

CHARITY REGISTRATION NUMBER: SC022494

Mid and East Lothian Drugs SCIO
Financial Statements
31 March 2025

GIBSON McKERRELL BURROWS LIMITED

Chartered Accountants & statutory auditor
28 Rutland Square
Edinburgh
EH1 2BW

Mid and East Lothian Drugs SCIO

Financial Statements

Year ended 31 March 2025

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Mid and East Lothian Drugs SCIO

Trustees' Annual Report

Year ended 31 March 2025

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

Reference and administrative details

Registered charity name	Mid and East Lothian Drugs SCIO	
Charity registration number	SC022494	
Principal office	The Esk Centre Ladywell Way Musselburgh EH21 6AB	
The trustees	Allister Page Alison Glencorse Mike Day Phil McCrossan Angela McConnell	(Resigned 20 August 2025) (Resigned 6 January 2026) (Appointed 8 December 2025) (Appointed 12 January 2026)
Project manager	David Gasparini	
Auditor	Gibson McKerrell Burrows Limited Chartered Accountants & Statutory Auditor 28 Rutland Square Edinburgh EH1 2BW	
Bankers	The Royal Bank of Scotland plc 63 High Street Dalkeith EH22 1JA	

Mid and East Lothian Drugs SCIO

Trustees' Annual Report *(continued)*

Year ended 31 March 2025

Structure, governance and management

Constitution

Mid and East Lothian Drugs SCIO (MELD) is a Scottish Charitable Incorporated Organisation (SCIO) which was registered in its current legal form on 16 March 2016. The governing document is the constitution. The charity was previously an unincorporated association and the assets of the unincorporated association were transferred to the SCIO on 1 April 2016. The unincorporated association was established by constitution in 1993 after a series of local initiatives, including two major conferences involving drug users, professionals and concerned members of the community to look at ways of combatting the increasing drug problem in Midlothian and East Lothian. The activities of MELD are controlled by a Board, which is elected and carries out its duties in accordance with the constitution of the charity.

Aims

Mid and East Lothian Drugs SCIO (MELD) was established to reduce the harm associated with substance use in Midlothian and East Lothian by providing information, counselling, support and advice within Midlothian and East Lothian and to offer a recovery based approach to all clients who refer to the service.

Organisational structure

The Board is responsible for strategic management of MELD and overseeing the implementation of their policies and plans by the Project Manager. They have delegated day to day management of the charity to the Project Manager, David Gasparini.

Recruitment and appointment of Board

In the period to 31 March 2025, the Board consisted of Allister Page, Alison Glencorse and Michael Day.

We are always trying to widen and expand our Committee knowledge, experience and skills base and will endeavour as always to promote MELD to future potential Board members.

Trustee induction and training

Potential Members are co-opted on to the Committee so that they can read into the project prior to formal election at the AGM. At least two half day sessions with all the staff are held annually.

Key management remuneration

The key management of the charity consists of the Project Manager, Assistant Manager, Finance Manager and Business Support Manager. Their salaries are set each year with regard to equivalent positions in similar organisations.

Mid and East Lothian Drugs SCIO

Trustees' Annual Report *(continued)*

Year ended 31 March 2025

Structure, governance and management *(continued)*

Risk management

The Board is in the process of addressing the major risks to which the charity is exposed, in particular those related to the operations and financing of the charity, and is satisfied that systems are in place to mitigate our exposure to the major risks.

The Board are committed to taking action to build up the staff reserves in the event of reduced funding or redundancies. Funding levels will dictate the service that MELD is able to provide in negotiation with funders. MELD will strive to provide the best quality of service to all clients accessing our support within our geographical remit within our budgetary control.

All MELD policies, such as Health and Safety, are reviewed on a rotational basis. The Management Team are responsible for writing, rewriting and updating all policies. The Chairman of the Board and the Project Manager countersign all policies.

Objectives and activities

1. To provide information, support and advice to individuals, families and the wider community by means of:
 - operating an up-to-date accessible resource library;
 - developing support groups as appropriate;
 - organising local seminars and information days.
2. To provide training and support to staff, volunteers and other agencies working in the field of drugs use and to the wider community by means of:
 - responding to direct requests for training;
 - taking a pro-active role by identifying training gaps.
3. To educate and support drug users by means of:
 - counselling, support and advice on a one to one basis or group work;
 - outreach work and peer education;
 - work in partnership with statutory and voluntary agencies.

