### Organisational structure

Hearts & Minds is led by Chief Executive Officer Sean Donnelly. The CEO is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the CEO has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and artistic performance related activity.

The CEO is supported by a team that consists of:

Artistic Leads, Fiona Ferrier, Rachel Colles  
Finance and Admin Officer, Janice Taylor  
Marketing & Communications Officer, Shirley Monteith  
Digital Engagement Officer, Ben Winger  
Office Manager, Ruth Butterworth

### Freelance artists

Our Clowndoctors are carefully selected professional arts practitioners who are specially trained to work in a healthcare environment with vulnerable people. They use many techniques including improvisation, music and rhythm, song, dance, magic, puppetry, games and storytelling to engage with each child.

Our Elderflowers are carefully selected professional arts practitioners who are specifically trained to work in healthcare environments with vulnerable people. It takes a person with special skills, sensitivity and empathy to become an Elderflower. They need to be able to improvise, sing and play, but also have the experience and maturity to judge the mood and engagement level of each participant and to tailor each visit appropriately. Respecting the dignity of participants is a central principle of the Elderflowers programme.

The directors' report was approved by the Board of Directors.



[Bob Irvine \(Sep 29, 2023 11:58 GMT+1\)](#)

**Robert Irvine**

Director

Dated: 27 September 2023

# HEARTS AND MINDS LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

***FOR THE YEAR ENDED 31 MARCH 2023***

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The directors, who also act as trustees for the charitable activities of Hearts and Minds Limited, are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Directors to prepare accounts 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 accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Directors 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 accounts comply with 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.

# HEARTS AND MINDS LIMITED

## INDEPENDENT EXAMINER'S REPORT

### TO THE DIRECTORS OF HEARTS AND MINDS LIMITED

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I report on the financial statements of the charity for the year ended 31 March 2023, which are set out on pages 10 to 20.

#### **Respective responsibilities of Directors and examiner**

The charity's trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and they consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1)(c) of the Act and to state whether particular matters have come to our attention.

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

My examination was carried out in accordance with the Statement of Standards for Reporting Accountants and 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 accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the view given by the accounts.

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

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

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



David G Stewart CA

19 Rutland Square  
Edinburgh  
EH1 2BB

Dated: 27 September 2023

# HEARTS AND MINDS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2023**

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
	Notes						
<b>Income from:</b>							
Donations and grants	3	71,024	180,508	251,532	156,506	108,995	265,501
Charitable activities	4	67,270	18,421	85,691	35,525	121,031	156,556
Investments	5	974	-	974	226	-	226
<b>Total income</b>		<b>139,268</b>	<b>198,929</b>	<b>338,197</b>	<b>192,257</b>	<b>230,026</b>	<b>422,283</b>
<b>Expenditure on:</b>							
Raising funds	6	21,802	-	21,802	12,600	-	12,600
Charitable activities	7	103,214	225,925	329,139	153,285	148,361	301,646
<b>Total resources expended</b>		<b>125,016</b>	<b>225,925</b>	<b>350,941</b>	<b>165,885</b>	<b>148,361</b>	<b>314,246</b>
<b>Net income/(expenditure) for the year/</b>							
<b>Net movement in funds</b>		<b>14,252</b>	<b>(26,996)</b>	<b>(12,744)</b>	<b>26,372</b>	<b>81,665</b>	<b>108,037</b>
Fund balances at 1 April 2022		130,107	115,190	245,297	103,735	33,525	137,260
<b>Fund balances at 31 March 2023</b>		<b>144,359</b>	<b>88,194</b>	<b>232,553</b>	<b>130,107</b>	<b>115,190</b>	<b>245,297</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# HEARTS AND MINDS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	11		1,461		327
<b>Current assets</b>					
Debtors	12	8,915		8,958	
Cash at bank and in hand		234,869		240,628	
		243,784		249,586	
<b>Creditors: amounts falling due within one year</b>	13	(12,692)		(4,616)	
Net current assets			231,092		244,970
<b>Total assets less current liabilities</b>			232,553		245,297
<b>Income funds</b>					
Restricted funds	14	88,194		115,190	
Unrestricted funds		144,359		130,107	
		232,553		245,297	

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 2023.

The Directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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 Directors on 27 September 2023



Bob Irvine (Sep 29, 2023 11:58 GMT+1)

Robert Irvine

Trustee

Company Registration No. SC178916

# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **1 Accounting policies**

#### **Charity information**

Hearts and Minds Limited is a private company limited by guarantee incorporated in Scotland. The registered office is Lower Ground Floor, 4 Castle Terrace, Edinburgh, EH1 2DP.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006 and "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 applying FRS 102 Update Bulletin 1 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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors 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 Directors in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors 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.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

#### **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.

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.

# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

Expenditure is recognised when a liability is incurred

Charitable activities include expenditure associated with the programmes and include both direct and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to the charitable activity on a basis consistent with their use.

