



Annual Report

2011-2112

BIRTHLINK
(a company limited by guarantee)

FINANCIAL STATEMENTS

For the Year Ended 31 March 2012

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(A company limited by guarantee)

FINANCIAL STATEMENTS

For the Year Ended 31 March 2012

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BIRTHLINK
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REFERENCE AND ADMINISTRATIVE DETAILS

For the Year Ended 31 March 2012

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

Secretary

Mrs Aileen Nimmo

Auditor

Chiene + Tait
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

BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2012

The Board of Directors has pleasure in presenting its annual report and financial statements for the year to 31 March 2012.

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 Anna Brown (resigned 3 August 2011)
Mrs Ann Coulson
Mrs Rosemary Hamilton (resigned 19 May 2011)
Ms Catherine MacNab (appointed 9 May 2012)
Mrs Jennifer McNiven (resigned 19 May 2012)
Mrs Aileen Nimmo
Mr Robert Stobart (appointed 9 May 2012)
Mr Ian Todd (appointed 9 May 2012)
Ms Alison Wild (appointed 29 August 2011)

The Chairperson Sheriff Richard J D Scott is elected for five years from 16 April 2008. The Finance Convenor is elected annually. Members receive induction and training as and when required.

Objectives and activities

Birthlink (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 Birthlink on 13 August 2007. Birthlink 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. Birthlink no longer provides a social work service for families and children in need.

Achievements, performance and future plans

On Saturday the 19 November 2011 Birthlink celebrated its centenary at the Royal Overseas League on Princes Street. There was an impressive turn-out of former service users, current and former staff and volunteers, members of Birthlink and colleagues in other agencies. There were displays of material illustrating our history and current activities. A highlight of the night was the wonderful Borthwick-Mitchell reunion story, which showed better than anything else the great work that Birthlink can do and the positive outcomes that can be created. The Board is grateful to the large number of people who contributed in many ways to the success of the evening.

BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2012

On 2 March 2012 a motion was lodged in the Scottish Parliament in these terms:

That the Parliament considers that the Scottish adoption services organisation, Birthlink, provides an excellent service; acknowledges its commitment to providing an exemplary service across the UK and beyond by using qualified, trained social workers and what is considered its unique Adoption Contact Register for Scotland; congratulates Birthlink on its 100th anniversary celebration in November 2011; notes that the organisation offers a range of services for people affected by adoption with a Scottish connection, and looks forward to Birthlink continuing to provide valuable support and assistance for many years to come.

Birthlink is regulated by the Scottish Commission for the Regulation of Care and is now regulated by Social Care and Social Work Improvement Scotland (SCSWIS). Inspection reports can be viewed on the SCSWIS website at <http://www.scswis.com>, or on the Birthlink website at <http://www.birthlink.org.uk>, or by request at Birthlink's office at 21 Castle Street, Edinburgh.

Birthlink continues to derive satisfaction from the positive feedback it receives from its service users.

Birthlink's future plans continue to be based on its ambition to maintain and improve its services, and to promote community understanding, involvement and support in all areas of its work. Its charitable purposes remain the same:

To provide to people affected by adoption in Scotland and to people who have been looked after by local authorities in Scotland, services designed to eliminate or alleviate disadvantages (such as ill-health and absence of well-being, particularly of a psychological nature; feelings of guilt, loss and grief; identity problems; discrimination; impaired life chances; impaired or lack of access to information relating to genetic inheritance and relevant medical history; separation from birth relatives; lack of information relating to birth relatives; and difficulties arising in relation to making contact with birth relatives and building and maintaining relationships) suffered by such people as a consequence of having been affected by adoption or having been looked after by local authorities in Scotland.

There is a continued and in some areas an increased demand for Birthlink's services. The Care Connect service continues to grow and its funding by City of Edinburgh Council is supplemented by "spot purchase" arrangements for some referrals. The nature of this work can be particularly demanding for Birthlink's social work staff. It also makes considerable demands on administrative staff. It seems likely that means will have to be found of funding more staff time to accommodate this expanding area of work. The Directors are aware that this service of Birthlink is very much appreciated by the City of Edinburgh Council in particular. Birthlink is doing its best to make other local authorities aware of the Care Connect Service and avenues of possible funding continue to be explored.

