

Registered Number SC078854
Charity Number SC013007

BIRTHLINK
(a company limited by guarantee)
FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

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BIRTHLINK
(A company limited by guarantee)

FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

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REFERENCE AND ADMINISTRATIVE DETAILS

For the Year Ended 31 March 2014

Board of Directors

Sheriff Richard J D Scott (Chairperson)
Mrs Ann Coulson
Ms Catherine MacNab
Mrs Aileen Nimmo
Mr Robert Stobart
Mr Ian Todd
Ms Alison Wild
Ms Geraldine Gallagher
Mr Andrew Gibb
Mr Angus McIntyre

Secretary

Ms Alison Wild (appointed 11 December 2013)
Mrs Aileen Nimmo (resigned 11 December 2013)

Auditor

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Bank of Scotland
St Andrew Square Branch
38 St Andrew Square
Edinburgh
EH2 2YR

Solicitors

Murray Beith Murray WS
3 Glenfinlas Street
Edinburgh
EH3 6AQ

Registered Office

21 Castle Street
Edinburgh
EH2 3DN

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2014

The Board of Directors has pleasure in presenting its annual report and financial statements for the year to 31 March 2014.

Structure, governance and management

The company is governed by the Board of Directors. The Board Members who are the directors of the company and who served during the year and since the year end were:-

Sheriff Richard J D Scott (Chairperson)
Mrs Ann Coulson
Ms Catherine MacNab
Mrs Aileen Nimmo
Mr Robert Stobart
Mr Ian Todd
Ms Alison Wild
Ms Geraldine Gallagher
Mr Andrew Gibb
Mr Angus McIntyre

The Chairman and Secretary of the company are appointed in terms of provisions within the company's Articles of Association. One director acts as Finance Director. Board members receive induction and training as and when required.

Objectives and activities

Birthinglink (formerly Family Care) has been in existence since 1911. The company was incorporated on 26 May 1982 as a company limited by guarantee. The company changed its name to Birthinglink on 13 August 2007. Birthinglink is a voluntary social work agency which now provides a range of services to people who have been affected by adoption in Scotland and to people who have been looked after by local authorities in Scotland. Its main aims are:-

- to enhance the well-being and promote the welfare of all people affected by adoption in Scotland;
- to enhance the well-being and promote the welfare of people who have been looked after by local authorities in Scotland;
- to work for and contribute to the development of a comprehensive strategy on post adoption service provision across Scotland.

The company has introduced and developed a management structure to enable these objectives to be met. The Board of Directors has responsibility for finance, administration and voluntary fundraising. Birthinglink no longer provides a social work service for families and children in need.

Achievements, performance and future plans

In the course of the year to 31 March 2014 Birthinglink continued to provide its unique range of after adoption services.

In summary, Birthinglink's frontline services are as follows:

- The Adoption Contact Register for Scotland (ACR). The ACR is a confidential computerised database. Its purpose is to make it possible for adopted people and their birth parents, or other birth relatives, to make contact with each other, if and when that is what both parties want.

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2014

- **Care Connect.** Care Connect helps adults who have been in care to find information about their past or trace estranged family members. The service is available to all adults who have been in care and have been out of local authority care for more than five years (help is available directly from the care record-holder for those people who have been out of care for less than five years).
- **The After Adoption Information Line (AAIL).** The AAIL is an easily accessible one-stop point of contact for all those seeking information and advice relating to adoption issues that affect adults.
- **Mediation.** Through its mediation services, Birthlink helps adopted people and their birth relatives to establish contact. Birthlink staff draws on years of experience in facilitating contact between people separated by adoption. This delicate and sensitive work is carried out by fully qualified and experienced social workers.
- **Search services.** A team of experienced volunteers search public records to assist Birthlink to help adopted people and birth relatives to trace each other.