Mid and East Lothian Drugs SCIO

Trustees' Annual Report *(continued)*

Year ended 31 March 2025

Achievements and performance

Significant activities

The main activity areas are:

- achieving the Scottish Government's HEAT targets;
- advice - telephone, one-to-one, correspondence;
- comprehensive assessments and care planning;
- support - telephone, one-to-one, advocacy;
- counselling skills - one-to-one;
- providing services for family members / loved ones affected by another's substance use;
- signposting and referring on to other agencies;
- education and training - groups and educational institutions;
- needle exchange - both at our base in Dalkeith and outreach with NEON (Needle Exchange Outreach Network) - this is in conjunction with the Harm Reduction Team;
- group work (SMART), Auricular Acupuncture and Mindfulness.

2024-25 was another busy year for MELD. We continue to support isolated clients with the provision of mobile phones and top up vouchers to ensure they are able to stay in touch with MELD recovery workers and other key services. During the financial year, the MELD contact service continued to receive an increase in referrals and has become the main route for individuals within Midlothian and East Lothian seeking support for drug and alcohol use. We have extended this service to offer support outwith normal working hours. Due to specific funding received from previous years, we were also able to build upon research from the previous year and successfully implemented an evening service, delivering complimentary therapies to individuals referring into service, affected by stimulant drug use.

MELD continues to work in partnership working with a range of agencies including both Midlothian and East Lothian Substance Use Services. In both cases we not only work closely together to provide rapid access to treatment services, but also sharing group work and training opportunities.

Financial review

The charity had total incoming resources for the year of £601,189 (2024 - £693,583) and total expenditure of £695,877 (2024 - £655,005), resulting in an operating deficit for the year of £94,688 (2024 - surplus £38,578).

The reported deficit for the financial year reflects the timing of funding income rather than an underlying deterioration in the charity's financial position. The charity receives rolling funding in advance from the main funder. Where expenditure in a financial year is lower than the funding received, any underspend is deducted from funding allocations in the subsequent year. As a result, the reported deficit for the year does not represent a true operational deficit. During the year, a significant sum was offset through funding adjustments, and the charity ended the year with reserves maintained at an appropriate level.

Principal funding sources

The principal source of funding is MELDAP (Mid and East Lothian Drug and Alcohol Partnership).

Mid and East Lothian Drugs SCIO

Trustees' Annual Report *(continued)*

Year ended 31 March 2025

Financial review *(continued)*

Reserves policy

The MELD Board of Directors prioritised discussions around the staff contingency fund. A number of key financial factors have supported and shaped a decision making process, which has been thorough and risk averse. The Board have made a decision to reduce the reserves policy to support 45 days of running costs. The Board will continue to closely monitor income and expenditure levels to ensure any potential risks are identified and met appropriately.

Plans for future periods

MELD has operated successfully over the past 32 years, offering professional services to our client group. However, at the Board meeting on 8 December 2025, the trustees voted unanimously to dissolve MELD as a charity and begin the process of closing down.

The decision has been made following a review of the organisation's ability to continue operating within its current regulatory and financial framework. In particular, the organisation is no longer able to secure an employment-related insurance required to carry out its functions. As a result, the Board has concluded that it is not possible for the charity to continue delivering services in a way that meets funder, partner and regulatory expectations, or the standards the organisation sets for itself.

The charity will cease operating publicly as of 31 March 2026. All statutory requirements will be met by the agency. MELDAP have been informed of the planned closure and discussions are ongoing about the potential for some services to be transferred to another organisation.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 19 to the financial statements.

Mid and East Lothian Drugs SCIO

Trustees' Annual Report *(continued)*

Year ended 31 March 2025

Trustees' responsibilities statement

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each 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, of the charity 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 applicable Charities SORP;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustees Investments (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' annual report was approved on 9 March 2026 and signed on behalf of the board of trustees by:



Alison Glencorse
Trustee

Mid and East Lothian Drugs SCIO

Independent Auditor's Report to the Members of Mid and East Lothian Drugs SCIO

Year ended 31 March 2025

Opinion

We have audited the financial statements of Mid and East Lothian Drugs SCIO (the 'charity') for the year ended 31 March 2025 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes, 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 FRS 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 charity's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of a basis other than going concern in the preparation of the financial statements is appropriate.

Further details are provided in the Emphasis of matter section below.

Emphasis of matter

We draw attention to Note 3 to the financial statements which explains that the trustees intend to liquidate the charity and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern, as described in Note 3.

We have nothing to report in this regard.

Mid and East Lothian Drugs SCIO

Independent Auditor's Report to the Members of Mid and East Lothian Drugs SCIO *(continued)*

Year ended 31 March 2025

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; and
- we have not received all the information and explanations we require for our audit.

