

FAMILY MEDIATION LOTHIAN
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2011

Charity Number: SC012815

Company Registration Number: SC110356



WHITELAW WELLS
Chartered Accountants & Registered Auditors
9 Ainslie Place
Edinburgh
EH3 6AT

FAMILY MEDIATION LoTHIAN
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2011

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FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS

for the year ended 31 March 2011

The board of directors, who are directors for the purpose of company law and trustees for the purpose of charity law, presents its report and the audited financial statements for the year ended 31 March 2011.

Reference and administrative information

The Board of Directors

Rachael Kelsey	Chairwoman from 27 September 2010
Deirdre Armstrong	Chairwoman to 27 September 2010 (resigned 27 September 2010)
James Fraser	Treasurer
William Henderson	
Peter Gillam	
Morag Wise	
Leigh Davidson	
Donald Muirhead	

Company secretary

Suzanne Dunne

Senior Management Team

Suzanne Dunne	Chief Executive
Kate Shirres	Services Manager

Registered Office and Operational Address

37 George Street
Edinburgh
EH2 2HN

Senior Statutory Auditor

David Main

Independent auditors

Whitelaw Wells
Chartered Accountants and Statutory Auditors
9 Ainslie Place
Edinburgh
EH3 6AT

Solicitors

Allan McDougall
3 Coates Crescent
Edinburgh
EH3 7AL

Bankers

Bank of Scotland
PO Box 10
38 St Andrew Square
Edinburgh EH2 2YR

FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2011

Structure, Governance and Management

Family Mediation Lothian (FML) is a registered charity, charity number SC12815, and a company limited by guarantee, company number SC110356, constituted under its Memorandum and Articles of Association.

The directors, as listed on page 1, are elected by members at the AGM and serve until the following AGM where they may be re-elected, subject to serving a maximum period in office of seven years. FML's Memorandum and Articles of Association provide for a minimum of four directors to a maximum of twelve directors.

At the quarterly directors' meetings, the directors agree the broad strategy and areas of activity for FML, including consideration of the progress made towards the achievement of annual Business Plan objectives and review of the charity's finances and its reserves and risk management policies and performance. Directors also serve on Finance and Policy, Development and External Relations and Fundraising Sub Committees of the Board.

The directors regularly review the skills requirements of the Board and actively pursue a programme of recruitment of trustees with appropriate qualifications and skills together with an interest in FML's work.

The induction process for any newly appointed director comprises initial meetings with the Chair of the Board, followed by a series of meetings with FML's Chief Executive and other key members of staff on issues related to the powers and responsibilities of the Board, the range of services provided by FML and wider issues impacting on the work of the charity. Directors receive copies of the Memorandum and Articles of Association, recent financial reports and accounts and board papers together with available guidance from the Office of the Scottish Charity Regulator and others about the role and functions of directors. A register of trustees' interests is kept updated.

FML is a member of Relationships Scotland, formerly known as Family Mediation Scotland (FMS), however, there are no financial links with this organisation. Relationships Scotland provides information on good practice and legislative matters, workforce development, research and funding opportunities and acts as a link to the Scottish Government and other national public bodies.

The directors delegate responsibility for the day to day management of the charity to the Chief Executive who is in turn supported by a team of eleven full and part time staff and thirty sessionally employed mediators and contact centre organisers. FML's work is also supported by a dedicated group of volunteers and whose assistance is greatly appreciated.

Objects of the Company

The objects for which the Company is established are to offer a range of services including family mediation, child contact and other relevant family support interventions to assist and support families through separation. In particular, the Company offers services to children and young people, parents, step-parents, grandparents, adoptive parents and others in the extended family circle who require support during family break up. The Company also aims to assist families to find amicable solutions to problems and issues raised by separation.

FAMILY MEDIATION LoTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2011

Activities of the Company

In furtherance of its objects the Company will carry out the following activities:-

- (a) help parents to agree and sustain arrangements designed to promote the well-being and health of their children, through family mediation where necessary;
- (b) provide safe, secure, friendly places where children can meet with their parents or other significant family members after separation;
- (c) provide support services for children and young people affected by family break up and separation;
- (d) promote the idea of counselling to individuals and couples experiencing relationship difficulties or family break-up;
- (e) work in partnership with local authorities, the legal sector and other voluntary and community organisations throughout the Lothian area to promote the above objects; and
- (f) provide a universal service which responds to the needs of all families and children, including those from areas where socio-economic factors such as poverty, health inequalities, poor housing and high unemployment have been identified.