Birthlink has maintained the Adoption Contact Register for Scotland for almost 30 years, which is a key resource for people separated by adoption to find lost relatives. Each year, some 200 people register and, in a typical year, Birthlink finds some 20 or so links between two or more names on the Register. Annual grants from what is now the Scottish Government's Unified Voluntary Sector Fund enabled Birthlink to maintain the Register, and to provide associated services. It is now apparent that as from April 2013 the Unified Voluntary Sector Fund will cease to exist. It will be replaced by something else, but whether the Scottish Government continues to help Birthlink maintain the Register remains to be seen. The uncertainty as to how the Register will be funded from next April onwards is a matter of great concern to Birthlink.

BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2012

The benefits of the efficient running of the organisation achieved in previous years continue to be maintained. Income from all sources is up on the last financial year, thanks to help from a number of sources, including the Scottish Government, a substantial majority of Scotland's local authorities, our profitable thrift shops and fees and donations. The Board is grateful to all who have contributed to Birthlink's success, not least its members, friends and volunteers. Expenditure over the financial year shows an appreciable reduction.

The Board is grateful to Birthlink staff for all their efforts throughout the year. Staff at all levels continue to take an active part in planning and policy making. They have continued to make contributions of time, talents and money in addition to carrying out the normal duties of their employment.

Birthlink was sorry to lose the services of the directors who resigned in the course of the year. Each of them had made a significant contribution over quite some time. The Board has been strengthened by the addition of three new directors. The Board is particularly pleased that Mr Irvine Welsh has agreed to become our Patron.

Financial review

The overall surplus for the year is £30,276 (2011: deficit £115) as stated in the Statement of Financial Activities. The general unrestricted surplus for the year was £29,419 (2011: surplus of £20,375).

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 2012 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 2012 were £95,240. 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.

BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2012

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.

ON BEHALF OF THE BOARD

Aileen A Nimmo

Aileen Nimmo
Director

10 October 2012

We have audited the financial statements of Birthlink for the year ended 31 March 2012 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity'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 members and the charity's 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 charity, its 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 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; 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

Malcolm A Beveridge

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

19 October 2012

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

BIRTHLINK
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STATEMENT of FINANCIAL ACTIVITIES

For the Year Ended 31 March 2012

	Notes	Designated Funds £	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income		-	5,481	10,886	16,367	9,097
Activities for generating funds		-	91,325	-	91,325	86,178
Incoming resources from charitable activities		-	-	150,433	150,433	160,711
Total incoming resources	2	-	96,806	161,319	258,125	255,986
Resources expended						
Costs of generating funds						
Fundraising trading: costs of goods sold and other costs	3	-	61,152	-	61,152	64,062
Charitable activities	4	-	-	162,522	162,522	167,656
Governance costs	5	-	4,175	-	4,175	4,383
Total resources expended			65,327	162,522	227,849	236,101
Net incoming/(outgoing) resources before transfers		-	31,479	(1,203)	30,276	19,885
Transfers		-	(2,060)	2,060	-	-
Net incoming/(outgoing) resources before recognised gains and losses		-	29,419	857	30,276	19,885
Loss on revaluation of fixed assets		-	-	-	-	(20,000)
Net movement in funds	9	-	29,419	857	30,276	(115)
Total funds brought forward		581,891	65,821	2,290	650,002	650,117
Total funds carried forward	14	581,891	95,240	3,147	680,278	650,002

All activities related to continuing activities.

The company has no recognised gains or losses other than those included in the Statement of Financial Activities.

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

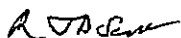
BIRTHLINK
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BALANCE SHEET

As at 31 March 2012

	Notes	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	10		466,758		468,421
Investment properties	11		150,000		150,000
			<u>616,758</u>		<u>618,421</u>
Current assets					
Debtors	12	17,179		4,326	
Cash at bank and in hand		64,260		67,579	
		<u>81,439</u>		<u>71,905</u>	
Creditors: amounts falling due within one year	13	<u>(17,919)</u>		<u>(40,324)</u>	
Net current assets			63,520		31,581
Total assets less current liabilities			<u>680,278</u>		<u>650,002</u>
Reserves					
Restricted funds	14		3,147		2,290
Unrestricted funds	14		95,240		65,821
Designated funds	14		581,891		581,891
	15		<u>680,278</u>		<u>650,002</u>

The financial statements have been approved by the Executive Committee on ~~10 October~~ 2012.