In the course of the year from 2013-2014 Birthlink had the benefit of financial support from the Scottish Government, principally in relation to the ACR, the City of Edinburgh Council, in relation to Care Connect, and a majority of Scotland's local authorities, principally in relation to the AAIL, with its link to other services, e.g. search and mediation. This funding, much of due to last for three years has enabled Birthlink to look forward with some confidence to a future when it can continue to carry on, improve and extend the services it provides.

Birthlink also depends on donations, fees for some of its services and the profits of its two thrift shops. In the course of the last year, Birthlink revised its fee structure to allow for a small increase. The thrift shops make a significant contribution to Birthlink's funds.

Birthlink remain committed to three strategic objectives, namely:

- 1) maintaining the Adoption Contact Register and its associated services, so as to contribute to improvements in the health, social and emotional well-being of individuals and families affected by adoption;
- 2) maintaining and developing collaborative relationships with local authorities and voluntary adoption agencies, sharing knowledge and expertise, and high highlighting the importance of post-adoption services; and
- 3) raising awareness of the existence and potential of the Adoption Contact Register.

Our figures for 2013 and 2014 are in line with previous years. ACR matches were 27 in 2013, a little above average. The number of AAIL enquiries is fairly static at just under 1,000 each year.

Birthlink has continued to keep in touch with local authorities and to give them as much information as they require. Meetings took place with some local authorities. Birthlink has re-introduced its six monthly After Adoption Forum, at which social workers from other agencies including local authorities attend. Our social work manager attended and contributed to a series of University seminars (*Reclaiming Lost Childhoods: Records & Archives*) examining issues that included access to adoption and to after adoption records.

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2014

Birthlink continues to do what it can to publicise its services and to provide information about the needs it exists to serve. In the course of the last year a number of newspaper articles were published which featured the experiences of Birthlink service users and their stories. Our social work manager was interviewed for a television programme in the Netherlands. Birthlink became "Friends of the Scotsman", which has enabled us to contribute six articles a year to the newspaper. May 2014 saw the publication of a substantial booklet entitled "What Birthlink does and why it does it." Birthlink was fortunate to be able to call on Dr Gary Clapton to prepare this publication.

Recent inspections by the Scottish Care Inspectorate have graded Birthlink's quality of service and support, quality of staffing and quality of management and leadership as "very good". The 2013 report stated: *We found that Birthlink provided a very valuable post adoption service to adults affected by adoption.* Ofsted, the inspection agency for England and Wales, have indicated that they would be happy for Birthlink to act as an Intermediary Agency working jointly with English record holders.

The past year has also seen a major updating of Birthlink's IT systems and preparations for a revamp of our website.

The Birthlink Board is grateful to all who have helped to continued success. We are grateful to our members and others who have made donations. We are grateful to our service users for the huge appreciation they express about our services as well as financial support in many cases. We are grateful to them for being willing to share their stories and help us make our work more widely known. The Board is particularly grateful to its loyal staff for all their hard work. This includes the social workers under the social work manager, Kate McDougal, and our administrative staff, under Audrey Darling. The staff and volunteers in our two thrift shops have shown themselves to committed and efficient in their fundraising efforts.

Financial review

The overall surplus for the year is £20,412 (2013: £41,788) as stated in the Statement of Financial Activities. The general unrestricted surplus for the year was £28,419 (2013: £41,131).

Principal risks and uncertainties

The principal risks and uncertainties affecting the charity relate to sustainability of ongoing funding, and further information is contained under the Reserves Policy.

Guarantee

Each member of the company has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of Birthlink being placed in liquidation. At 31 March 2014 there were 20 members.

Reserves policy

It is the policy of the directors to maintain unrestricted general funds, which are the free reserves of the charity, at a level, which equates to approximately three months unrestricted expenditure. The unrestricted general funds as at 31 March 2014 were £160,587. The nature and purpose of the various funds of the charity are set out in note 1 to the financial statements.

Risk management

The Board continues to review and assess risks capable of affecting the operation and finances of the company. The Board also has regard to the need to ensure that systems are in place to make such review and assessment effective.