Achievements and Performance

Family Mediation Lothian continues to be in a strong position as a service provider, with a marked increase in demand for what it does coming at the close of 2010-2011. Evidence and research emphasises the importance of support, mediation and continuing communication when families break up – placing much value on the kind of work that FML does, both for parents and their children going through separation and divorce. The newly launched website will endeavour to enhance the general public's awareness about FML services and how to contact us.

FML launched a 3 year business plan in 2010, developed with support from Lloyds TSB Foundation, this plan emphasises the sustaining and consolidating of FML services to make sure they continue to exist, in what may well turn out to be a challenging funding climate.

FML has developed clear outcomes for children and young people as a result of using our services. These outcomes link with the national outcomes set by the Scottish Government and in turn with local authority plans.

Outcomes:-

- Children and young people will be aware that where there are relationship difficulties, families can be positively restructured, giving them confidence in their future and enabling them to be effective contributors to a changing social environment.
- Children and young people will live within supportive, albeit restructured, family settings ensuring a positive and rewarding childhood experience.
- Children and young people will have a higher level of meaningful contact with both parents, continuing over time, and ensuring that they are in turn better able to parent their own children.
- Children and young people will experience lower levels of conflict within their families with greater co-operation between their separated parents and extended families.
- Children and young people will be better able to communicate with their parents and carers.

FAMILY MEDIATION LoTHIAN
REPORT OF THE BOARD OF DIRECTORS

for the year ended 31 March 2011

Achievements and Performance (continued)

During 2010-2011 we received approximately 4,000 information enquiries. 901 families made use of our intake service with approximately 1,000 parents subsequently opting to make use of our mediation, contact services and children's groups.

We noted a marked increase in the numbers of requests for services, in particular contact centre places, in response we opened 2 further Sunday sessions in Edinburgh and East Lothian.

Through our membership of Relationships Scotland and the Scottish Mediation Network, our contact with Local Authority Children's and Families Services, Family Law Solicitors and Sheriffs Courts, and our networking activities with a wide range of statutory and voluntary agencies, we are aware of the increasingly complex issues facing families in transition. Feedback from these agencies is that the services provided by FML play an important role in helping families 'manage' family break up, including agreeing and sustaining arrangements between children and their non-resident parents.

During 2010/11 FML provided:

Intake Service

Achievements this year: - 901 intake appointments

Our Intake Workers provide clients with the opportunity to discuss the issues arising for them as a result of separation or divorce, to learn about the process of family mediation and other FML services, and to help them make an informed decision as to whether family mediation and/or the use of FML's other services is for them. Clients are offered an individual, confidential meeting, usually within 3/4 weeks of contacting FML. The first meeting is independent of the client's ex-partner. Following an Intake session the majority of clients decide to take up one or more of our services.

Intake is a fundamental starting point for our services and it requires skill and sensitivity from our staff. All our Intake Workers are fully trained professionals; they are paid part-time members of staff. An Intake Session appointment lasts about 45 minutes and sessions are available Monday to Friday. Appointments are available in person in Edinburgh or by telephone.

Family Mediation

Achievements this year: - 888 mediation appointments attended

Family Mediation offers parents and other family members a safe and structured way of communicating with each other. Mediation is almost always child-focussed and aims to empower parents to come to agreements that suit their particular situation.

Family Mediation is a voluntary process in which a trained, impartial Mediator helps family members to communicate more effectively and to make their own arrangements for the future, particularly for children. Family Mediation can benefit families by minimising conflict, improving family life and helping to avoid long, painful and expensive legal battles. Family Mediation supports parents, children and the wider family through a period of family change, particularly where this has occurred as a result of separation, divorce or family restructuring.

Family Mediation Lothian also provides mediation services for grandparents, young people, and other members of the extended family as well as for Step Families and new partners.

