

BIRTHLINK
(a company limited by guarantee)
FINANCIAL STATEMENTS
For the Year Ended 31 March 2017

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(A company limited by guarantee)

FINANCIAL STATEMENTS

For the Year Ended 31 March 2017

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BIRTHLINK
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REFERENCE AND ADMINISTRATIVE DETAILS

For the Year Ended 31 March 2017

Board of Directors

Mr Andrew Gibb (Chairperson)
Sheriff Richard J D Scott (resigned 27th November 2016)
Mr Robert Stobart
Mr Ian Todd
Ms Alison Wild
Ms Geraldine Gallagher
Mr Angus McIntyre
Mr Alasdair MacDonald
Ms Valerie Clarke
Mrs Aileen Nimmo (resigned 6th January 2017)

Secretary

Ms Valerie A Clarke (appointed 6 January 2017)

Independent Examiner

Chiene + Tait LLP
Chartered Accountants and Independent Examiner
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Bank of Scotland
75 George Street
Edinburgh
EH2 3EW

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 2017

The Board of Directors has pleasure in presenting its annual report and financial statements for the year to 31 March 2017 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 applicable in the United Kingdom and Republic of Ireland (FRS 102) 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 2017 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: City of Edinburgh Council did not, during the year, renew our contract beyond 31 March 2017. This was due, among other things, to the requirement to make financial savings on their part. The loss of revenue has had a significant impact on our financial position. The Board continues to monitor this carefully and along with the staff are doing everything possible to source other areas of income. This is not helped by the continuing pressure on local authority budgets.
- 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 2017

Achievements, performance and future plans (continued)

In the course of 2016-2017 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 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 24 in 2016, a slight decrease from last year but in line with previous years. The number of AAIL enquires is fairly static at just under 1,000, a very commendable number and Birthlink Adoption Contact Register website continues to be widely used.

During the year Birthlink was fortunate to secure significant press publicity as we continue to publish regular adoption related articles in the Scotsman. We also had articles published in several newspapers about a family reunited by the ACR who also took part in a Radio Scotland interview. Birthlink also obtained significant TV exposure in an ITV documentary entitled 'Britain's Adoption Scandal: Breaking the Silence.'

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.

Our search volunteers continue to be an essential part of our organisation and we thank them for their services. Also many thanks to all staff and volunteers throughout the organisation.

Financial review

The overall deficit for the year is £21,967 (2016: deficit £18,161) as stated in the Statement of Financial Activities. The general unrestricted surplus before transfers for the year was £16,250 (2016: deficit £11,974).

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 2017 were £5,481. As the unrestricted funds of the charity are now considered to be less than 3 months' expenditure, due to the pension deficit now being shown in the accounts, the Board is considering the options in order to restore this position. The nature and purpose of the various funds of the charity are set out in note 2 to the financial statements.

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2017

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 2017 there were 25 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 Scott (resigned 27th November 2016)
Mrs Aileen Nimmo (resigned 6th January 2017)
Mr Robert Stobart
Mr Ian Todd
Ms Alison Wild
Ms Geraldine Gallagher
Mr Angus McIntyre
Mr Alasdair MacDonald
Ms Valerie Clarke

The Chairperson 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. Board members receive induction and training as and when required.

Key management personnel and remuneration policy

All Directors give of their time freely and no Director received remuneration nor expenses in the year. Key management personnel is Birthlink Co-ordinator Kate McDougall.

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.

BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2017

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.

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 (FRS 102);
- 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.

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BOARD OF DIRECTORS' REPORT

For the Year Ended 31 March 2017

Statement of Board of Directors' responsibilities (continued)

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



R.A.G Stobart
Director

25th October 2017

INDEPENDENT EXAMINER'S REPORT TO THE DIRECTORS

AND MEMBERS OF BIRTHLINK (a company limited by guarantee)

I report on the financial statements of Birthlink for the year ended 31 March 2017, which are set out on pages 8 to 22.