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2014

Statement of Board of Directors' responsibilities

The Board of Directors (who are directors of Birthlink for the purposes of company law) are responsible for preparing the Board of Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Board of Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the net income and expenditure, of the charitable company for the year. In preparing the financial statements the Board are required to:

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

The Board are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

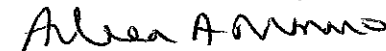
They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

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

The Directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

ON BEHALF OF THE BOARD


Aileen Nimmo
Director
SINew 2014

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS
AND MEMBERS OF BIRTHLINK (a company limited by guarantee)**



We have audited the financial statements of Birthlink for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Directors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and its Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 5, the directors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS

AND MEMBERS OF BIRTHLINK (a company limited by guarantee) *(continued)*



Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 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 (applicable to smaller entities); and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Board of Directors' Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Malcolm Beveridge

Malcolm Beveridge BA CA (Senior Statutory Auditor)
For and on behalf of
CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

12 DECEMBER 2014

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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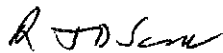
BALANCE SHEET

As at 31 March 2014

	Notes	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	10		468,926		466,000
Investment properties	11		150,000		150,000
			<u>618,926</u>		<u>616,000</u>
Current assets					
Debtors	12	7,891		8,084	
Cash at bank and in hand		128,934		109,370	
		<u>136,625</u>		<u>117,454</u>	
Creditors: amounts falling due within one year	13	(13,073)		(11,388)	
Net current assets			<u>123,552</u>		<u>106,066</u>
Total assets less current liabilities			<u>742,478</u>		<u>722,066</u>
Reserves					
Restricted funds	14		-		3,804
Unrestricted funds	14		160,587		136,371
Designated funds	14		581,891		581,891
	15		<u>742,478</u>		<u>722,066</u>

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been approved by the Board of Directors on *5 November* 2014.



R Scott, Chair

Company Number: SC078854

The notes on pages 10 to 20 form part of these financial statements

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NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of heritable and investment properties, and in accordance with applicable accounting standards, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice – Accounting & Reporting by Charities 2005, the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008)

Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the charitable company's ability to continue as a going concern and have reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Depreciation

Property improvements are depreciated on a straight line basis over 10 years.

Furniture and fittings are valued in the financial statements at £1,000. All additions and replacements are written off to the Statement of Financial Activities in the period of purchase.

Assets costing less than £500 are not capitalised in the balance sheet.

Office equipment is depreciated on a straight line basis over four years.

Computer equipment is depreciated on a straight line basis over five years.

Financial Reporting Standard 15 requires all tangible fixed assets to be depreciated over their useful economic life, taking account of any residual value of the assets. In accordance with FRS 15, the company adopted a policy of revaluing their heritable property with a valuation being carried out during the year to 31 March 2011. The company believes that due to the high residual value of the property a depreciation charge would be immaterial and no charge has therefore been made. Where no charge for depreciation is made, an impairment review should be carried out. Such a review has been performed and this shows that the value of the Buildings under Financial Reporting Standard 11 exceeds the carrying value in the financial statements.

Legacies

Legacies are recorded in the financial statements when they are receivable, which is when the company becomes entitled to the resource and the amount can be calculated with reasonable certainty.

Expenditure

All expenditure is included on an accruals basis inclusive of VAT and is recognised where there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resource expended in the Statement of Financial Activities. Costs of generating voluntary income relate to costs incurred in the running of the thrift shops. Governance costs include those costs associated with meeting the constitutional requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Support costs

Support costs are allocated between unrestricted and restricted funds dependent on their nature. They are further split between restricted funds dependent on the income for each fund (excluding depreciation charge).

VAT

The company is partially exempt from VAT. That proportion of VAT which is irrecoverable is charged to the appropriate expense.

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2014

1. Accounting Policies *(continued)*

Grants

Revenue grants are recognised in the year of receipt and allocated to restricted or unrestricted funds as appropriate. Capital grants are recognised in the year of receipt and treated as restricted funds with depreciation on such assets charged directly to the restricted fund in the Statement of Financial Activities.