FAMILY MEDIATION LoTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2011

Achievements and Performance (continued)

Supported Child Contact Centres

*Achievements this year: - 9 Contact Centres offered 450 sessions
- 215 Families/ 279 children used the Centres*

Supported Child Contact is in-centre supervision of the venue, while supporting the handover of the child from one parent to the other and supporting the contact within the centre when appropriate. Information on interactions before, during or after the contact is not recorded, unless a child protection or health and safety issue is observed. A record of attendance is kept and an attendance report can be provided.

In response to increased demand throughout the year, Family Mediation Lothian have opened two further Sunday sessions. The contact centres operate in Viewforth, Granton and Leith in Edinburgh; in Whitburn and Eliburn in West Lothian; and in Musselburgh in East Lothian.

Child Contact Centres play a key role in helping children affected by family breakdown to maintain relationships with the parent they do not live with. The central concept of a Child Contact Centre is to offer a safe, friendly, neutral, child-centred environment for children to meet with their non-resident parent or other family member, for example a grandparent. The Centres can be used for a period of indoors contact or just as a place for a safe, comfortable handover, making the transition from one parent to another easier for the children.

Family Mediation Lothian staffs and supports each of its Child Contact Centres with a Contact Centre Organiser and a volunteer. Volunteers are trained by Family Mediation Lothian, either in Edinburgh or at the Centre where they propose to work.

Supervised Child Contact

Achievements this year: - 16 Families used the service/ 83 sessions were attended

Supervised Contact is when a child has contact with their parent in the presence of a trained person with the direct responsibility to observe and ensure the safety of those involved. Factual reports can be provided upon request. There is a cost for this service and for reports. We endeavour to be flexible to meet the individual needs of the children and families.

This one-to-one contact (parent-child), with a trained member of staff supervising the contact, has continued successfully this year. We work with children and families particularly affected by parental conflict and assist in building and sustaining positive relationships within the family. The demand for supervised contact has risen considerably over the past 2 years, we are getting more referrals from solicitors and the courts and families are tending to continue with the service for longer.

Children's Groups

Achievements this year: - 3 Groups took place, attended by 16 children

Children's Groups are offered to children between 7 and 11 years of age. Children attending FML's Children's Groups are encouraged to share experiences within the group setting. The Group Leaders aim to empower the children by helping them to develop coping and anger management strategies, which make it easier for the children to de-mystify the situations they find themselves in and to manage the experience of their life changes.

FAMILY MEDIATION LoTHIAN
REPORT OF THE BOARD OF DIRECTORS

for the year ended 31 March 2011

Achievements and Performance (continued)

Me2; Young Peoples Service

Achievements during the project: - 800 Young People attended workshops
- 103 Young People attended intake meetings and/or mediation sessions

In 2008, Family Mediation Lothian received funding from the Big Lottery Young People's Fund to develop a family mediation service for young people aged 12-18 years, who are experiencing conflict around the process of separating and/or divorcing. FML will be actively seeking other sources of funding to continue the service when the Lottery funding finishes in 2012. The aims of the service are:-

- To give young people a voice in decisions affecting them as a result of family break up (such as where they live, go to school and contact arrangements with their non-resident parent);
- To help young people maintain positive relationships with both their parents, with siblings, grandparents and other members of their extended family; and
- To help them maintain links with friends and communities developed while their parents were together.

Work has continued on achieving these aims by providing young people, from across the Lothians, with access to a dedicated pre mediation intake service, mediation and interactive workshops raising awareness about the impact of family break up and possible coping strategies.

Other achievements include:-

- The work with Scottish Adoption has continued to explore the role of mediation with adoptive and birth families.
- One trainee mediator has been recruited.
- FML has achieved Accreditation under the Relationships Scotland Membership Quality Assurance Scheme.
- FML Support Child Contact Centres have all achieved Accreditation under the Relationships Scotland Child Contact Centre Quality Assurance Scheme.
- The FML Articles and Memorandum of Association were revised in relation to the Companies Act 2006.

Financial Review

During the last financial year, the charity has performed relatively well in a difficult economic climate, generating a net surplus on funds of £19,198 (2010: deficit £6,954).

