

BIRTHLINK
(a company limited by guarantee)
FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

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(A company limited by guarantee)

FINANCIAL STATEMENTS

For the Year Ended 31 March 2016

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REFERENCE AND ADMINISTRATIVE DETAILS

For the Year Ended 31 March 2016

Board of Directors

Mr Andrew Gibb (Chairperson)
Sheriff Richard J D Scott
Ms Catherine MacNab (resigned 4 November 2015)
Mrs Aileen Nimmo
Mr Robert Stobart
Mr Ian Todd
Ms Alison Wild
Ms Geraldine Gallagher
Mr Angus McIntyre
Mr Alasdair MacDonald (appointed 3 December 2015)
Ms Valerie Clarke (appointed 2 December 2015)

Secretary

Ms Aileen Nimmo

Auditor

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

Bankers

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

Solicitors

Murray Beith Murray WS
3 Glenfinlas Street
Edinburgh
EH3 6AQ

Registered Office

21 Castle Street
Edinburgh
EH2 3DN

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2016

The Board of Directors has pleasure in presenting its annual report and financial statements for the year to 31 March 2016 and confirm compliance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014 and the charity's trust deed.

Objectives and activities

Birthlink (formerly Family Care) has been in existence since 1911. The charitable company was incorporated on 26 May 1982 as a company limited by guarantee. The charitable 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 charitable 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 2016 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.
- 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.

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2016

Achievements, performance and future plans (continued)

In the course of 2015-2016 Birthlink had the benefit of financial support from the Scottish Government, principally in relation to the Adoption Contact Register, the City of Edinburgh Council in relation to Care Connect and a majority of Scotland's Local Authorities, principally in relation to the After Adoption Information Line (AAIL) with its link to other services, e.g. Search and Mediation. There is an ongoing review in Local Authority contributions as these are challenging times for Local Authorities.

Birthlink remains committed to three strategic objectives, namely:

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

The ACR links were 32 in 2015 a very pleasing increase. The number of AAIL enquiries is fairly static at just over 1,000, again a very creditable out turn. Birthlink also upgraded and improved the online website presence during 2015 - 2016 and this has generated an increase in registrations and as a result an increase in links. The website continues to be well used.

During the year Birthlink was fortunate to secure significant press publicity as we continued to publish regular adoption related articles in the Scotsman. We also had an article published in The Daily Record featuring the story of 2 brothers re-united after 50 years who also kindly spoke of their experiences on Radio Scotland to help promote Birthlink's work. We also had an article in the Herald and another on sibling re-unions in the Daily Record

The Board is very grateful to the staff led by Kate McDougall; to Office & Business Manager, Audrey Darling and to all the shop staff under overall Shop Manager Neil Gascoyne. Birthlink is fortunate to be able to call on Dr Gary Clapton to prepare publications and newspaper articles, and his contribution is invaluable.

This year the Office and Shop premises have been greatly improved with a much needed facelift and we have also managed to provide new computer equipment for all Office staff. A new management structure was introduced to the Thrift Shops and Neil Gascoyne became the Thrift Shop Manager. This year two of our Search Volunteers retired and we wish them both well. We have since recruited a new Search Volunteer to join the group.

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2016

Financial review

The overall deficit for the year is £5,161 (2015: surplus £16,022) as stated in the Statement of Financial Activities. The general unrestricted surplus before transfers for the year was £17,026 (2015: £32,270).

Investment policy

The cash reserves of the organisation are held in interest bearing accounts. The Directors keep this arrangement under regular review and pay particular attention to the requirement to ensure that sufficient liquidity is maintained to enable the organisation to manage its commitments.

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 2015 were £171,448. The nature and purpose of the various funds of the charity are set out in note 2 to the financial statements.

Principal risks and uncertainties

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

The principal risks and uncertainties affecting the charity relate to the financial and operational sustainability of the charity and include ongoing funding from the public sector, the risk of fraud, the pension scheme, key staff and maintaining sustainable income streams. The Directors review these risks and consider potential for other risks in a Risk Assessment process in Board Meetings and take mitigating actions as appropriate.

Guarantee

Each member of the charitable 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 2015 there were 20 members.