Pension Costs

The company participates in a multi-employer defined benefit scheme. Contributions are charged to the Statement of Financial Activities so as to spread the cost of pensions over the employees' working lives with the company. The pension charge is based on contributions payable, which are calculated on the basis of actuarial advice.

Investment property

In accordance with SSAP 19:-

- i. Investment properties are revalued annually by the Executive Committee and the aggregate surplus or deficit is transferred to the revaluation reserve; and
- ii. No depreciation or amortisation is provided in respect of investment properties.

The Companies Act requires all properties to be depreciated. However, this requirement conflicts with the generally accepted principle set out in SSAP19. The Directors consider that, as these properties are not held for consumption, but their investment potential, to depreciate them would not give a true and fair view, and that is necessary to adopt SSAP19 in order to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount that might otherwise have been shown cannot be separately identified or quantified.

Operating lease agreement

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against surpluses incurred.

Restricted funds

Birthlink

Birthlink operates to provide a range of post adoption services to people who have been affected by an adoption that has a Scottish connection.

Care Connect

Provides a service to local authority and fostering agencies that may be approached for search and contact assistance by adults who have been fostered.

Unrestricted Funds

Heritable Property Fund

This designated fund represents the increase in value over cost of the heritable and investment property of the company as a result of the revaluation of the heritable property by Graham and Sibbald on 14 October 2011.

General

The General Fund represents the unrestricted funds which the Executive Committee are free to use in accordance with the charitable objects.

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2014

2. Income Analysis	2014	2013
	£	£
Voluntary income		
Fees and donations	9,862	16,386
	<hr/>	<hr/>
Activities for generating funds		
Thrift shops	65,136	64,326
Commercial activity	123	17
Publication sales	9	-
Rental income	8,800	8,917
Insurance claims	118	-
	<hr/>	<hr/>
	74,186	73,260
	<hr/>	<hr/>
Incoming resources from charitable activities		
Scottish Government grant	55,000	26,420
Birthing local authority contributions	66,393	91,182
City of Edinburgh Council Care Connect grant	33,960	28,415
Birthing fees	15,592	15,777
	<hr/>	<hr/>
	170,945	161,794
	<hr/>	<hr/>
Total incoming resources	254,993	251,440
	<hr/>	<hr/>

3. Costs of Generating Funds	<u>Unrestricted</u>	2014	2013
	Thrift Shop £	Total £	Total £
Costs of goods sold and other costs			
Wages and salaries	38,246	38,246	37,490
Employer's National Insurance	790	790	612
Support costs (Note 6)	4,808	4,808	3,027
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	43,844	43,844	41,129
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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2014

	<u>Restricted Funds</u>		2014 Total £	2013 Total £
	Birth Link £	Care Connect £		
4. Charitable Activities				
Wages and salaries	90,859	22,715	113,574	114,455
Employers' NI	7,419	1,856	9,275	9,174
Employers' pension costs	12,281	3,070	15,351	1,599
Sessional costs	16	4	20	-
Training	11	3	14	419
Travel	166	42	208	257
Marketing	1,003	251	1,254	1,132
Volunteer expenses	-	-	-	75
Search fees	1,090	273	1,363	1,294
Advertising	776	194	970	-
Subsistence	103	26	129	-
Recruitment	20	5	25	-
Support costs (Note 6)	34,363	8,592	42,955	35,870
	<u>148,107</u>	<u>37,031</u>	<u>185,138</u>	<u>164,275</u>
5. Governance Costs			2014 £	2013 £
Audit fee			5,269	3,930
Bank charges			330	318
			<u>5,599</u>	<u>4,248</u>

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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2014