Mid and East Lothian Drugs SCIO

Independent Auditor's Report to the Members of Mid and East Lothian Drugs SCIO (continued)

Year ended 31 March 2025

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- at the planning stage, we gained an understanding of the legal and regulatory framework applicable to the charity and considered the risks of acts by the charity which were contrary to the applicable laws and regulations;
- we discussed amongst the engagement team the identified laws and regulations and remained alert to any indications of non-compliance.
- during the audit, we focused on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements through discussions with trustees and review of minutes of trustees' meetings in the year. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements;
- we inquired of the trustees whether they have knowledge of any actual, suspected or alleged fraud;
- we discussed amongst the engagement team the risk of fraud such as opportunities for fraudulent manipulation of financial statements.

Mid and East Lothian Drugs SCIO

Independent Auditor's Report to the Members of Mid and East Lothian Drugs SCIO

(continued)

Year ended 31 March 2025

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

Mid and East Lothian Drugs SCIO

Independent Auditor's Report to the Members of Mid and East Lothian Drugs SCIO (continued)

Year ended 31 March 2025

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's members, 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 charity's members 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



William A S Gunn CA (Senior Statutory Auditor)

For and on behalf of
Gibson McKerrell Burrows Limited
Chartered Accountants & Statutory Auditor
28 Rutland Square
Edinburgh
EH1 2BW

9 March 2026

Mid and East Lothian Drugs SCIO

Statement of Financial Activities

Year ended 31 March 2025

			2025		2024
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	4	601,189	–	601,189	693,583
Total income		<u>601,189</u>	<u>–</u>	<u>601,189</u>	<u>693,583</u>
Expenditure					
Expenditure on charitable activities	5,6	695,877	–	695,877	655,005
Total expenditure		<u>695,877</u>	<u>–</u>	<u>695,877</u>	<u>655,005</u>
Net (expenditure)/income and net movement in funds		<u>(94,688)</u>	<u>–</u>	<u>(94,688)</u>	<u>38,578</u>
Reconciliation of funds					
Total funds brought forward		194,652	34	194,686	156,108
Total funds carried forward		<u>99,964</u>	<u>34</u>	<u>99,998</u>	<u>194,686</u>

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

The notes on pages 15 to 24 form part of these financial statements.

Mid and East Lothian Drugs SCIO

Statement of Financial Position

31 March 2025

	Note	2025 £	£	2024 £	£
Fixed assets					
Tangible fixed assets	11		1,170		–
Current assets					
Debtors	12	6,594		7,907	
Cash at bank and in hand		<u>108,408</u>		<u>205,900</u>	
		115,002		213,807	
Creditors: amounts falling due within one year	13	<u>16,174</u>		<u>19,121</u>	
Net current assets			<u>98,828</u>		<u>194,686</u>
Total assets less current liabilities			<u>99,998</u>		<u>194,686</u>
Net assets			<u>99,998</u>		<u>194,686</u>
Funds of the charity					
Restricted funds			34		34
Unrestricted funds			<u>99,964</u>		<u>194,652</u>
Total charity funds	15		<u>99,998</u>		<u>194,686</u>

These financial statements were approved by the board of trustees and authorised for issue on 9 March 2026, and are signed on behalf of the board by:



Alison Glencorse
Trustee

The notes on pages 15 to 24 form part of these financial statements.

Mid and East Lothian Drugs SCIO

Statement of Cash Flows

Year ended 31 March 2025

	2025	2024
	£	£
Cash flows from operating activities		
Net (expenditure)/income	(94,688)	38,578
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	390	—
Accrued (income)/expenses	(3,635)	4,271
<i>Changes in:</i>		
Trade and other debtors	1,313	23,581
Trade and other creditors	688	(3,386)
Cash generated from operations	<u>(95,932)</u>	<u>63,044</u>
Net cash (used in)/from operating activities	<u>(95,932)</u>	<u>63,044</u>
Cash flows from investing activities		
Purchase of tangible assets	<u>(1,560)</u>	<u>—</u>
Net cash used in investing activities	<u>(1,560)</u>	<u>—</u>
Net (decrease)/increase in cash and cash equivalents	(97,492)	63,044
Cash and cash equivalents at beginning of year	205,900	142,856
Cash and cash equivalents at end of year	<u>108,408</u>	<u>205,900</u>

The notes on pages 15 to 24 form part of these financial statements.

