

Registered Number SC078854  
Charity Number SC013007

**BIRTHLINK**  
(a company limited by guarantee)  
**FINANCIAL STATEMENTS**  
For the Year Ended 31 March 2013

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**BIRTHLINK**  
**(A company limited by guarantee)**

**FINANCIAL STATEMENTS**

**For the Year Ended 31 March 2013**

<b>Contents</b>	<b>Pages</b>
Reference and administrative details	1
Board of Directors' report	2 – 5
Independent Auditor's report to the members	6 – 7
Statement of Financial Activities	8
Balance Sheet	9
Notes to the Financial Statements	10 – 20

**BIRTHLINK**  
(a company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS**

**For the Year Ended 31 March 2013**

**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**

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

**BIRTHLINK**  
(a company limited by guarantee)

**BOARD OF DIRECTORS' REPORT**

**For the Year Ended 31 March 2013**

The Board of Directors has pleasure in presenting its annual report and financial statements for the year to 31 March 2013.

**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 (appointed 9 May 2012)  
Mrs Aileen Nimmo  
Mr Robert Stobart (appointed 9 May 2012)  
Mr Ian Todd (appointed 9 May 2012)  
Ms Alison Wild  
Ms Geraldine Gallagher (appointed 10 October 2012)  
Mr Andrew Gibb (appointed 28 November 2012)  
Mr Angus McIntyre (appointed 5 June 2013)

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**

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**

In the course of the year to 31 March 2013 Birthlink continued to provide its unique range of after adoption services.

In summary, Birthlink'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.

**BIRTHLINK**  
(a company limited by guarantee)

**BOARD OF DIRECTORS' REPORT**

**For the Year Ended 31 March 2013**

- **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.

The year was an anxious one, in some respects, because of consequences of the continuing period of economic uncertainty in the country as a whole. For many years, now, a considerable proportion of Birthlink's income has come from local and central government. In two important respects, as we move into 2013-2014 and beyond, Birthlink's funding arrangements will be on a rather different footing.

From its inception, Birthlink's Care Connect service has been funded, for the most part, by annual grants from the City of Edinburgh Council. From 1 April 2014, however, Birthlink will receive funding for Care Connect from the Council for a period of three years. Birthlink is grateful to the Council for its continued support and appreciates that for the time being the three year funding should eliminate the uncertainty associated with annual funding. The numbers of Care Connect referrals continue to rise and the new funding arrangements reflects that fact. The nature of this work can be particularly demanding for Birthlink's social work staff. It also makes considerable demands on administrative staff.

Over three decades, Birthlink has established, built up and maintained the Adoption Contact Register for Scotland. It is a key resource for people who have been separated by adoption and now wish to find lost relatives. Each year, some 200 people register. In a typical year, Birthlink finds some 20 or so links between two or more names on the Register. Recently, the numbers have been rising. Annual grants from what was the Scottish Government's Unified Voluntary Sector Fund enabled Birthlink to maintain the Register, and to provide associated services. With effect from April/May 2013, though, the Unified Voluntary Sector Fund ceased to exist. The uncertainty as to how the Register would be funded from April 2013 onwards was a matter of great concern to Birthlink.

Happily, however, Birthlink became of one of 45 organisations selected by the Scottish Government to receive support through the Strategic Funding Partnerships to enhance or develop work focussed on supporting the needs of young people and their families.

In May 2013 the Scottish Government confirmed that it would enter into a Strategic Partnership with Birthlink for a period of 2 years. In financial terms, this meant two years' funding for the Adoption Contact Register and related work, at a level no lower and rather higher than the level of support previously afforded to Birthlink from the Unified Voluntary Sector Fund. In broad terms, the grant funding will enable Birthlink to deliver the following outcomes:

- Provide Adoption Contact Register services to individuals and families affected by adoption and thus contribute to improving their health, social and emotional wellbeing.

**BIRTHLINK**  
(a company limited by guarantee)

**BOARD OF DIRECTORS' REPORT**

**For the Year Ended 31 March 2013**

- Develop partnerships with local authorities and voluntary adoption agencies to share expertise and highlight the importance of post-adoption services with a view to explore additional sources of income.
- Raise public profile of the Adoption Contact Register to increase the number of service users, including improvements to the current website.

These developments should go a long way towards the continued delivery of all Birthlink's services over the next few years. Birthlink is grateful to the Scottish Government and all the councils who contribute to the costs of one or more of Birthlink's suite of services.

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.