R Scott, Chair

Company Number: SC013007

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

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 March 2012

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 and the Companies Act 2006.

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.

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.

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NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 March 2012

1. Accounting Policies (cont'd)

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.

Lloyds TSB – Equipment

For the acquisition and maintenance of computer equipment and servers.

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.

BIRTHLINK
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NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 March 2012

2. Income Analysis	2012	2011
	£	£
Voluntary income		
Fees and donations	16,367	9,097
	<hr/>	<hr/>
Activities for generating funds		
Thrift shops	66,638	62,504
Commercial activity	4,789	7,906
Publication sales	98	123
Rental income	19,800	15,645
	<hr/>	<hr/>
	91,325	86,178
	<hr/>	<hr/>
Incoming resources from charitable activities		
Scottish Government grant	45,292	59,292
Birthlink local authority contributions	61,246	59,012
City of Edinburgh Council Care Connect grant	28,415	28,415
Birthlink fees	15,480	13,992
	<hr/>	<hr/>
	150,433	160,711
	<hr/>	<hr/>
Total incoming resources	<u>258,125</u>	<u>255,986</u>

3. Costs of generating funds	Unrestricted	2012	2011
	Thrift Shop	Total	Total
	£	£	£
Costs of goods sold and other costs			
Wages and salaries	34,417	34,417	32,903
Employer's National Insurance	955	955	1,284
Sessional costs	238	238	1,114
Support costs (Note 6)	25,542	25,542	28,761
	<hr/>	<hr/>	<hr/>
	61,152	61,152	64,062
	<hr/>	<hr/>	<hr/>

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NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 March 2012

4. Charitable Activities	Restricted Funds			2012 Total £	2011 Total £
	Birth Link £	Care Connect £	TSB Equip. £		
Wages and salaries	90,632	23,736	-	114,368	118,682
Employers' NI	5,315	1,957	-	7,272	10,018
Employers' pension costs	1,199	400	-	1,599	1,886
Sessional costs	1,732	-	-	1,732	1,464
Training	602	-	-	602	567
Travel	106	-	-	106	97
Marketing	773	-	-	773	881
NRH Fees	30	-	-	30	60
Volunteer expenses	307	-	-	307	601
Search fees	1,158	-	-	1,158	1,007
Support costs (Note 6)	29,182	4,382	1,011	34,575	32,393
	<u>131,036</u>	<u>30,475</u>	<u>1,011</u>	<u>162,522</u>	<u>167,656</u>

5. Governance Costs

	2012 £	2011 £
Audit fee	4,145	4,326
Bank and payroll charges	30	57
	<u>4,175</u>	<u>4,383</u>

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NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 March 2012

6. Support Costs

	<u>Charitable Activities</u>			<u>Cost of Generating Funds</u>		
	Restricted			Unrestricted		
	Birth Link	Care Connect	TSB Consul/ Equip.	Thrift Shop	2012 Total	2011 Total
£	£	£	£	£	£	
Rent	-	-	-	13,695	13,695	13,596
Rates	1,364	279	-	3,860	5,503	5,475
Insurance	4,769	977	-	-	5,746	1,924
Heat & light	1,464	300	-	1,145	2,909	5,188
Buildings maintenance	220	45	-	3,326	3,591	11,480
Cleaning	130	27	-	33	190	179
Fuel	-	-	-	-	-	31
Stationery & postage	1,930	395	-	-	2,325	2,121
Printing	755	154	-	-	909	181
Telephone	2,210	452	-	285	2,947	3,121
Leases	1,369	281	-	-	1,650	1,545
Equipment maintenance & repairs	3,138	643	-	3,192	6,973	2,363
Miscellaneous	785	161	-	6	952	267
Accountancy	2,303	472	-	-	2,775	3,199
Consultancy	3,514	-	-	-	3,514	2,000
Legal fees	1,105	196	-	-	1,301	623
Subscriptions & literature	3,245	-	-	-	3,245	3,973
Merchant charge	229	-	-	-	229	179
Depreciation	652	-	-	-	652	2,698
Depreciation Lloyds funding equipment	-	-	1,011	-	1,011	1,011
	<u>29,182</u>	<u>4,382</u>	<u>1,011</u>	<u>25,542</u>	<u>60,117</u>	<u>61,154</u>

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 March 2012

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.