6. Support Costs

	<u>Charitable Activities</u>		<u>Cost of Generating Funds</u>		
	<u>Restricted</u>		<u>Unrestricted</u>		
	<u>Birth Link</u>	<u>Care Connect</u>	<u>Thrift Shop</u>	<u>2014 Total</u>	<u>2013 Total</u>
	£	£	£	£	£
Rent	-	-	-	-	(340)
Rates	3,245	811	1,661	5,717	3,911
Insurance	2,376	594	-	2,970	-
Heat & light	2,424	606	1,974	5,004	2,169
Buildings maintenance	123	31	40	194	4,973
Cleaning	134	33	65	232	672
Stationery & postage	1,746	436	-	2,182	1,708
Printing	749	187	-	936	1,056
Telephone	2,135	534	39	2,708	3,845
Leases	1,426	357	-	1,783	1,621
Equipment maintenance & repairs	2,371	593	1,029	3,993	3,155
Computer & software	4,783	1,196	-	5,979	1,029
Miscellaneous	(314)	(78)	-	(392)	1,258
Accountancy	3,063	766	-	3,829	3,857
Consultancy	3,242	811	-	4,053	3,022
Legal fees	10	3	-	13	468
Professional fees	2,250	562	-	2,812	866
Subscriptions & literature	3,523	882	-	4,405	4,105
Merchant charge	230	57	-	287	419
Depreciation	586	146	-	732	-
Depreciation					
Lloyds funding equipment	-	-	-	-	758
Meeting expenses	261	65	-	326	345
	<u>34,363</u>	<u>8,592</u>	<u>4,808</u>	<u>47,763</u>	<u>38,897</u>

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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2014

7. Taxation

The company has been awarded charitable status under Part 11 of the Corporation Tax Act 2010 (previously Section 505 of the Income and Corporation Taxes Act 1988), and Section 256 of the Taxation of Chargeable Gains Act 1992, and as such is exempt from tax on its charitable activities.

8. Staff Numbers and Costs

The average monthly number of employees (full-time equivalents) during the year was made up as follows:-

	2014 No.	2013 No.
Administration	2	2
Social workers	4	4
Thrift shop	4	4
	<u>10</u>	<u>10</u>

The total salary costs were as follows:-

	2014 £	2013 £
Salaries and wages	151,820	151,945
Social security costs	10,065	9,786
Pension costs	15,351	1,599
	<u>177,236</u>	<u>163,330</u>

No employee received emoluments over £60,000. No remuneration is paid to any director and no director received reimbursement of expenses.

The company is indebted to numerous volunteers who have assisted during the year and without whose support, the company would not be what it is. The Executive Committee wishes to express its thanks to the volunteers in all our services.

9. Operating Surplus is stated after charging

	2014 £	2013 £
Operating leases	821	892
Auditor – audit fee	5,269	3,930
Depreciation	732	758
	<u>6,822</u>	<u>5,580</u>

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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2014

10. Tangible Fixed Assets

	Property Improvements £	Heritable Property £	Furniture & Fittings £	Office Equipment £	Computer Equipment £	Total £
Cost or valuation						
At 1 April 2013	6,063	465,000	1,000	4,937	29,083	506,083
Additions	-	-	-	-	3,658	3,658
Disposals	(6,063)	-	-	(4,937)	(29,083)	(40,083)
At 31 March 2014	-	465,000	1,000	-	3,658	469,658
Depreciation						
At 1 April 2013	6,063	-	-	4,937	29,083	40,083
Charge for year	-	-	-	-	732	732
Disposals	(6,063)	-	-	(4,937)	(29,083)	(40,083)
At 31 March 2014	-	-	-	-	732	732
Net Book Value						
At 31 March 2014	-	465,000	1,000	-	2,926	468,926
At 31 March 2013	-	465,000	1,000	-	-	466,000

Heritable property was independently revalued on 14 October 2011 by Graham and Sibbald, Chartered Surveyors. The directors are satisfied that this valuation accurately reflects the value of the property as at 31 March 2014.