Structure, governance and management

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

Mr Andrew Gibb (Chairperson)
Sheriff Richard J D Scott
Ms Catherine MacNab (resigned 4 November 2015)
Mrs Aileen Nimmo
Mr Robert Stobart
Mr Ian Todd
Ms Alison Wild
Ms Geraldine Gallagher
Mr Angus McIntyre
Mr Alasdair MacDonald (appointed 3 December 2015)
Ms Valerie Clarke (appointed 2 December 2015)

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2016

Structure, governance and management (continued)

The Chairman and Secretary of the charitable company are appointed in terms of provisions within the charitable company's Articles of Association. One Director acts as Finance Director. Two Directors have been appointed to act as liaison with the thrift shops and the management has been restructured of the thrift shops. Board members receive induction and training as and when required.

Key management personnel and remuneration policy

The Directors consider the Board of Directors, who are also the trustees, and the members of staff to comprise the key management personnel of the charity as they are in charge of directing and controlling, running and operating the charity on a day to day basis. All Directors give of their time freely and no Director received remuneration nor expenses in the year.

The remuneration of members of staff is set in comparison to social care benchmarks.

Grading and Salary Scales

Salary Scales

Birthlink currently applies the salary scales negotiated by National Joint Council for Local Authorities' Service (Scottish Councils) for Administrative, Professional, Technical and Clerical Staff. In the event of any increase being agreed by the National Joint Council, Birthlink will not be bound to implement any such increase but will endeavour to do so, providing this is permitted by Birthlink's financial circumstances at the time. If changes occur in the structure of National Joint Council Scales and related procedures, Birthlink will give due consideration to the introduction of these, subject always to its financial circumstances and to the need to avoid anomalies.

Application of Salary Scales

a) On Entry

Salary placing will be made on appropriate scale at such point as is decided by the Board of Directors. Due regard will be given to age, experience, qualifications, salary in previous employment and, where appropriate, the salaries paid to existing staff members holding similar appointments.

b) Part-time Staff

Salary placing on entry for part-time staff will be pro-rata to full time placing calculated with reference to the criteria contained in paragraph (a).

c) On Promotion or Re-grading

On promotion or on re-grading of an existing post, an employee shall be placed on the first point on the new grade which will ensure an increase in remuneration of at least an amount equal to the smallest increment on the new grade.

d) Increments

Annual increments shall be granted as from the beginning of Birthlink's financial year (1st April), provided the employee has had not less than 6 months' service in the grade.

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2016

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 2015 (FRSSE);
- 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 of Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

In so far as the Directors are aware:

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

The Directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD

Aileen A Nimmo

Aileen Nimmo
Director
4/11 2016

**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 2016 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of Directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 6, 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

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS

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



Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Malcolm Beveridge

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

15 November 2016

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

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STATEMENT of FINANCIAL ACTIVITIES

For the Year Ended 31 March 2016

	Notes	Designated Funds £	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and legacies		-	3,746	5,573	9,319	9,422
Charitable activities		-	-	163,582	163,582	160,747
Other trading activities		-	73,133	-	73,133	72,653
Investment income		-	1,505	-	1,505	1,306
Total income	3	-	78,384	169,155	247,539	244,128
Expenditure on:						
Raising funds	4	-	56,096	-	56,096	40,184
Charitable activities	5	-	5,262	191,342	196,604	187,922
Total expenditure		-	61,358	191,342	252,700	228,106
Net income/(expenditure) and net movement in funds before transfers						
		-	17,026	(22,187)	(5,161)	16,022
Transfers between funds		-	(22,187)	22,187	-	-
Net (expenditure)/income and net movement in funds for the year						
	9	-	(5,161)	-	(5,161)	16,022
Reconciliation of funds						
Total funds brought forward		581,891	176,609	-	758,500	742,478
Total funds carried forward	14	581,891	171,448	-	753,339	758,500

All activities related to continuing activities.