However, this includes an actuarial gain of £2,000 (2010: loss £25,000) on the pension scheme, £1,000 (2010: £nil) of income within the pension scheme and a £20,000 (2010: £nil) credit against resources expended in respect of pension scheme past service costs. This amounts to a net surplus on the pension scheme of £23,000 (2010: deficit £25,000), which moved from an £20,000 liability to a £3,000 asset in the year. This surplus has arisen largely due to changes in pension increases introduced in the Chancellor's budget statement in June 2010, as more fully described at note 16.

Excluding these movements on the pension scheme, the charity incurred a small deficit of £3,802 (2010: surplus of £18,046). £3,252 of the deficit relates to unrestricted funds (2010: deficit of £2,344) and £550 (2010: surplus of £20,390) to restricted funds.

FAMILY MEDIATION LoTHIAN
REPORT OF THE BOARD OF DIRECTORS

for the year ended 31 March 2011

Reserves Policy

The directors have decided that the charity needs to hold one year's rent, non-cancellable commitments, redundancy payments and two months running costs in reserves. This equates to a reserve balance of approximately £85,000 in general funds, after deduction of fixed assets. At present the free reserves amount to £80,108, which is slightly below this policy, and the board are looking at ways to generate additional sources of income.

Risk Review

The directors actively review the major risks that the charity faces on a regular basis and believe that maintaining and increasing reserves from current levels, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the event of adverse conditions. The directors have also examined other operational and business risks faced by the charity and believe that they have established systems to manage the significant risks.

Plans for the Future

FML's key Strategic objectives for the 2011/12 year are to:

- Continue to provide and develop our core services including Information and Advice, Intake, Mediation, Supported and Supervised Child Contact;
- Continue the implementation of our governance arrangements with a view to ensuring FML meets best practice charity management standards;
- Carry out an assessment and study of need and demand for FML services from families, parents, young people and children in the Lothians likely to be experiencing issues of family break up in the next five to ten years;
- Carry out an assessment of understanding, connection and scope of FML's links with legal and other professionals in practice throughout the Lothians as the means of referral for FML clients;
- Continue to develop quality assurance and performance evaluation frameworks in respect of the delivery of our services;
- Continue to provide services to adoptive and birth parents on issues of child contact (direct and indirect);
- Continue to develop and deliver 'Me2' our Big Lottery Funded Service for Young People; and seek support and funding to continue the service post 31st March 2012;
- Continue to support the continuous professional development of our paid and unpaid workforce;
- Continue to build the financial strength and stability of the charity;
- Work towards a major decision concerning the future premises from which its services are/will be delivered; and
- Seek out opportunities to improve the provision of family support services in collaboration with key partner organisations and other stakeholders

FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS

for the year ended 31 March 2011

Responsibilities of the Board of Directors

The directors are responsible for preparing the report of the directors and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities & Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The directors 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed at the annual general meeting.

This report has been prepared in accordance with the provision of Part 15 of the Companies Act 2006 applicable to small companies.

Approved by the directors on 23 August 2011 and signed on their behalf by:



Suzanne Dunne
Company Secretary

FAMILY MEDIATION LOTHIAN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF FAMILY MEDIATION LOTHIAN

for the year ended 31 March 2011

We have audited the financial statements of Family Mediation Lothian for the year ended 31 March 2011, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and the trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Responsibilities of the Board of Directors set out on page 8, the trustees (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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

FAMILY MEDIATION LOTHIAN

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF FAMILY MEDIATION LOTHIAN**

for the year ended 31 March 2011

Opinion on the 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 2011 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

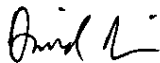
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Directors 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 or the Charity 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- 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.