#### 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:

Fixtures, fittings & equipment	25% per annum
Computers	33.3% per annum

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 net income/(expenditure) for the year.

#### 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).

#### 1.8 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.

#### 1.9 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.



# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### **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.

#### **1.10 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.

#### **1.11 Retirement benefits**

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

#### **1.12 Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### **1.13 Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### **1.14 Creditors**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Directors 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.

# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 3 Donations and grants

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
Donations and gifts	69,024	180,508	249,532	154,287	108,995	263,282
Grants receivable	2,000	-	2,000	2,219	-	2,219
	<u>71,024</u>	<u>180,508</u>	<u>251,532</u>	<u>156,506</u>	<u>108,995</u>	<u>265,501</u>

### 4 Charitable activities

	Health Authorities	Public Funding	Other Income	Total	2022
	£	£	£	£	£
Workshops & conferences	-	-	67,270	67,270	64,725
Grants	18,421	-	-	18,421	91,831
	<u>18,421</u>	<u>-</u>	<u>67,270</u>	<u>85,691</u>	<u>156,556</u>
Analysis by fund					
Unrestricted funds	-	-	67,270	67,270	
Restricted funds	18,421	-	-	18,421	
	<u>18,421</u>	<u>-</u>	<u>67,270</u>	<u>85,691</u>	
<b>For the year ended 31 March 2022</b>					
Unrestricted funds	-	-	35,525		35,525
Restricted funds	18,421	73,410	29,200		121,031
	<u>18,421</u>	<u>73,410</u>	<u>64,725</u>		<u>156,556</u>

### 5 Investments

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Interest receivable	<u>974</u>	<u>226</u>

# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 6 Raising funds

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
<u>Fundraising and publicity</u>		
Fundraising agents	21,600	12,600
Other fundraising costs	202	-
	<hr/>	<hr/>
Fundraising and publicity	21,802	12,600
	<hr/>	<hr/>
	<u>21,802</u>	<u>12,600</u>

### 7 Charitable activities

	Clowndoctors and Elderflowers Programmes	Clowndoctors and Elderflowers Programmes
	2023	2022
	£	£
Staff costs	126,859	155,802
Depreciation and impairment	1,058	327
Practitioner Fees	137,447	103,675
Travel & Subsistence	16,319	5,553
Resources	4,352	709
Consultants	3,200	500
Recruitment	230	814
Other costs	11,064	5,831
Training and Supervision	9,284	2,025
	<hr/>	<hr/>
	309,813	275,236
	<hr/>	<hr/>
Share of support costs (see note 8)	15,612	22,615
Share of governance costs (see note 8)	3,714	3,795
	<hr/>	<hr/>
	329,139	301,646
	<hr/>	<hr/>
<b>Analysis by fund</b>		
Unrestricted funds	103,214	153,285
Restricted funds	225,925	148,361
	<hr/>	<hr/>
	<u>329,139</u>	<u>301,646</u>

# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 8 Support costs

	Support costs	Governance costs	2023 Support costs	Governance costs	2022
	£	£	£	£	£
Insurance	1,110	-	1,110	650	650
Repairs and maintenance	4,121	-	4,121	4,096	4,096
Postage & stationery	1,770	-	1,770	1,314	1,314
Telephone	708	-	708	684	684
Sundry expenses	435	-	435	438	438
Subscriptions	2,638	-	2,638	2,485	2,485
Bank charges	279	-	279	213	213
Rent and utilities	4,551	-	4,551	12,735	12,735
Accountancy	-	3,701	3,701	-	3,782
Legal and professional	-	13	13	-	13
	<u>15,612</u>	<u>3,714</u>	<u>19,326</u>	<u>22,615</u>	<u>26,410</u>
Analysed between Charitable activities	<u>15,612</u>	<u>3,714</u>	<u>19,326</u>	<u>22,615</u>	<u>26,410</u>

### 9 Directors

None of the Directors (or any persons connected with them) received any remuneration during the year.

### 10 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Staff	<u>6</u>	<u>6</u>
<b>Employment costs</b>	<b>2023 £</b>	<b>2022 £</b>
Wages and salaries	120,070	143,659
Social security costs	4,366	8,726
Other pension costs	2,423	3,417
	<u>126,859</u>	<u>155,802</u>

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

# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 11 Tangible fixed assets

	Fixtures, fittings & equipment £	Computers £	Total £
<b>Cost</b>			
At 1 April 2022	1,894	15,237	17,131
Additions	-	2,192	2,192
	<u>1,894</u>	<u>17,429</u>	<u>19,323</u>
At 31 March 2023	1,894	17,429	19,323
<b>Depreciation and impairment</b>			
At 1 April 2022	1,894	14,910	16,804
Depreciation charged in the year	-	1,058	1,058
	<u>1,894</u>	<u>15,968</u>	<u>17,862</u>
At 31 March 2023	1,894	15,968	17,862
<b>Carrying amount</b>			
At 31 March 2023	-	1,461	1,461
	<u>-</u>	<u>1,461</u>	<u>1,461</u>
At 31 March 2022	-	327	327
	<u>-</u>	<u>327</u>	<u>327</u>