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

The notes on pages 11 to 22 form part of these financial statements

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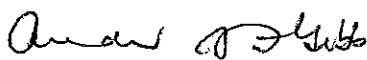
BALANCE SHEET

As at 31 March 2016

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	10		470,520		468,194
Investment properties	11		150,000		150,000
			<u>620,520</u>		<u>618,194</u>
Current assets					
Debtors	12	11,300		7,613	
Cash at bank and in hand		147,594		143,606	
			<u>158,894</u>	<u>151,219</u>	
Creditors: amounts falling due within one year	13	<u>(26,075)</u>		<u>(10,913)</u>	
Net current assets			<u>132,819</u>		<u>140,306</u>
Total assets less current liabilities			<u><u>753,339</u></u>		<u><u>758,500</u></u>
Reserves					
Restricted funds	14		-		-
Unrestricted funds	14		171,448		176,609
Designated funds	14		581,891		581,891
	15		<u>753,339</u>		<u>758,500</u>

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements have been approved by the Board of Directors on *2 November* 2016.



A Gibb, Chair

Company Number: SC078854

The notes on pages 11 to 22 form part of these financial statements

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NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 March 2016

1. Company Information

Birthlink is a company limited by guarantee incorporated and domiciled in Scotland with registered company number SC078854. The registered office is 21 Castle Street, Edinburgh, EH2 2YR. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the charitable company.

2. 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014, the Financial Reporting Standard for Smaller Entities (effective January 2015) (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Birthlink meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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 102 requires all tangible fixed assets to be depreciated over their useful economic life, taking account of any residual value of the assets. The charitable company adopted a policy of revaluing their heritable property with a valuation being carried out during the year to 31 March 2011. The charitable 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 exceeds the carrying value in the financial statements.

Legacies

Legacies are recorded in the financial statements when they are receivable, which is when the charitable 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 irrecoverable 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 raising funds relate to costs incurred in the running of the thrift shops.

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2016

2. Accounting Policies *(continued)*

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). Included within support costs are governance costs, which 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.

VAT

The charitable 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 in which they are receivable, which is when the charity becomes entitled to the resource and the amount can be quantified with reasonable certainty, and they are allocated to restricted or unrestricted funds as appropriate. Capital grants are recognised in the year in which they are receivable, which is when the charity becomes entitled to the resource and the amount can be quantified with reasonable certainty, and are treated as restricted funds with depreciation on such assets charged directly to the restricted fund in the Statement of Financial Activities.

Pension costs

The charitable 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 charitable company. The pension charge is based on contributions payable, which are calculated on the basis of actuarial advice.

Investment property

The charitable company classifies land and buildings as investment property when it is held to earn rentals or for capital appreciation, or both. Investment properties are initially measured at cost which comprises the purchase price and any directly attributable expenditure.

Investment properties are subsequently remeasured to fair value with revaluations being carried out by a professional qualified valuer on a regular basis.

The Companies Act requires all properties to be depreciated. 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. 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.

Impairment of assets

At each reporting date the charitable company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of the fair value less costs to sell, and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

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.

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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2016

2. Accounting Policies (continued)

Restricted funds

Birthlink

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

Care Connect

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

Unrestricted funds

Heritable Property Fund

This designated fund represents the increase in value over cost of the heritable and investment property of the charitable 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.

Debtors

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

Cash at bank and in hand

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

Creditors

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

Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2016

3. Income analysis		2016	2015
		£	£
Donations and legacies			
Fees and donations		9,319	9,422
		<hr/>	<hr/>
Other trading activities			
Thrift shops		63,471	63,350
Commercial activity		862	121
Rental income		8,800	9,092
Insurance claims		-	90
		<hr/>	<hr/>
		73,133	72,653
		<hr/>	<hr/>
Investment income			
Bank interest		1,505	1,306
		<hr/>	<hr/>
Charitable activities			
Scottish Government grant		55,000	55,000
Birthlink local authority contributions		53,760	51,758
City of Edinburgh Council Care Connect grant		36,788	36,788
Birthlink fees		18,034	17,201
		<hr/>	<hr/>
		163,582	160,747
		<hr/>	<hr/>
Total incoming resources		<u>247,539</u>	<u>244,128</u>
		<hr/>	<hr/>
4. Costs of raising funds	<u>Unrestricted</u>		
	Thrift	2016	2015
	Shop	Total	Total
	£	£	£
Costs of goods sold and other costs			
Wages and salaries	45,739	45,739	34,561
Employer's National Insurance	1,400	1,400	736
Support costs (Note 6)	8,957	8,957	4,887
	<hr/>	<hr/>	<hr/>
	56,096	56,096	40,184
	<hr/>	<hr/>	<hr/>