8. Staff Numbers and Costs

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

	2012 No.	2011 No.
Administration	2	2
Social workers	3	3
Thrift shop	3	3
	<u>8</u>	<u>8</u>

The total salary costs were as follows:-

	2012 £	2011 £
Salaries and wages	150,755	154,341
Social security costs	8,324	11,302
Pension costs	1,599	1,886
	<u>160,678</u>	<u>167,529</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 deficit is stated after charging

	2012 £	2011 £
Operating leases	11,897	12,986
Auditor – audit fee	3,660	3,560
Depreciation	1,663	3,709
	<u>17,220</u>	<u>20,255</u>

For the Year Ended 31 March 2012

10. Tangible Fixed Assets

	Property Improvements £	Heritable Property £	Furniture & Fittings £	Office Equipment £	Computer Equipment £	Total £
Cost or valuation						
At 1 April 2011	6,063	465,000	1,000	4,937	29,083	506,083
Revaluation	-	-	-	-	-	-
At 31 March 2012	6,063	465,000	1,000	4,937	29,083	506,083
Depreciation						
At 1 April 2011	5,454	-	-	4,937	27,271	37,662
Charge for year	609	-	-	-	1,054	1,663
At 31 March 2012	6,063	-	-	4,937	28,325	39,325
Net Book Value						
At 31 March 2012	-	465,000	1,000	-	758	466,758
At 31 March 2011	609	465,000	1,000	-	1,812	468,421

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 2012.

11. Investment Properties

	2012 £	2011 £
Valuation		
Second floor office premises, 21 Castle Street at 1 April 2011	150,000	160,000
Revaluation	-	(10,000)
Second floor office premises, 21 Castle Street at 31 March 2012	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 2012.

12. Debtors

	2012 £	2011 £
Trade debtors	13,000	-
Sundry debtors	1,340	684
Prepayments	2,839	3,642
	17,179	4,326

13. Creditors: amounts falling due within one year

	2012 £	2011 £
Accruals and sundry creditors	13,153	34,588
Social security and other taxes	2,566	3,536
Deferred income	2,200	2,200
	17,919	40,324

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 March 2012

14. Analysis of Funds

	Balance at 1 April 2011 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 March 2012 £
Restricted funds					
BirthLink	521	132,904	131,036	-	2,389
Care Connect	-	28,415	30,475	2,060	-
Lloyds TSB Equipment	1,769	-	1,011	-	758
Total restricted funds	2,290	161,319	162,522	2,060	3,147
Unrestricted funds					
General funds	65,821	96,806	65,327	(2,060)	95,240
Designated funds:- Heritable property	581,891	-	-	-	581,891
Total Funds	650,002	258,125	227,849	-	680,278

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	34,109	-	61,131	95,240
Restricted funds	758	-	2,389	3,147
Designated funds	431,891	150,000	-	581,891
Total Funds	466,758	150,000	63,520	680,278

16. Lease Commitments

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

	2012 £	2011 £
Equipment:		
Expiring less than one year	897	-
Expiring between one and two years	-	897
Land and Buildings:		
Expiring less than one year	-	-
Expiring between one and five years	-	11,000

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 £1,465 (2011: £1,886) and there were £266 (2011: £266) of outstanding contributions as at the balance sheet date.

As at the balance sheet date there were 2 active members 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 2008 were completed in 2009 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 £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

For the Year Ended 31 March 2012

17. Pensions (cont'd)

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	%
	per annum
- Investment return pre-retirement	7.6
- Investment return post-retirement	
Actives/deferred	5.1
Pensioners	5.6
- Bonuses on accrued benefits	0.0
- Rate of price inflation	3.2

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 preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £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%.

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 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, 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.

17. Pensions (cont'd)

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.

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 2011. As of this date, the estimated employer debt for Birthlink was £165,008. The Scheme Actuary has advised that this figure is likely to have increased by approximately 9.0% to 31 March 2012. This means that the estimated amount of employer debt on withdrawal liability for Birthlink as at 31 March 2012 is estimated to be £179,859.