Birthlink is grateful to all the members, supporters, friends and volunteers who have contributed money and/or other support throughout the year.

Birthlink is regulated by the Social Care and Social Work Improvement Scotland (SCSWIS), known as the Care Inspectorate. Inspection reports can be viewed on the Care Inspectorate's website at <http://www.scswis.com>, or on the Birthlink website at [www.birthlink.org.uk](http://www.birthlink.org.uk) or, 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.

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. Our two thrift shops continue to make a significant and valuable contribution to our work. Birthlink is grateful to the staff and volunteers in the shops for their hard work and enthusiasm.

The financial statements show the result of the efforts of all concerned to make best use of the resources available to Birthlink. Because of the uncertainty as to future resources it was essential for the Board to keep a careful eye on expenditure. Some essential projects, including updating of our IT equipment and website had to be delayed, but could be taken up, later after April/May 2013, once the doubts as to future funding of our services, for the time being at least, had been clarified.

**Financial review**

The overall surplus for the year is £41,788 (2012: £30,276) as stated in the Statement of Financial Activities. The general unrestricted surplus for the year was £41,131 (2012: £29,419).

**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 2013 there were 20 members.

**BIRTHLINK**  
(a company limited by guarantee)

**BOARD OF DIRECTORS' REPORT**

**For the Year Ended 31 March 2013**

**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 2013 were £136,371. 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.

**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**

4 Dec 2013

**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 2013 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 2013 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.



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



**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 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**

11 / 12 / 2013

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

**BIRTHLINK**  
(a company limited by guarantee)

**STATEMENT of FINANCIAL ACTIVITIES**

**For the Year Ended 31 March 2013**

	Notes	Designated Funds £	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
		-	13,248	3,138	16,386	16,367
		-	73,260	-	73,260	91,325
		-	-	161,794	161,794	150,433
		-	-	-	-	-
<b>Total incoming resources</b>	2	-	86,508	164,932	251,440	258,125
<b>Resources expended</b>						
Costs of generating funds						
		-	41,129	-	41,129	61,152
		-	-	164,275	164,275	162,522
		-	4,248	-	4,248	4,175
<b>Total resources expended</b>		-	45,377	164,275	209,652	227,849
<b>Net incoming resources before transfers</b>		-	41,131	657	41,788	30,276
Transfer		-	-	-	-	-
<b>Net incoming resources before recognised gains and losses</b>		-	41,131	657	41,788	30,276
<b>Net movement in funds</b>	9	-	41,131	657	41,788	30,276
Total funds brought forward		581,891	95,240	3,147	680,278	650,002
<b>Total funds carried forward</b>	14	581,891	136,371	3,804	722,066	680,278

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**  
(a company limited by guarantee)

**BALANCE SHEET**

**As at 31 March 2013**

	Notes	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	10		466,000		466,758
Investment properties	11		150,000		150,000
			<u>616,000</u>		<u>616,758</u>
<b>Current assets</b>					
Debtors	12	8,084		17,179	
Cash at bank and in hand		109,370		64,260	
		<u>117,454</u>		<u>81,439</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(11,388)</u>		<u>(17,919)</u>	
<b>Net current assets</b>			<u>106,066</u>		<u>63,520</u>
<b>Total assets less current liabilities</b>			<u><u>722,066</u></u>		<u><u>680,278</u></u>
<b>Reserves</b>					
Restricted funds	14		3,804		3,147
Unrestricted funds	14		136,371		95,240
Designated funds	14		581,891		581,891
	15		<u><u>722,066</u></u>		<u><u>680,278</u></u>

The financial statements have been approved by the Board of Directors on 4/12 2013.

R J Scott

R Scott, Chair

Company Number: SC078854

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

**BIRTHLINK**  
(a company limited by guarantee)

## **NOTES to the FINANCIAL STATEMENTS**

### **For the Year Ended 31 March 2013**

#### **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.

**BIRTHLINK**  
(a company limited by guarantee)

**NOTES to the FINANCIAL STATEMENTS** (cont'd)

**For the Year Ended 31 March 2013**

**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**  
(a company limited by guarantee)

NOTES to the FINANCIAL STATEMENTS (cont'd)