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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2016

5. Charitable activities	<u>Restricted Funds</u>			Unrestricted Funds	2016 Total	2015 Total
	Birth Link	Care Connect				
	£	£	£	£	£	£
Wages and salaries	98,289	24,572	-	122,861	120,290	
Employers' NI	6,449	1,612	-	8,061	7,056	
Employers' pension costs	14,196	3,549	-	17,745	18,392	
Sessional costs	-	-	-	-	20	
Training	851	213	-	1,064	370	
Travel	192	48	-	240	408	
Marketing	-	-	-	-	1,440	
Search fees	1,740	435	-	2,175	1,842	
Advertising	298	75	-	373	756	
Subsistence	-	-	-	-	4	
Recruitment	240	60	-	300	250	
Support costs (Note 6)	30,818	7,705	5,262	43,785	37,094	
	<u>153,073</u>	<u>38,269</u>	<u>5,262</u>	<u>196,604</u>	<u>187,922</u>	

6. Support costs

	<u>Charitable Activities</u>		<u>Cost of Raising Funds</u>		2016 Total	2015 Total
	Restricted	Unrestricted	Unrestricted			
	Birth Link	Care Connect	Governance Costs	Thrift Shop	£	£
	£	£	£	£	£	£
Rates	1,743	436	-	2,266	4,445	3,723
Insurance	2,151	538	-	-	2,689	2,654
Heat and light	1,534	384	-	1,584	3,502	1,112
Buildings maintenance	288	72	-	-	360	1,136
Cleaning	196	49	-	134	379	303
Stationery and postage	1,858	465	-	62	2,385	2,491
Printing	315	79	-	1	395	1,865
Telephone	1,529	382	-	243	2,154	2,642
Leases	1,295	324	-	-	1,619	1,533
Equipment maintenance and repairs	4,008	1,002	-	4,662	9,672	2,848
Computer and software	3,024	756	-	-	3,780	3,342
Miscellaneous	972	243	-	5	1,220	446
Accountancy	3,225	806	-	-	4,031	3,786
Professional Memberships	577	144	-	-	721	-
Consultancy	1,600	400	-	-	2,000	5,735
Professional fees	1,525	381	-	-	1,906	506
Subscriptions and literature	3,503	876	-	-	4,379	1,018
Depreciation	586	146	-	-	732	732
Meeting expenses	240	60	-	-	300	496
Bad debt write off	649	162	-	-	811	-
Audit fee	-	-	5,230	-	5,230	5,313
Bank charges	-	-	32	-	32	300
	<u>30,818</u>	<u>7,705</u>	<u>5,262</u>	<u>8,957</u>	<u>52,742</u>	<u>41,981</u>

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2016

7. Taxation

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

8. Staff numbers and costs

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

	2016	2015
	No.	No.
Administration	2	2
Social workers	4	4
Thrift shop	4	4
	<u>10</u>	<u>10</u>

The total salary costs were as follows:-

	2016	2015
	£	£
Salaries and wages	168,600	154,851
Social security costs	9,461	7,792
Pension costs	17,745	18,412
	<u>195,806</u>	<u>181,055</u>

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

The charitable company is indebted to numerous volunteers who have assisted during the year and without whose support, the charitable 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

	2016	2015
	£	£
Operating leases	821	821
Auditor – audit fee	5,230	5,313
Depreciation	732	732
	<u>6,783</u>	<u>6,866</u>

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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2016

10. Tangible fixed assets

	Heritable Property £	Furniture & Fittings £	Computer Equipment £	Total £
Cost or valuation				
At 1 April 2015	465,000	1,000	3,658	469,658
Additions	-	-	3,058	3,058
Disposals	-	-	-	-
	<u>465,000</u>	<u>1,000</u>	<u>6,716</u>	<u>472,716</u>
At 31 March 2016				
Depreciation				
At 1 April 2015	-	-	1,464	1,464
Charge for year	-	-	732	732
Disposals	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,196</u>	<u>2,196</u>
At 31 March 2016				
Net Book Value				
At 31 March 2016	<u>465,000</u>	<u>1,000</u>	<u>4,520</u>	<u>470,520</u>
At 31 March 2015	<u>465,000</u>	<u>1,000</u>	<u>2,194</u>	<u>468,194</u>

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 2016. The historic cost of the combined heritable and investment property is £33,109 (2015: £33,109).