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 £680,278 of which its free reserves amounted to £95,240.

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's forecasts and projections, taking account of reasonable expectations for the level of funding, show that the charity 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.



After Adoption Services



Patron: Irvine Welsh

**100 years of Working with Families
Connecting People Worldwide**

Birthlink Round up 2011/12

In November of 2011 we celebrated our 100th birthday with 150 close friends including former and current staff, service users and volunteers. A highlight of the night was the Borthwick-Mitchell reunion story with heartfelt speeches from the family, highlighting the work of Birthlink and the positive relationships which can develop after being separated by adoption. A fabulous night was topped off with live music from Birdland and Blues 'n Trouble. Thanks to everyone who worked so hard to make the evening such a success, and for raising £4000 towards the charities work.

That same evening we announced our new Patron Irvine Welsh who sent the following message "Birthlink is an organization which brings people together when often cruel circumstances has parted them. Ultimately all we have in life is each other, so I'm proud and honoured to be Patron of this wonderful charity."

Birthlink has now joined the world of social media and you can follow us on:   for some interesting stories and regular updates on after adoption services worldwide including quotes from service users.

In March 2012 we held our annual 'Away Day' allowing an opportunity to celebrate our achievements and work on developing future plans; one of which is now a regular annual arrangement hosting a 10 day observational placement for social work students from Edinburgh University.

Another new development is the After Adoption Support Forum for professionals working with adults affected by adoption. The first meeting took place in October of this year when 13 after adoption workers attended giving an opportunity to share practice ideas and learn from each other. We plan to host the next meeting in Spring 2013.



Birthlink (formerly Family Care Incorporated)
Company Limited by Guarantee. Registered in Scotland (SC078854)
Registered Office 21 Castle Street, EH2 3DN
Registered with the Inland Revenue Charity Number SC013007

Birthlink Services 2011/2012

After Adoption Information Line (AAIL)

We have received 1166 new first point enquiries.

As Andrew said: **“A very understanding, sensitive and professional service”**

Adoption Contact Register for Scotland

There have been a total of 176 registrations in this 12 month period and 18 links made.

As Jennifer said **“It was a shock to discover that my sister knew about me as I thought I was a family secret. But, with time and the help and support of Birthlink things are going great and we are happy to be in each others lives.”**

The majority of registrants continue to be adopted adults.

Court Process Service

We continue our close working relationship with the Adoption Unit at The National Archives for Scotland and have accessed a total of 34 court records on behalf of adopted adults.

As Maureen said: **“I live abroad and am unable to travel to Scotland so I was heartened to discover this service existed.”**

Search Service

Our special thanks go to our volunteer searchers: Vivienne, Ann, Jennifer, Rosemary, Jan and a warm welcome to our new searcher Liz, for their expertise, hard work and dedication to the search.

In the past year the searchers have undertaken a total of 123 active searches of Scottish public records and a further 10 searches of English records. In a typical month the searchers donate a total of 52 hours of their time to support adults separated by adoption.

As Joanne said: **“The assistance given by Birthlink was invaluable in helping me find my three sisters. This has made my life complete by finding my family and is of immeasurable psychological and emotional benefit.”**

Intermediary Service

We have undertaken a total of 36 Non Disclosure Agreement arrangements on behalf of record holding agencies; searching on behalf of birth relatives.

As Pat said: **“After 10 years waiting on the Adoption Contact Register for Scotland, I was pleased to discover that Birthlink were able to trace my 44 year old son on my behalf and were successful in making contact with him.**

We have now met and established an ongoing friendship. We look forward to being more involved in promoting this service.



Mediation Service

We have undertaken and supported a total of 242 mediations.

As Douglas said: **“After undertaking my own search and discovering a current address for my birth mother I greatly appreciated Birthlink’s help and support in making contact as this was a particularly confusing and emotional time for me.”**

Care Connect Service

We continue to provide this service to Care Adults on behalf of City of Edinburgh Council. We have enabled 28 adults to access information from their care records held by the City this year. The needs of this group are similar to those of adopted adults as some go on to trace and have contact with members of their original families. We provide search and mediation as requested. Some of these referrals also come to us indirectly via relatives; friends and other professionals.