This report is made to the Trustees of Birthlink, as a body, in accordance with the terms of my engagement. My work has been undertaken to enable me to prepare the financial statements on behalf of the Trustees and to report my opinion as set out below and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Trustees of Birthlink, as a body, for my work or for this report.

Respective responsibilities of Trustees and independent examiner

The charity's Trustees (who are also the Directors of the company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 (the Act) and the Charities Accounts (Scotland) Regulations 2006 (as amended) (the Regulations). The charity Trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Regulations does not apply. It is my responsibility to examine the financial statements as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

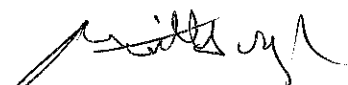
Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1)(a) of the Act and Regulation 4 of the Regulations, and
 - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the Regulationshave not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Jeremy Chittleburgh BSc CA
For and on behalf of
CHIENE + TAIT LLP
Chartered Accountants and Independent Examiner
61 Dublin Street
Edinburgh EH3 6NL

26/10/2017

BIRTHLINK
(a company limited by guarantee)

STATEMENT of FINANCIAL ACTIVITIES (Including income and expenditure account)

For the Year Ended 31 March 2017

	Notes	Designated Funds £	Un- restricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £ (restated)
Income and endowments from:						
Donations and legacies		-	4,588	5,820	10,408	9,319
Charitable activities		-	-	161,798	161,798	163,582
Other trading activities		-	76,967	-	76,967	73,133
Investment income		-	390	-	390	1,505
Total income	3	-	81,945	167,618	249,563	247,539
Expenditure on:						
Raising funds	4	-	53,855	-	53,855	56,096
Charitable activities	5	-	3,840	205,835	209,675	180,604
Other expenditure	18	-	8,000	-	8,000	29,000
Total expenditure		-	65,695	205,835	271,530	265,700
Net income/(expenditure) and net movement in funds before transfers						
		-	16,250	(38,217)	(21,967)	(18,161)
Transfers between funds		-	(38,217)	38,217	-	-
Net (expenditure)/income and net movement in funds for the year						
		-	(21,967)	-	(21,967)	(18,161)
Reconciliation of funds						
Total funds brought forward		581,891	27,448	-	609,339	627,500
Total funds carried forward	15	581,891	5,481	-	587,372	609,339

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 10 to 22 form part of these financial statements

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BALANCE SHEET

As at 31 March 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	11		469,177		470,520
Investment properties	12		150,000		150,000
			<u>619,177</u>		<u>620,520</u>
Current assets					
Debtors	13	6,557		11,300	
Cash at bank and in hand		104,525		147,594	
			<u>111,082</u>	<u>158,894</u>	
Creditors: amounts falling due within one year	14	(5,887)		(26,075)	
			<u>105,195</u>		<u>132,819</u>
Net current assets			<u>724,372</u>		<u>753,339</u>
Total assets less current liabilities					
Pension liabilities: amounts falling due after more than one year	18		137,000		144,000
			<u>587,372</u>		<u>609,339</u>
Net assets			<u>587,372</u>		<u>609,339</u>
Reserves					
Restricted funds	15		-		-
Unrestricted funds:					
General	15		142,481		171,448
Pension deficit reserve	15		(137,000)		(144,000)
Designated funds	15		581,891		581,891
	16		<u>587,372</u>		<u>609,339</u>

Audit exemption statement

For the year ended 31 March 2017 the company was entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006.

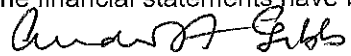
No notice has been deposited with the company under section 476 of the Companies Act 2006 requiring an audit to be carried out.

The directors acknowledge their responsibilities for

- Ensuring the company keeps accounting records in accordance with sections 386 and 387 of the Companies Act 2006; and
- Preparing statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its surplus for that financial year in accordance with the requirements of sections 394 and 395 of the Companies Act 2006.

These 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 applicable in the United Kingdom and Republic of Ireland (FRS 102).

The financial statements have been approved by the Board of Directors on 25 October 2017.