11. Investment properties

	2016 £	2015 £
Valuation		
Second floor office premises, 21 Castle Street at 1 April 2015	150,000	150,000
Revaluation	-	-
	<u>150,000</u>	<u>150,000</u>
Second floor office premises, 21 Castle Street at 31 March 2016		
	<u>150,000</u>	<u>150,000</u>

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 2016.

12. Debtors

	2016 £	2015 £
Trade debtors	2,889	-
Sundry debtors	1,007	1,969
Prepayments	7,404	5,644
	<u>11,300</u>	<u>7,613</u>

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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2016

13. Creditors: amounts falling due within one year	2016	2015
	£	£
Accruals and sundry creditors	18,544	9,446
Social security and other taxes	755	-
Deferred income	6,776	1,467
	<u>26,075</u>	<u>10,913</u>

14. Analysis of funds

	Balance at 1 April 2015	Incoming Resources	Outgoing Resources	Transfers	Balance at 31 March 2016
	£	£	£	£	£
Restricted funds					
BirthLink	-	132,367	153,073	20,706	-
Care Connect	-	36,788	38,269	1,481	-
Total restricted funds	<u>-</u>	<u>169,155</u>	<u>191,342</u>	<u>22,187</u>	<u>-</u>
Unrestricted funds					
General funds	176,609	78,384	61,358	(22,187)	171,448
Designated funds:- Heritable property	581,891	-	-	-	581,891
Total Funds	<u>758,500</u>	<u>247,539</u>	<u>252,700</u>	<u>-</u>	<u>753,339</u>

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

15. Analysis of net assets between funds

	Tangible Fixed Assets	Invest- ment Properties	Net Current Assets	Total
	£	£	£	£
Unrestricted funds	38,629	-	132,819	171,448
Restricted funds	-	-	-	-
Designated funds	431,891	150,000	-	581,891
Total Funds	<u>470,520</u>	<u>150,000</u>	<u>132,819</u>	<u>753,339</u>

16. Lease commitments

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

	2016	2015
	£	£
Equipment:		
Expiring less than one year	-	-
Expiring between one and five years	821	821
	<u>821</u>	<u>821</u>

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2016

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 £17,745 (2015: £18,412) and there were £nil (2015: £nil) of outstanding contributions as at the balance sheet date.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m.

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2016

17. Pensions *(continued)*

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).

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.

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

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

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2015 the total deficit calculated on the buy-out basis was £206.9m.

Birthlink has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2015. As of this date, the estimated employer debt for Birthlink was £179,221.

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2016

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 £753,339 of which its free reserves amounted to £171,448.

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

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

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

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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2016

18. Prior year Statement of Financial Activities

	Designated Funds £	Unrestricted Funds £	Restricted Funds £	Total 2015 £
Income and endowments from:				
Donations and legacies	-	4,108	5,314	9,422
Charitable activities	-	-	160,747	160,747
Other trading activities	-	72,653	-	72,653
Investment income	-	1,306	-	1,306
Total income	-	78,067	166,061	244,128
Expenditure on:				
Raising funds	-	40,184	-	40,184
Charitable activities	-	5,613	182,309	187,922
Total expenditure	-	45,797	182,309	228,106
Net income/(expenditure) and net movement in funds before transfers	-	32,270	(16,248)	16,022
Transfers between funds	-	(16,248)	16,248	-
Net income and net movement in funds for the year	-	16,022	-	16,022
Reconciliation of funds				
Total funds brought forward	581,891	160,587	-	742,478
Total funds carried forward	581,891	176,609	-	758,500