Our appreciative Care Connect service users say the following:-

“I was impressed by this very positive, caring and supportive service. All information was provided with sensitivity and interest.”

“Thank you. I now have closure and know what I remember was not my imagination.”

Publicity

Brothers George and Alan’s reunion story was printed in the Sunday Express in January of this year as a result of a Non Disclosure Agreement between Birthlink, Aberdeen City Council and a birth relative residing Scottish Borders. The adopted person was found to be residing in Canada and has now been back to Scotland to meet with his birth siblings.

In May of this year The Sunday Post featured the reunion story of Billy on the Isle of Islay and his birth siblings living in Ireland who were put in touch with each other some eight years ago and wanted a chance to promote the work of Birthlink.

In October Radio Scotland broadcast a programme about separated siblings. Birthlink service users Pete and his sister Irene shared their thoughts and feelings on what it means to make a relationship with a sibling as adults.

Birthlink service user Pat who was put in touch with her adult son for the first time this year is to be interviewed for a forthcoming ‘First Christmas’ story in Good Housekeeping magazine.

In September BBC Scotland televised ‘Life and Times’ programme which focussed on Care Connect service-user Gary and also featured Birthlink team member Jennifer Bryson.

Raymond, an 84 year old service-user and Evelyn, his 79 year old sister, who met for the first time earlier this year are keen to promote Birthlink services with a focus of “It’s never too late”. They are in touch with a freelance writer who hopes to publish a magazine article sometime soon.



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Partnership with Local Authorities

Birthlink continues to work in partnership with the following local authorities to provide a range of after adoption services to adults affected by adoption:

Aberdeen City Council
Aberdeenshire Council
Angus Council
Clackmannanshire Council
Dumfries & Galloway Council
Dundee city Council
East Dumbartonshire Council
East Lothian Council
East Renfrewshire Council
Edinburgh City Council
Falkirk Council
Fife Council
Highland Council
North Ayrshire
Perth & Kinross Council
Renfrewshire Council
Scottish Borders
Shetland Islands Council
South Lanarkshire Council
Stirling Council
West Dunbartonshire
Western Isles Council

Staff Training

This year social work staff attended the following courses:

Care Leavers from across the UK; supporting the next generation

Working with adult survivors of childhood sexual abuse

Mindfulness; focussing on working with service users in the here and now

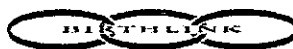
Families outside; exploring the impact on the family of having a member in prison.

Also *in house*: searchers/social work team training day, access to information, data protection and access to adoption records.

We would also like to take this opportunity to thank the Birthlink Board of Directors for giving us so much of their valuable time, and for their hard work and support over the past year.

Kate McDougall
Birthlink Co-ordinator

November 2012



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Chairman's report - 2012

At the end of a beautiful day, on which no snow fell in Edinburgh, it is a pleasure to make my 5th chairman's report.

It has been a good year in many respects. Kate McDougall's Round-Up presents a lively picture of continuing services, new initiatives and above all many telling expressions of thanks and pleasure from our service users.

It has been a good year from a financial point of view, in that our accounts to the end of March 2012 show a surplus of just over £30k. This is a considerable improvement on where we were a few years ago.

I am happy to be able to say that the Birthlink Board has been considerably strengthened since this time last year. We have appointed five new directors, namely Catherine MacNab, Ian Todd, Alex Stobart, Geraldine Gallagher and Andrew Gibb.

Cathy is Head of Quality and Performance in a further education college and has a background of accounting, business and education. Ian began his career in insurance and now has his own company providing human resources and related services. Alex is a chartered accountant who had worked both in private practice and within government as a civil servant. Geraldine has a social work background. She has a Ph D in social work policy and practice and has held a succession of interesting and challenging appointments. Andrew is a former President of the Law Society of Scotland and senior partner in an Edinburgh law firm.

The only resignation, during the last year, was that of Jennifer McNiven, who gave loyal support and helped Birthlink both as a Board member and as a volunteer searcher. We were sorry to see her go.