A Gibb, Chair
Company Number: SC078854

The notes on pages 10 to 22 form part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 March 2017

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 the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

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).

Transition to FRS 102

The date of transition is 1 April 2015, with the financial statements for the year ended 31 March 2016 being the last prepared under the old UK GAAP.

A detail of how the transition has affected the reported financial position and financial performance is given in note 20.

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.

2. Accounting Policies *(continued)*

Shop income

Shop income is recorded in the financial statements when it becomes probable that the charity is entitled to the income and the amount can be measured reliably.

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.

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 in line with the actuarial valuations in note 18, ensuring that the present value of the provision for future commitments is correct.

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.

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.

NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2017

2. Accounting Policies (continued)

Operating lease agreement

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged as an expense over the lease term on a straight-line basis.

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 2017

3. Income analysis	2017	2016
	£	£
Donations and legacies		
Fees and donations	10,408	9,319
	<hr/>	<hr/>
Other trading activities		
Thrift shops	65,696	63,471
Commercial activity	2,471	862
Rental income	8,800	8,800
	<hr/>	<hr/>
	76,967	73,133
	<hr/>	<hr/>
Investment income		
Bank interest	390	1,505
	<hr/>	<hr/>
Charitable activities		
Scottish Government grant	55,000	55,000
Birthlink local authority contributions	51,870	53,760
City of Edinburgh Council Care Connect grant	36,788	36,788
Birthlink fees	18,140	18,034
	<hr/>	<hr/>
	161,798	163,582
	<hr/>	<hr/>
Total incoming resources	249,563	247,539
	<hr/> <hr/>	<hr/> <hr/>

4. Costs of raising funds	<u>Unrestricted</u>	2017	2016
	Thrift Shop	Total	Total
	£	£	£
Costs of goods sold and other costs			
Wages and salaries	47,036	47,036	45,739
Employer's National Insurance	1,683	1,683	1,400
Support costs (Note 6)	5,136	5,136	8,957
	<hr/>	<hr/>	<hr/>
	53,855	53,855	56,096
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BIRTHLINK
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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2017

5. Charitable activities	<u>Restricted Funds</u>			2017 Total £	2016 Total £
	Birth Link £	Care Connect £	Unrestricted Funds £		
Wages and salaries	110,615	27,654	-	138,269	122,861
Employers' NI	6,370	1,592	-	7,962	8,061
Employers' pension costs	6,355	1,589	-	7,944	1,745
Training	288	72	-	360	1,064
Travel	284	71	-	355	240
Entertainment	35	9	-	44	-
Search fees	1,983	496	-	2,479	2,175
Advertising	3,914	978	-	4,892	373
Charity shop	36	9	-	45	-
Recruitment	-	-	-	-	300
Support costs (Note 6)	34,788	8,697	3,840	47,325	43,785
	<u>164,668</u>	<u>41,167</u>	<u>3,840</u>	<u>209,675</u>	<u>180,604</u>

6. Support costs	<u>Cost of</u>				2017 Total £	2016 Total £
	<u>Charitable Activities</u>		<u>Raising Funds</u>			
	<u>Restricted</u>	<u>Unrestricted</u>				
Birth Link £	Care Connect £	Governance Costs £	Thrift Shop £			
Rates	2,016	504	-	1,903	4,423	4,445
Insurance	2,318	579	-	-	2,897	2,689
Heat and light	1,388	347	-	1,213	2,948	3,502
Buildings maintenance	613	153	-	-	766	360
Cleaning	246	61	-	254	561	379
Stationery and postage	1,463	366	-	265	2,094	2,385
Printing	285	71	-	11	367	395
Telephone	1,355	339	-	423	2,117	2,154
Leases	1,381	345	-	-	1,726	1,619
Equipment maintenance and repairs	6,981	1,745	-	980	9,706	9,672
Computer and software	4,030	1,008	-	-	5,038	3,780
Miscellaneous	1,096	275	-	87	1,458	1,220
Accountancy	3,958	989	-	-	4,947	4,031
Professional Memberships	428	107	-	-	535	721
Consultancy	2,010	503	-	-	2,513	2,000
Professional fees	1,330	333	-	-	1,663	1,906
Subscriptions and literature	1,766	441	-	-	2,207	4,379
Depreciation	1,074	269	-	-	1,343	732
Meeting expenses	232	58	-	-	290	300
Bad debt write off	818	204	-	-	1,022	811
Audit fee	-	-	-	-	-	5,230
Independent examination	-	-	3,840	-	3,840	-
Bank charges	-	-	-	-	-	32
	<u>34,788</u>	<u>8,697</u>	<u>3,840</u>	<u>5,136</u>	<u>52,461</u>	<u>52,742</u>

NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2017

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:-

	2017	2016
	No.	No.
Administration	2	2
Social workers	2	4
Thrift shop	6	4
	<u>10</u>	<u>10</u>

	2017	2016
	£	£
The total salary costs were as follows:-		
Salaries and wages	185,305	168,600
Social security costs	9,645	9,461
Pension costs	7,944	1,745
	<u>202,894</u>	<u>179,806</u>

9. Related party transactions and Trustee remuneration

No employee received emoluments over £60,000. No remuneration is paid to any Director and no Director received reimbursement of expenses. The total remuneration paid to Key management personnel for the year was £35,680 (2016: £38,056).

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.

10. Operating surplus is stated after charging	2017	2016
	£	£
Operating leases	821	821
Independent examination fee	3,000	-
Audit fee	-	5,230
Depreciation	1,343	732
	<u>5,164</u>	<u>6,783</u>

BIRTHLINK
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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2017

11. Tangible fixed assets

	Heritable Property £	Furniture & Fittings £	Computer Equipment £	Total £
Cost or valuation				
At 1 April 2016 and as at 31 March 2017	465,000	1,000	6,716	472,716
Depreciation				
At 1 April 2016 /	-	-	2,196	2,196
Charge for year	-	-	1,343	1,343
At 31 March 2017	-	-	3,539	3,539
Net Book Value				
At 31 March 2017	465,000	1,000	3,177	469,177
At 31 March 2016	465,000	1,000	4,520	470,520

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 2017. The historic cost of the combined heritable and investment property is £33,109 (2016: £33,109).

12. Investment properties

	2017 £	2016 £
Valuation		
Second floor office premises, 21 Castle Street at 1 April 2016 and at 31 March 2017	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 2017.

13. Debtors

	2017 £	2016 £
Trade debtors	549	2,889
Sundry debtors	1,235	1,007
Prepayments	4,773	7,404
	<u>6,557</u>	<u>11,300</u>

BIRTHLINK
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NOTES to the FINANCIAL STATEMENTS (continued)

For the Year Ended 31 March 2017

14. Creditors: amounts falling due within one year	2017	2016
	£	£
Accruals and sundry creditors	4,425	18,544
Social security and other taxes	(5)	755
Deferred income	1,467	6,776
	<u>5,887</u>	<u>26,075</u>

15. Analysis of funds

	Balance at 1 April 2016	Incoming Resources	Outgoing Resources	Transfers	Balance at 31 March 2017
	£	£	£	£	£
Restricted funds					
BirthLink	-	130,830	(164,668)	33,838	-
Care Connect	-	36,788	(41,167)	4,379	-
Total restricted funds	<u>-</u>	<u>167,618</u>	<u>(205,835)</u>	<u>38,217</u>	<u>-</u>
Unrestricted funds					
General funds	171,448	81,945	(57,695)	(53,217)	142,481
Pension deficit reserve	(144,000)		(8,000)	15,000	(137,000)
Designated funds:-					
Heritable property	581,891	-	-	-	581,891
Total Funds	<u>609,339</u>	<u>249,563</u>	<u>(271,530)</u>	<u>-</u>	<u>587,372</u>