David Main

Senior Statutory Auditor

for and on behalf of Whitelaw Wells, Statutory Auditors

Whitelaw Wells is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

9 Ainslie Place

Edinburgh

EH3 6AT

23 August 2011

FAMILY MEDIATION LoTHIAN

STATEMENT OF FINANCIAL ACTIVITIES Incorporating the INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations	2	23,667	-	23,667	19,036
Membership income		900	-	900	545
Grants received	3	84,318	-	84,318	91,131
<i>Activities for generating funds</i>					
Fundraising events		-	-	-	230
Incoming resources from charitable activities					
Grants received	3	-	153,016	153,016	168,083
Other activities	4	9,713	-	9,713	12,059
<i>Investment income</i>					
Bank interest		960	-	960	1,021
Pension scheme income		1,000	-	1,000	-
Total incoming resources		120,558	153,016	273,574	292,105
Resources expended					
Costs of generating funds					
<i>Costs of generating voluntary income</i>		21,165	-	21,165	22,671
Charitable activities		-	231,464	231,464	247,424
Governance costs		3,747	-	3,747	3,964
Total resources expended	5	24,912	231,464	256,376	274,059
Net incoming/(outgoing) resources for the year	6	95,646	(78,448)	17,198	18,046
Transfers between funds	14	(77,898)	77,898	-	-
Net movement in funds before other recognised gains and losses		17,748	(550)	17,198	18,046
Gain/(loss) on defined benefit pension scheme	16	2,000	-	2,000	(25,000)
Net movements on funds for the year		19,748	(550)	19,198	(6,954)
Total funds at 1 April 2010		73,545	59,819	133,364	140,318
Total funds at 31 March 2011	14	93,293	59,269	152,562	133,364

The company has no recognised gains or losses other than the results for the year as set out above.
All of the activities are classed as continuing.

FAMILY MEDIATION LOTHIAN

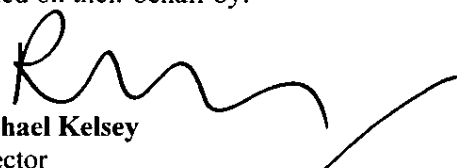
BALANCE SHEET

as at 31 March 2011

	Notes	£	2011 £	2010 £
Fixed assets				
Tangible assets	9		685	2,379
Current assets				
Debtors	10	29,095		13,589
Cash at bank and in hand		139,880		167,118
			<hr/>	<hr/>
		168,975		180,707
Creditors: amounts falling due within one year	11	(20,098)		(29,722)
			<hr/>	<hr/>
Net current assets			148,877	150,985
			<hr/>	<hr/>
Net assets excluding pension asset/(liability)			149,562	153,364
Pension asset/(liability)	16		3,000	(20,000)
			<hr/>	<hr/>
Net assets including pension asset/(liability)	13		152,562	133,364
			<hr/>	<hr/>
Funds				
Unrestricted:				
Designated funds	14		9,500	17,858
General fund	14		80,793	75,687
Pension reserve	14		3,000	(20,000)
Restricted funds	14		59,269	59,819
			<hr/>	<hr/>
Total funds			152,562	133,364
			<hr/>	<hr/>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the members of the board on 23 August 2011 and are signed on their behalf by:


Rachael Kelsey
 Director

FAMILY MEDIATION LoTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in March 2005.

(b) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and membership income and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Incoming resources from fundraising events is included when receivable.
- Income from charitable activities includes income from activities or grants where entitlement is subject to specific performance conditions is recognised as earned (as the related service is provided). Grant income included in this category provides funding to support specific charitable activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Investment income is included when receivable.
- Membership income is deferred where fees are paid in advance. Grant income is deferred where the funder specifies that it is for a future period or where entitlement has not yet been achieved.
- The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution of volunteers can be found in the Report of the Board of Directors.

(c) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Where costs cannot be directly allocated to an activity they are allocated on the basis of best estimated usage.

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1. Accounting policies (continued)

(d) Fixed assets

Fixed assets are initially recorded at cost. Only assets costing in excess of £100 are capitalised. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Office equipment	- 3 years straight line
Fixtures and fittings	- 4 years straight line

(e) Fund accounting

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure that meets these criteria is charged to the fund together with a fair allocation of management and support costs.

(f) Pensions

The charity contributes to employee personal or stakeholder pension plans. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charity in the year.