On the other hand, we do not have to say good bye to Ann Coulson. Ann has been associated with our charity for over 30 years at least. As a lecturer at Moray House, she contributed to the training of social workers here. For several spells, she served on what was the Executive Committee, including time as Chair. Ann thought she had to resign again, as she has been on the Board for some six years this time, but I am delighted to say that when I explained that there was no time limit on her service, under our present constitution, she agreed to stay on.

Our two thrift shops, managed by Dorothy McAlister and Elizabeth Lamb continue to be a vital part of our organisation. You will see from the accounts the extent to which they fulfill their purpose of bringing in income. Dorothy and Liz have had the support of other staff, and a group of hard-working sessional staff and volunteers. They also have an important outreach role for Birthlink. We are grateful to everyone in the shops for the hard work and commitment. We have recently engaged the services of a part-time consultant to foster the links between the office and the shops.

Our core activity, of course, is providing professional services to people affected by adoption. This work is carried out by an enthusiastic and thoughtful team of four social workers led by Kate MacDougal. As I have said, you can get some idea of the value of their work from Kate's report. The numbers of Care Connect cases has steadily increased over the last five years, from around 10 a year to around 4 times that number. The City of Edinburgh, who refer these cases to Birthlink, tell us that our Care Connect service is highly regarded as a service that offers high quality work and good value. The service users are adults who as children have been looked after in local authority care. There are times when the work can be intensive and particularly stressful for our social workers. Their dedication and commitment is admirable, particularly at a time when public service pay has been effectively frozen for years. The Board has to think of ways of helping its professional staff meet these challenges in the years ahead.

Birthlink's social workers are supported by Audrey Darling, on whom the greatest share of the work falls, and Kirsti-Louise Anderson. Birthlink owes a huge debt of gratitude to Audrey, who has effectively replaced two former employees. Kirsti is another who is

wholly committed to Birthlink and its objects. During her recent maternity leave, she worked voluntarily from home updating our facebook and Twitter pages.

I am also grateful to our team of volunteer searches who assist service users to trace relatives. We were sorry to lose Angus Mitchell, who retired after many years of expert service in this capacity.

I should also mention the sad loss, this year, of Professor John Triselotis, who was a good friend of Birthlink. His researches and views on how people affected by adoption can and should be supported were a source of inspiration in Birthlink's ongoing development.

I have already pointed out that the relatively healthy state of our books owes a lot to the hard work and commitment of our staff. We have also benefited from financial support from members, friends and well-wishers. Most of all, in cash terms, we have benefited from the support from the Scottish Government and a majority of Scotland's local authorities. Without that support, our work could scarcely continue.

The coming year will present challenges. Costs are increasing. The cost of making pension provision for our employees will increase next year and again in the future. As we speak, the Scottish Government is preparing to announce the basis on which it will entertain applications for third sector grants for next year. The City of Edinburgh may ask us to apply for 3 year funding rather than an annual grant and may want to revise its contribution to our non-Care Connect work.

It is important that so far as we possible can, we continue to explain what we are about. In this connection, we have had a lot of help from our consultant, Gary Clapton. What we are about is best explained, perhaps, in this extract from our constitution:

To provide to people affected by adoption in Scotland and to people who have been looked after by local authorities in Scotland, services designed to eliminate or alleviate disadvantages (such as ill-health and absence of well-being, particularly of a psychological nature; feelings of guilt, loss and grief; identity problems; discrimination; impaired life chances; impaired or lack of access to information relating to genetic inheritance and relevant medical history; separation from birth relatives; lack of information relating to birth relatives; and difficulties arising in relation to making

contact with birth relatives and building and maintaining relationships) suffered by such people as a consequence of having been affected by adoption or having been looked after by local authorities in Scotland.

What we are trying to do is to eliminate or alleviate disadvantages suffered as a consequence of having been affected by adoption or having been looked after by local authorities in Scotland. We have to explain that this is what we are about if we are to continue to have the privilege of meeting these needs. One such way is through our Care Connect work. Another is through holding and managing the Adoption Contact Register for Scotland, a service to people affected by adoption. Without Birthlink, the ACR would cease to exist.

I am optimistic. We have been on the go, in one form or another since 1911. Birthlink is blessed by being group of well motivated and skilled people, who are aware of needs that need to be met, and of how to meet them.

Richard Scott
Chairman
November 2012