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

16. Analysis of net assets between funds

	Tangible Fixed Assets	Invest- ment Properties	Net Current Assets	Long term Liabilities	Total
	£	£	£	£	£
Unrestricted funds	37,286	-	105,195	(137,000)	5,481
Designated funds	431,891	150,000	-	-	581,891
Total Funds	<u>469,177</u>	<u>150,000</u>	<u>105,195</u>	<u>(137,000)</u>	<u>587,372</u>

17. Lease commitments

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

	2017	2016
	£	£
Equipment:		
Expiring less than one year	821	821
Expiring between one and 2 years	547	1,368
	<u>821</u>	<u>1,368</u>

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2017

18. Pensions

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

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. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025: £12,945,440 per annum
(payable monthly and increasing by 3% each on 1 April)

From 1 April 2016 to 30 September 2028: £54,560 per annum
(payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

18. Pensions *(continued)*

PRESENT VALUES OF PROVISION

	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Present value of provision	137	144	131

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Provision at start of period	144	131
Unwinding of the discount factor (interest expense)	4	2
Deficit contribution paid	(15)	(16)
Remeasurements - impact of any change in assumptions	4	(2)
Remeasurements - amendments to the contribution schedule	-	29
Provision at end of period	137	144

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	1.32	2.07	1.74

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2017

18. Pensions *(continued)*

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Year 1	15	15	16
Year 2	16	15	16
Year 3	16	16	17
Year 4	17	16	17
Year 5	17	17	18
Year 6	18	17	18
Year 7	18	18	19
Year 8	19	18	20
Year 9	10	19	
Year 10		10	
Year 11			
Year 12			
Year 13			
Year 14			

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Interest expense	4	2
Remeasurements – impact of any change in assumptions	4	(2)
Remeasurements – amendments to the contribution schedule	-	29
Administration costs (included in deficit contributions)	*	*
Contributions paid in respect of future service*	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

For the Year Ended 31 March 2017

19. 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 £587,372 of which its free reserves amounted to £5,481.

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.

20. Transition to SORP 2015 and reconciliation with previous Generally Accepted Accounting Practice

This is the first year that Birthlink has presented its results under the Charity SORP FRS 102. The last financial statements under previous UK GAAP and the Charity SORP 2005 were for the year ended 31 March 2016. The date of transition to SORP FRS 102 was 1 April 2015. Set out below are the changes which reconcile surpluses for the financial year ended 31 March 2016 and the total reserves as at 1 April 2015 between previous UK GAAP as previously reported and the Charity SORP FRS 102.

Restated balance sheet	31 March 2016	1 April 2015
	£	£
Net assets as previously stated	753,339	758,500
Provision for Defined Benefit Pension Scheme	(144,000)	(131,000)
Restated net assets	<u>609,339</u>	<u>627,500</u>

Reconciliation of net incoming/outgoing resources	£
Net incoming resources as previously stated	(5,161)
Reallocation of return on pension scheme assets to re-measurements and actuarial losses	<u>(13,000)</u>
2016 net income as restated	<u>(18,161)</u>

BIRTHLINK
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NOTES to the FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 March 2017

21. Prior year Statement of Financial Activities

	Designated Funds	Un- restricted Funds	Restricted Funds	Total 2016 (restated)
Income and endowments from:				
Donations and legacies	-	3,746	5,573	9,319
Charitable activities	-	-	163,582	163,582
Other trading activities	-	73,133	-	73,133
Investment income	-	1,505	-	1,505
	<hr/>	<hr/>	<hr/>	<hr/>
Total income	-	78,384	169,155	247,539
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on:				
Raising funds	-	56,096	-	56,096
Charitable activities	-	5,262	175,342	180,604
Other expenditure	-	29,000	-	29,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	-	90,358	175,342	265,700
	<hr/>	<hr/>	<hr/>	<hr/>
Net income/(expenditure) and net movement in funds before transfers	-	(11,974)	(6,187)	(18,161)
Transfers between funds	-	(6,187)	6,187	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net income and net movement in funds for the year	-	(18,161)	-	(18,161)
	<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of funds				
Total funds brought forward	581,891	45,609	-	627,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward	581,891	27,448	-	609,339
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>