**For the Year Ended 31 March 2013**

<b>2. Income Analysis</b>	<b>2013</b>	<b>2012</b>
	£	£
<b>Voluntary income</b>		
Fees and donations	16,386	16,367
	<hr/>	<hr/>
<b>Activities for generating funds</b>		
Thrift shops	64,326	66,638
Commercial activity	17	4,789
Publication sales	-	98
Rental income	8,917	19,800
	<hr/>	<hr/>
	73,260	91,325
	<hr/>	<hr/>
<b>Incoming resources from charitable activities</b>		
Scottish Government grant	26,420	45,292
Birthlink local authority contributions	91,182	61,246
City of Edinburgh Council Care Connect grant	28,415	28,415
Birthlink fees	15,777	15,480
	<hr/>	<hr/>
	161,794	150,433
	<hr/>	<hr/>
<b>Total incoming resources</b>	<u>251,440</u>	<u>258,125</u>

<b>3. Costs of generating funds</b>	<b>Unrestricted</b>	<b>2013</b>	<b>2012</b>
	<b>Thrift</b>	<b>Total</b>	<b>Total</b>
	£	£	£
<b>Costs of goods sold and other costs</b>			
Wages and salaries	37,490	37,490	34,417
Employer's National Insurance	612	612	955
Sessional costs	-	-	238
Support costs (Note 6)	3,027	3,027	25,542
	<hr/>	<hr/>	<hr/>
	41,129	41,129	61,152
	<hr/>	<hr/>	<hr/>

**BIRTHLINK**  
(a company limited by guarantee)

**NOTES to the FINANCIAL STATEMENTS (cont'd)**

**For the Year Ended 31 March 2013**

4. Charitable Activities	Restricted Funds			2013 Total £	2012 Total £
	Birth Link £	Care Connect £	TSB Equip. £		
Wages and salaries	94,997	19,458	-	114,455	114,368
Employers' NI	7,614	1,560	-	9,174	7,272
Employers' pension costs	1,327	272	-	1,599	1,599
Sessional costs	-	-	-	-	1,732
Training	419	-	-	419	602
Travel	257	-	-	257	106
Marketing	1,132	-	-	1,132	773
NRH Fees	-	-	-	-	30
Volunteer expenses	75	-	-	75	307
Search fees	1,294	-	-	1,294	1,158
Support costs (Note 6)	28,984	6,128	758	35,870	34,575
	<u>136,099</u>	<u>27,418</u>	<u>758</u>	<u>164,275</u>	<u>162,522</u>

**5. Governance Costs**

	2013 £	2012 £
Audit fee	3,930	4,145
Bank charges	318	30
	<u>4,248</u>	<u>4,175</u>

**BIRTHLINK**  
(a company limited by guarantee)

**NOTES to the FINANCIAL STATEMENTS (cont'd)**  
**For the Year Ended 31 March 2013**

**6. Support Costs**

	<u>Charitable Activities</u>			<u>Cost of Generating Funds</u>		2012 Total £
	Birth Link £	Restricted		Thrift Shop £	Unrestricted	
		Care Connect £	TSB Consul/ Equip. £			
Rent	-	-	-	(340)	(340)	13,695
Rates	2,686	550	-	675	3,911	5,503
Insurance	-	-	-	-	-	5,746
Heat & light	48	234	-	1,887	2,169	2,909
Buildings maintenance	3,945	808	-	220	4,973	3,591
Cleaning	534	109	-	29	672	190
Stationery & postage	1,408	289	-	11	1,708	2,325
Printing	876	180	-	-	1,056	909
Telephone	2,902	648	-	295	3,845	2,947
Leases	1,345	276	-	-	1,621	1,650
Equipment maintenance & repairs	2,619	536	-	-	3,155	6,973
Computer & software	647	132	-	250	1,029	-
Miscellaneous	1,045	213	-	-	1,258	952
Accountancy	3,201	656	-	-	3,857	2,775
Consultancy	2,508	514	-	-	3,022	3,514
Legal fees	387	81	-	-	468	1,301
Professional fees	719	147	-	-	866	-
Subscriptions & literature	3,407	698	-	-	4,105	3,245
Merchant charge	419	-	-	-	419	229
Depreciation	-	-	-	-	-	652
Depreciation Lloyds funding equipment	-	-	758	-	758	1,011
Meeting expenses	288	57	-	-	345	-
	<u>28,984</u>	<u>6,128</u>	<u>758</u>	<u>3,027</u>	<u>38,897</u>	<u>60,117</u>