2. Donations

	Unrestricted	Restricted	2011 Total	2010 Total
	£	£	£	£
General donations	2,722	-	2,722	3,824
Mediation donations	6,470	-	6,470	6,138
Binks Trust	1,500	-	1,500	1,500
Edinburgh Bar Association	1,500	-	1,500	1,500
Faculty of Advocates	6,475	-	6,475	-
Inchrye Trust	1,000	-	1,000	1,000
Nancy Massie Trust	4,000	-	4,000	-
Cruden Foundation	-	-	-	750
Laidlaw Youth Trust	-	-	-	4,324
	<hr/>	<hr/>	<hr/>	<hr/>
	23,667	-	23,667	19,036
	<hr/>	<hr/>	<hr/>	<hr/>

FAMILY MEDIATION LoTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

3. Grants

	Unrestricted £	Restricted £	2011 Total £	2010 Total £
<i>Voluntary income</i>				
Scottish Government – Core	84,318	-	84,318	84,319
Lloyds TSB Foundation – Capacity Building	-	-	-	6,813
	<hr/>	<hr/>	<hr/>	<hr/>
	84,318	-	84,318	91,131
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Incoming resources from charitable activities</i>				
Scottish Government – Violence Against Women Fund	-	4,612	4,612	4,478
City of Edinburgh Council	-	70,525	70,525	70,522
West Lothian Council	-	14,591	14,591	14,447
East Lothian Council	-	9,740	9,740	9,793
Midlothian Council	-	4,335	4,335	4,335
The Big Lottery Fund	-	49,213	49,213	64,508
	<hr/>	<hr/>	<hr/>	<hr/>
	-	153,016	153,016	168,083
	<hr/>	<hr/>	<hr/>	<hr/>
	84,318	153,016	237,334	259,214
	<hr/>	<hr/>	<hr/>	<hr/>

4. Other activities

All Issues Mediation	660	-	660	1,380
Children's Group	93	-	93	202
Supervised Contact	6,915	-	6,915	8,410
Contact Centre Reports	2,045	-	2,045	2,067
	<hr/>	<hr/>	<hr/>	<hr/>
	9,713	-	9,713	12,059
	<hr/>	<hr/>	<hr/>	<hr/>

FAMILY MEDIATION LOTHIAN
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

5. Total resources expended

	Voluntary Income £	Intake Service £	Mediation Service £	Contact Service £	Children and Young People's Groups £	Governance Costs £	2011 Total £	2010 Total £
Directly allocated								
Fundraising	1,316	-	-	-	-	-	1,316	1,446
Contact centre costs	-	-	3,184	-	-	-	3,184	3,340
Auditors' remuneration	-	-	-	-	-	3,426	3,426	3,038
Annual report/AGM	-	-	-	-	-	321	321	926
Indirectly allocated								
Membership and subscriptions	77	256	173	308	144	-	961	1,501
Training	160	541	361	641	300	-	2,003	3,284
Volunteer and staff travel	176	595	397	705	330	-	2,203	1,867
Interpretation costs	14	48	32	58	27	-	179	584
Education and publicity	30	101	67	119	56	-	373	6,064
Staff costs (Note 7)	16,548	55,850	37,234	66,193	31,028	-	206,853	204,566
Pension scheme past service cost/(gain) (Note 16)	(1,600)	(5,400)	(3,600)	(6,400)	(3,000)	-	(20,000)	-
Rent and service charges	1,861	6,282	4,188	7,444	3,492	-	23,267	17,372
Rates and water	158	533	355	631	296	-	1,973	1,951
Cleaning	152	512	341	606	286	-	1,897	2,046
Light and heat	169	572	381	679	317	-	2,118	1,931
Insurance	136	459	306	546	254	-	1,701	1,655
Repairs and maintenance	329	1,112	741	1,318	617	-	4,117	334
Telephone	269	909	606	1,076	505	-	3,365	4,260
Postage, printing and stationery	793	2,678	1,785	3,175	1,487	-	9,918	9,533
Legal and professional fees	307	1,035	690	1,229	574	-	3,835	3,294
Depreciation	136	457	305	540	256	-	1,694	2,322
Other costs	134	451	301	535	251	-	1,672	2,745
	<u>21,165</u>	<u>66,994</u>	<u>47,847</u>	<u>79,403</u>	<u>37,220</u>	<u>3,747</u>	<u>256,376</u>	<u>274,059</u>

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

6. Net incoming resources for the year

This is stated after charging:

	2011	2010
	£	£
Auditors' remuneration – Audit fee	1,700	1,500
Other services - accountancy	1,726	1,538
Depreciation	1,694	2,323
	<u> </u>	<u> </u>

7. Staff costs

	2011	2010
	£	£
Gross wages and salaries	191,888	189,742
Employer NI	12,126	11,985
Pension contributions	2,839	2,839
	<u> </u>	<u> </u>
Total staff costs	206,853	204,566
	<u> </u>	<u> </u>

	2011	2010
	No.	No.
Average number of full time employees	5	5
Sessional staff	30	29
	<u> </u>	<u> </u>

No employee received emoluments of more than £60,000 in either the current or previous years.