11. Investment Properties

	2014 £	2013 £
Valuation		
Second floor office premises, 21 Castle Street at 1 April 2013	150,000	150,000
Revaluation	-	-
Second floor office premises, 21 Castle Street at 31 March 2014	150,000	150,000

The investment property was independently revalued on 14 October 2011 by Graham and Sibbald, Chartered Surveyors. The directors are satisfied that this valuation accurately reflects the value of the property as at 31 March 2014.

12. Debtors

	2014 £	2013 £
Sundry debtors	3,181	7,201
Prepayments	4,510	883
	7,691	8,084

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2014

13. Creditors: amounts falling due within one year	2014	2013
	£	£
Accruals and sundry creditors	12,817	7,071
Social security and other taxes	256	2,117
Deferred income	-	2,200
	<u>13,073</u>	<u>11,388</u>

14. Analysis of Funds

	Balance at 1 April 2013 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 March 2014 £
Restricted funds					
BirthLink	2,807	143,171	148,107	2,129	-
Care Connect	997	33,960	37,031	2,074	-
Total restricted funds	<u>3,804</u>	<u>177,131</u>	<u>185,138</u>	<u>4,203</u>	<u>-</u>
Unrestricted funds					
General funds	136,371	77,862	49,443	(4,203)	160,587
Designated funds:- Heritable property	581,891	-	-	-	581,891
Total Funds	<u>722,066</u>	<u>254,993</u>	<u>232,814</u>	<u>-</u>	<u>742,478</u>

Transfers from unrestricted funds to restricted funds represent funds transferred to cover excess costs incurred by projects during the year.

15. Analysis of net assets between funds

	Tangible Fixed Assets £	Invest- ment Properties £	Net Current Assets £	Total £
Unrestricted funds	37,035	-	123,552	160,587
Restricted funds	-	-	-	-
Designated funds	431,891	150,000	-	581,891
Total Funds	<u>468,926</u>	<u>150,000</u>	<u>123,552</u>	<u>742,478</u>

16. Lease Commitments

The company has the following annual commitments under non cancellable operating leases.

	2014	2013
	£	£
Equipment:		
Expiring less than one year	-	-
Expiring between one and five years	821	821
	<u>821</u>	<u>821</u>

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2014

17. Pensions

Birthlink participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Birthlink paid contributions at the rate of 5% during the accounting period. Members paid contributions at the rate of 5% during the accounting period. Pension costs charged in the year were £15,351 (2013: £1,599) and there were £nil (2013: £568) of outstanding contributions as at the balance sheet date.

As at the balance sheet date there was 1 active member of the Plan employed by Birthlink. Birthlink continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2014

17. Pensions (continued)

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	%
	per annum
- Investment return pre-retirement	4.9
- Investment return post-retirement	
Actives/deferred	4.2
Pensioners	4.2
- Bonuses on accrued benefits	0.0
- Inflation – Retail Prices Index (RPI)	2.9
- Inflation – Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2013. The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2014

17. Pensions *(continued)*

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2013 the total deficit calculated on the buy-out basis was £219.9m.

Birthlink has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. As of this date, the estimated employer debt for Birthlink was £164,664.

18. Going Concern

The charity's activities are funded through various sources of income, including grants, donations, membership fees and the operation of the Thrift Shops and as a consequence the income is subject to fluctuation. As at the year end the charity had total reserves of £742,478 of which its free reserves amounted to £160,587.

The charity manages its day to day working capital requirements through tight financial controls. There is an overdraft facility in place though it has not been employed since December 2009. The recession and subsequent uncertainty of availability of bank finance is always at the forefront of day to day working transactions. There has been no suggestion the overdraft facility would not be renewed or available if required in the future.

The charity forecasts that, taking account of reasonable expectations for the level of funding, it should be able to operate within the level of its current facility. The charity continues to seek new funding opportunities to sustain the level of service they provide. Ongoing communication with present funders exists where possible, to reinforce and hopefully maintain these relationships.

The directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.