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements

Year ended 31 March 2025

1. General information

Mid and East Lothian Drugs SCIO (MELD) is a Scottish Charitable Incorporated Organisation (SCIO), which was registered in its current legal form on 15 March 2016. The charity was previously an unincorporated association which transferred its assets to the SCIO on 1 April 2016. The address of the principal office is The Esk Centre, Ladywell Way, Musselburgh, EH22 6AB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', 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), (Charities SORP (FRS 102)), the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended). The charity constitutes a public benefit entity as defined by FRS 102.

3. Accounting policies

Basis of preparation

The financial statements have not been prepared on a going concern basis. The trustees made the decision on 8 December 2025 to wind down and close the charitable incorporated organisation because it is no longer able to secure an employment-related insurance required to carry out its functions. Although the planned date of closure is still one month away, the trustees consider it no longer appropriate to prepare financial statements on a going concern basis, given that this decision has been made. The trustees consider it appropriate to keep stakeholders informed about the planned closure and the financial statements depart from accounting standards and the Charities SORP (FRS102) to the extent necessary to give a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have not been prepared on a going concern basis. Further details are provided in the Basis of preparation policy above.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Taxation

No provision for corporation tax is necessary as the charity does not trade. The charity suffers input VAT on some of its expenditure which it is unable to recover.

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Fund accounting

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose to further any of the charity's purposes.

Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Further explanation of the nature and purpose of each fund is in the notes to the financial statements.

Incoming resources

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Donations and grants are recognised when they have been communicated in writing with notification of both the amount and settlement date. In the event that a donation or grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Interest on funds held on deposit is included upon notification of the interest paid or payable by the Bank.

Resources expended

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the Statement of Financial Activities.

Expenditure on charitable activities includes any VAT which cannot be recovered and is reported as part of the expenditure to which it relates and comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Operating leases

Rentals payable under operating leases are charged to the Income and Expenditure Account on a straight line basis over the period of the lease.

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Computer equipment - 25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2025 £	Unrestricted Funds £	Total Funds 2024 £
Grants				
Grants receivable	<u>601,189</u>	<u>601,189</u>	<u>693,583</u>	<u>693,583</u>

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

5. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £
Direct activities	689,877	–	689,877
Support costs	6,000	–	6,000
	<u>695,877</u>	<u>–</u>	<u>695,877</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Direct activities	648,555	450	649,005
Support costs	6,000	–	6,000
	<u>654,555</u>	<u>450</u>	<u>655,005</u>

6. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2025 £	Total fund 2024 £
Direct activities	689,877	–	689,877	649,005
Governance costs	–	6,000	6,000	6,000
	<u>689,877</u>	<u>6,000</u>	<u>695,877</u>	<u>655,005</u>

7. Net (expenditure)/income

Net (expenditure)/income is stated after charging/(crediting):

	2025 £	2024 £
Depreciation of tangible fixed assets	<u>390</u>	<u>–</u>

8. Auditors remuneration

	2025 £	2024 £
Fees payable for the audit of the financial statements	<u>3,000</u>	<u>3,000</u>

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

9. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2025	2024
	£	£
Wages and salaries	521,126	511,655
Social security costs	38,507	29,258
Employer contributions to pension plans	14,099	13,393
	<u>573,732</u>	<u>554,306</u>

The average head count of employees during the year was 26 (2024: 28). The average number of full-time equivalent employees during the year is analysed as follows:

	2025	2024
	No.	No.
Project staff	21	23
Administration	4	4
Co-ordinator	1	1
	<u>26</u>	<u>28</u>

No employee received employee benefits of more than £60,000 during the year (2024: Nil).

Key Management Personnel

The key management personnel of the charity comprise the Project Manager, Assistant Manager, Finance Manager and Business Support Manager. Their total employee benefits during the year were £133,086 (2024 - £127,219).

10. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

11. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2024	–
Additions	1,560
At 31 March 2025	<u>1,560</u>
Depreciation	
At 1 April 2024	–
Charge for the year	390
At 31 March 2025	<u>390</u>
Carrying amount	
At 31 March 2025	<u>1,170</u>
At 31 March 2024	<u>–</u>

12. Debtors

	2025	2024
	£	£
Prepayments and accrued income	<u>6,594</u>	<u>7,907</u>

13. Creditors: amounts falling due within one year

	2025	2024
	£	£
Accruals and deferred income	6,299	9,934
Social security and other taxes	9,875	9,187
	<u>16,174</u>	<u>19,121</u>

14. Pensions and other post-retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £14,099 (2024: £13,393).

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

15. Analysis of charitable funds

Unrestricted funds

	At 1 April 2024	Income	Expenditure	At 31 March 2025
	£	£	£	£
General fund	134,652	601,189	(695,877)	39,964
General contingency fund (designated)	60,000	–	–	60,000
	<u>194,652</u>	<u>601,189</u>	<u>(695,877)</u>	<u>99,964</u>

	At 1 April 2023	Income	Expenditure	At 31 March 2024
	£	£	£	£
General fund	95,624	693,583	(654,555)	134,652
General contingency fund (designated)	60,000	–	–	60,000
	<u>155,624</u>	<u>693,583</u>	<u>(654,555)</u>	<u>194,652</u>

The General Fund represents the unrestricted funds which the charity is free to use in accordance with its charitable objectives.