No director received remuneration from the charity nor was reimbursed for expenses. The charity paid £650 (2010: £665) for the purchase of indemnity insurance to protect the charity from loss arising from the neglect or default of its directors, employees or other officers.

8. Taxation

The charitable company is exempt from corporation tax on its charitable activities.

FAMILY MEDIATION LoTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

9. Tangible fixed assets

	Office Equipment £	Fixtures and Fittings £	Total £
Cost			
At 1 April 2010 and 31 March 2011	17,714	1,768	19,482
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2010	15,769	1,334	17,103
Charge for the year	1,477	217	1,694
	<hr/>	<hr/>	<hr/>
At 31 March 2011	17,246	1,551	18,797
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2011	468	217	685
	<hr/>	<hr/>	<hr/>
At 31 March 2010	1,945	434	2,379
	<hr/>	<hr/>	<hr/>

10. Debtors

	2011 £	2010 £
Service debtors	1,655	3,581
Grants receivable	21,830	5,425
Other debtors and prepayments	5,610	4,583
	<hr/>	<hr/>
	29,095	13,589
	<hr/>	<hr/>

11. Creditors: amounts falling due within one year

	2011 £	2010 £
Creditors	2,475	5,959
Deferred income	-	14,591
PAYE & NI	3,787	-
Accruals	13,836	9,172
	<hr/>	<hr/>
	20,098	29,722
	<hr/>	<hr/>

FAMILY MEDIATION LOTHIAN
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

11. Creditors: amounts falling due within one year (continued)

	2011	2010
	£	£
Analysis of deferred income		
Balance at 1 April 2010	14,591	-
Amount released to incoming resources	(14,591)	-
Amount deferred in the year	-	14,591
	<hr/>	<hr/>
Balance at 31 March 2011	-	14,591
	<hr/>	<hr/>

Deferred income in 2010 represents grant funding from West Lothian Council for 2010/11.

12. Operating Lease

Family Mediation Lothian occupies premises in Edinburgh. The lease agreement is for 25 years and expires in 2013. The annual rental charge is £19,200 (2010: £18,800). At 31 March 2011 the charity had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings	Office Equipment	Total 2011	Total 2010
	£	£	£	£
Operating leases that expire in:				
2 – 5 years	19,200	1,189	20,389	21,178
	<hr/>	<hr/>	<hr/>	<hr/>

The premises at West Lothian are provided by West Lothian Council for use by the charity rent free.

13. Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Tangible fixed assets	685	-	685
Current assets	91,216	77,759	168,975
Current liabilities	(1,608)	(18,490)	(20,098)
Pension liability	3,000	-	3,000
	<hr/>	<hr/>	<hr/>
Net assets at 31 March 2011	93,293	59,269	152,562
	<hr/>	<hr/>	<hr/>

FAMILY MEDIATION LoTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

14. Movement in funds	At 1 April 2010 £	Incoming Resources & Gains £	Outgoing Resources & Losses £	Transfers £	At 31 March 2011 £
Restricted funds					
SG – Violence Against Women	-	4,612	(9,994)	5,382	-
CEC – Mediation Service	-	70,525	(105,386)	34,861	-
West Lothian – Worker	-	14,591	(32,706)	18,115	-
East Lothian	-	9,740	(23,621)	13,881	-
Midlothian	-	4,335	(9,994)	5,659	-
The Big Lottery	51,735	49,213	(42,802)	-	58,146
Lloyds TSB – Capacity Building	3,463	-	(2,340)	-	1,123
Laidlaw Youth Trust – Domestic Violence	4,621	-	(4,621)	-	-
Total restricted funds	59,819	153,016	(231,464)	77,898	59,269
Unrestricted funds					
Designated funds:					
Dilapidation fund	1,000	-	-	1,000	2,000
Property repair and replacement	7,500	-	-	-	7,500
Service development	9,358	-	-	(9,358)	-
General fund	75,687	119,558	(24,912)	(89,540)	80,793
Pension reserve	(20,000)	3,000	-	20,000	3,000
Total unrestricted funds	73,545	122,558	(24,912)	(77,898)	93,293
Total funds	133,364	275,574	(256,376)	-	152,562

The transfer to the pension reserve represents the past service gain arising in the year. Transfers to restricted funds represent an allocation of the unrestricted core Scottish Government grant to individual restricted funds. In addition, the directors have decided that the designated Service development fund is no longer required and have released it to the General fund in the year.