**BIRTHLINK**  
(a company limited by guarantee)

**NOTES to the FINANCIAL STATEMENTS (cont'd)**

**For the Year Ended 31 March 2013**

**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:-

	2013 No.	2012 No.
Administration	2	2
Social workers	4	4
Thrift shop	4	3
	<u>10</u>	<u>9</u>

The total salary costs were as follows:-

	2013 £	2012 £
Salaries and wages	151,945	150,755
Social security costs	9,786	8,324
Pension costs	1,599	1,599
	<u>163,330</u>	<u>160,678</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**

	2013 £	2012 £
Operating leases	892	11,897
Auditor – audit fee	3,880	3,660
Depreciation	758	1,663
	<u>5,530</u>	<u>17,220</u>

**BIRTHLINK**  
(a company limited by guarantee)

**NOTES to the FINANCIAL STATEMENTS (cont'd)**

**For the Year Ended 31 March 2013**

**10. Tangible Fixed Assets**

	Property Improvements £	Heritable Property £	Furniture & Fittings £	Office Equipment £	Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2012	6,063	465,000	1,000	4,937	29,083	506,083
Revaluation	-	-	-	-	-	-
At 31 March 2013	6,063	465,000	1,000	4,937	29,083	506,083
<b>Depreciation</b>						
At 1 April 2012	6,063	-	-	4,937	28,325	39,325
Charge for year	-	-	-	-	758	758
At 31 March 2013	6,063	-	-	4,937	29,083	40,083
<b>Net Book Value</b>						
At 31 March 2013	-	465,000	1,000	-	-	466,000
At 31 March 2012	-	465,000	1,000	-	758	466,758

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 2013.

**11. Investment Properties**

	2013 £	2012 £
Valuation		
Second floor office premises, 21 Castle Street at 1 April 2012	150,000	150,000
Revaluation	-	-
Second floor office premises, 21 Castle Street at 31 March 2013	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 2013.

**12. Debtors**

	2013 £	2012 £
Trade debtors	-	13,000
Sundry debtors	7,201	1,340
Prepayments	883	2,839
	8,084	17,179

**13. Creditors: amounts falling due within one year**

	2013 £	2012 £
Accruals and sundry creditors	7,071	13,153
Social security and other taxes	2,117	2,566
Deferred income	2,200	2,200
	11,388	17,919

**BIRTHLINK**  
(a company limited by guarantee)

NOTES to the FINANCIAL STATEMENTS (cont'd)

**For the Year Ended 31 March 2013**

**14. Analysis of Funds**

	Balance at 1 April 2012 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 March 2013 £
<b>Restricted funds</b>					
BirthLink	2,389	136,517	136,099	-	2,807
Care Connect	-	28,415	27,418	-	997
Lloyds TSB Equipment	758	-	758	-	-
<b>Total restricted funds</b>	<b>3,147</b>	<b>164,932</b>	<b>164,275</b>	<b>-</b>	<b>3,804</b>
<b>Unrestricted funds</b>					
General funds	95,240	86,508	45,377	-	136,371
Designated funds:- Heritable property	581,891	-	-	-	581,891
<b>Total Funds</b>	<b>680,278</b>	<b>251,744</b>	<b>209,134</b>	<b>-</b>	<b>722,066</b>

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	-	102,262	136,371
Restricted funds	-	-	3,804	3,804
Designated funds	431,891	150,000	-	581,891
<b>Total Funds</b>	<b>466,000</b>	<b>150,000</b>	<b>106,066</b>	<b>722,066</b>

**16. Lease Commitments**

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

	2013 £	2012 £
<b>Equipment:</b>		
Expiring less than one year	821	897
Expiring between one and five years	3,284	-
<b>Land and Buildings:</b>		
Expiring less than one year	-	-
Expiring between one and five years	-	-

**BIRTHLINK**  
(a company limited by guarantee)

**NOTES to the FINANCIAL STATEMENTS** (cont'd)

**For the Year Ended 31 March 2013**

## **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 £1,599 (2012: £1,599) and there were £568 (2012: £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 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%.

**BIRTHLINK**  
(a company limited by guarantee)

**NOTES to the FINANCIAL STATEMENTS** (cont'd)

**For the Year Ended 31 March 2013**

**17. Pensions** (cont'd)

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
- Rate of price inflation	2.9

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 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

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.

**BIRTHLINK**  
**(a company limited by guarantee)**

**NOTES to the FINANCIAL STATEMENTS (cont'd)**

**For the Year Ended 31 March 2013**

**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 2012. As of this date, the estimated employer debt for Birthlink was £200,986 including Series 3 liabilities or £270,692 excluding Series 3 liabilities.

**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 £722,066 of which its free reserves amounted to £136,137.

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.