### 12 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,001	6,801
Prepayments and accrued income	5,914	2,157
	<u>8,915</u>	<u>8,958</u>

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

	2023 £	2022 £
Other taxation and social security	1,886	2,400
Trade creditors	6,159	35
Other creditors	1,113	1,011
Accruals and deferred income	3,534	1,170
	<u>12,692</u>	<u>4,616</u>

# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2022	Movement in funds		Balance at 31 March 2023
	£	Incoming resources £	Resources expended £	£
Aberbrothock Skea Trust	2,000	-	(2,000)	-
Postcode Neighbourhood Trust	21,605	-	(21,605)	-
Nineveh Charitable Trust	-	3,218	(3,218)	-
NHS Borders	-	6,081	(6,081)	-
Adapt & Thrive	28,410	-	(28,410)	-
Brain Murtagh Charitable Trust	2,000	4,692	(2,000)	4,692
New Park Educational Trust	-	2,000	(2,000)	-
Conundrum Charitable Trust	3,519	-	(3,519)	-
The Mickel Fund	3,000	4,000	(4,000)	3,000
Emma Cameron Foundation	2,000	2,000	(2,000)	2,000
D'Oyly Carte Charitable Trust	2,410	3,000	(2,410)	3,000
Mrs Janet T Isles Denny Trust	5,000	5,000	(6,000)	4,000
NHS Lothian	-	12,340	(12,340)	-
R S Macdonald Charitable Trust	-	14,440	(3,610)	10,830
Sir Jules Thorn Charitable Trust	-	3,000	(1,000)	2,000
Paristamen Charity	1,250	1,250	(1,250)	1,250
The Christina Mary Hendrie Trust	-	5,000	(5,000)	-
Nancie Massey Charitable Trust	5,000	2,000	(5,000)	2,000
Robert Haldane Smith Foundation	1,000	1,000	(1,000)	1,000
CHAS	-	29,200	(29,200)	-
Royal Caledonian Ball Trust	2,000	-	(2,000)	-
The Plum Trust	5,000	5,000	(5,000)	5,000
Edinburgh Children's Holiday Fund	1,000	1,000	(1,000)	1,000
Stevenston Charitable Trust	2,000	2,000	-	4,000
The Pierrepont Trust	10,000	10,000	(10,000)	10,000
Trefoil Fund	2,346	2,346	-	4,692
Walter Craig Charitable Trust	1,000	2,000	(1,000)	2,000
Walter Scott Giving Group	5,000	10,000	(10,000)	5,000
Ward Family Charitable Trust	1,000	1,000	-	2,000
WCH Trust for Children	3,000	3,000	-	6,000
Barcapel Foundation	5,650	-	(5,650)	-
Anton Jurgens Charitable Trust	-	4,000	(4,000)	-
Bank of Scotland Foundation	-	6,950	(6,950)	-
Cattanach	-	18,792	(18,792)	-
Glasgow Children's Hospital Charity	-	7,980	(7,980)	-
Graham Trust	-	3,910	-	3,910
Hugh Fraser foundation	-	3,820	-	3,820
Miss I F Harvey's Chairtable Trust	-	4,000	(4,000)	-
The Hospital Saurday Fund	-	2,000	(2,000)	-
The Schreier Foundation	-	2,500	-	2,500
The Stafford Trust	-	5,000	(5,000)	-
Trades House Glasgow Commonweal Fund	-	2,500	(1,000)	1,500
White Top Foundaton	-	3,000	-	3,000
	115,190	198,929	(225,925)	88,194

# HEARTS AND MINDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 15 Retirement benefit schemes

#### Defined contribution schemes

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.

The charge to profit or loss in respect of defined contribution schemes was £2,423 (2022 - £3,417).

### 16 Designated funds

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

	Balance at 1 April 2021 £	Resources expended £	Balance at 1 April 2022 £	Movement in funds Incoming resources £	Balance at 31 March 2023 £
The Plum Trust	5,000	(5,000)	-	-	-
	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 17 Analysis of net assets between funds

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 March 2023 are represented by:						
Tangible assets	1,461	-	1,461	327	-	327
Current assets/(liabilities)	142,898	88,194	231,092	129,780	115,190	244,970
	<u>144,359</u>	<u>88,194</u>	<u>232,553</u>	<u>130,107</u>	<u>115,190</u>	<u>245,297</u>

### 18 Related party transactions

There were no disclosable related party transactions during the year (2022 - none).






# HEARTS & MINDS 2023 ACCS

Final Audit Report

2023-09-29

Created:	2023-09-28
By:	David Stewart (david.stewart@mcfal.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA7pyKCeVSgulumam5XSFcJyqqs-yjzFmD3

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