The General Contingency Fund has been designated to ensure that the charity has sufficient reserves to meet its commitments as they fall due.

Restricted funds

	At 1 April 2024	Income	Expenditure	At 31 March 2025
	£	£	£	£
Stimulant service fund	34	–	–	34
	<u>34</u>	<u>–</u>	<u>–</u>	<u>34</u>

	At 1 April 2023	Income	Expenditure	At 31 March 2024
	£	£	£	£
Stimulant service fund	484	–	(450)	34
	<u>484</u>	<u>–</u>	<u>(450)</u>	<u>34</u>

The Stimulant Service Fund is a grant provided by Corra Foundation to discover how to increase engagement of stimulant users and support them to remain in service until they have attained their stated recovery goals.

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

16. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £
Tangible fixed assets	1,170	–	1,170
Current assets	114,968	34	115,002
Creditors less than 1 year	(16,174)	–	(16,174)
Net assets	<u>99,964</u>	<u>34</u>	<u>99,998</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Tangible fixed assets	–	–	–
Current assets	213,773	34	213,807
Creditors less than 1 year	(19,121)	–	(19,121)
Net assets	<u>194,652</u>	<u>34</u>	<u>194,686</u>

17. Analysis of changes in net debt

	At 1 Apr 2024 £	Cash flows £	At 31 Mar 2025 £
Cash at bank and in hand	<u>205,900</u>	<u>(97,492)</u>	<u>108,408</u>

18. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2025 £	2024 £
Not later than 1 year	4,680	4,680
Later than 1 year and not later than 5 years	18,720	18,720
Later than 5 years	–	4,680
	<u>23,400</u>	<u>28,080</u>

Mid and East Lothian Drugs SCIO

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

19. Post balance sheet events

MELD has operated successfully over the past 32 years, offering professional services to our client group. However, at the Board meeting on 8 December 2025, the trustees voted unanimously to dissolve MELD as a charity and begin the process of closing down.

The decision has been made following a review of the organisation's ability to continue operating within its current regulatory and financial framework. In particular, the organisation is no longer able to secure an employment-related insurance required to carry out its functions. As a result, the Board has concluded that it is not possible for the charity to continue delivering services in a way that meets funder, partner and regulatory expectations, or the standards the organisation sets for itself.

The charity will cease operating publicly as of 31 March 2026. All statutory requirements will be met by the agency. MELDAP have been informed of the planned closure and discussions are ongoing about the potential for some services to be transferred to another organisation.

20. Related parties

No transactions with related parties took place during the current or previous year.

Mid and East Lothian Drugs SCIO

Management Information

Year ended 31 March 2025

The following pages do not form part of the financial statements.

Mid and East Lothian Drugs SCIO

Detailed Statement of Financial Activities

Year ended 31 March 2025

	2025	2024
	£	£
Income and endowments		
Donations and legacies		
Grants receivable	601,189	693,583
	<u>601,189</u>	<u>693,583</u>
Total income	<u>601,189</u>	<u>693,583</u>
Expenditure		
Expenditure on charitable activities		
Wages and salaries	521,126	511,655
Employer's NIC	38,507	29,258
Pension costs	14,099	13,393
Rent, rates and insurance	1,746	2,650
IT and office equipment	13,672	5,030
Advertising	480	735
Travel expenses	1,848	3,213
Audit and accountancy fees	6,000	6,000
Telephone	9,641	8,335
Training, seminars and hospitality	14,432	9,283
Depreciation	390	–
Postage and stationery	1,469	5,678
Acupuncture and mindfulness	388	(410)
Subscriptions	668	508
Miscellaneous expenses	136	1,616
Client expenses	16,487	12,823
Service contracts	20,836	12,539
Agency staff	33,952	32,699
	<u>695,877</u>	<u>655,005</u>
Total expenditure	<u>695,877</u>	<u>655,005</u>
Net (expenditure)/income	<u>(94,688)</u>	<u>38,578</u>