Purpose of designated funds

The trustees have designated funds for potential dilapidation costs at the end of the lease term.

The Property Repair and Replacement Fund has been designated as a contingency for general property repairs.

The Service Development Fund was designated for general service development.

The Pension reserve represents the surplus/(deficit) on the defined benefit pension scheme, as disclosed in note 16.

FAMILY MEDIATION LoTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

14. Funds (continued)

Purpose of restricted funds

The Scottish Government gave funds through the Violence against Women Fund to provide services to families in Midlothian where domestic abuse is an issue.

This is the second of a three year contract with the City of Edinburgh Council to provide the range of Family Mediation Lothian's services throughout the Edinburgh City area i.e. intake, mediation and contact centre services. West Lothian Council, Midlothian Council and East Lothian Council also gave grants to part fund services for clients in their areas.

The Big Lottery entered the second of a three year project to enable the charity to offer a range of services for the benefit of Young People living in Edinburgh and the Lothians.

Lloyds TSB Capacity Building funding was provided to enable Family Mediation Lothian to develop a new business plan and fundraising strategy.

Funding carried forward from the Laidlaw Youth Trust is used for provision of Children's Groups in Edinburgh and the Lothians.

15. Related party transactions

During the year the charity paid £1,000 (2010: £nil) to Lindsays Solicitors for work on the Memorandum and Articles of Association. Family Mediation Lothian director, Leigh Davidson is a partner in Lindsays. There were no amounts outstanding at the year end.

There were no other related party transactions during the year. No one person had control of the charity during either the current or previous years.

16. Pensions

The charity is a participating employer in respect of one former employee in the Lothian Pension Fund ("The Scheme"), which provides benefits based on final pensionable pay (i.e. defined benefit scheme). The assets of the Scheme are held separately from those of the charity. Contributions would be charged to the Statement of Financial Activities. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

A full actuarial valuation was carried out at 31 March 2011 by a qualified independent actuary.

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

16. Pensions (continued)

The major assumptions used by the actuary were:

	31 March 2011 % per annum	31 March 2010 % per annum
Inflation/Pension Increase	2.8%	3.8%
Salary Increases	5.1%	5.3%
Expected Return on Assets	7.0%	7.3%
Discount Rate	5.5%	5.5%

The employer's share of the assets in the scheme and the expected rate of return were:

	Long Term Return at 31/03/11 (%p.a)	Value at 31/03/11 £	Long Term Return at 31/03/10 (%p.a)	Value at 31/03/10 £
Equities	7.5%	90,000	7.8%	85,000
Bonds	4.9%	9,000	5.0%	9,000
Property	5.5%	11,000	5.8%	10,000
Cash	4.6%	3,000	4.8%	4,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total market value of assets	7.0%	113,000	7.3%	108,000
Present Value of Scheme Liabilities		(110,000)		(128,000)
		<hr/>		<hr/>
Surplus/(Deficit) in the scheme		3,000		(20,000)
		<hr/>		<hr/>

The most recent valuation showed that the market value of the scheme's assets was £113,000 (2010: £108,000) and that the actuarial value of these assets represented 102.7% (2010: 84.4%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Analysis of amount credited to investment income:	2011 £	2010 £
Expected return on pension scheme assets	8,000	5,000
Interest on pension scheme liabilities	(7,000)	(5,000)
	<hr/>	<hr/>
Net return	1,000	-
	<hr/>	<hr/>

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 MARCH 2011

16. Pensions (continued)

Actuarial gain/(loss) recognised in the Statement of Financial Activities:	2011 £	2010 £
Actual return less expected return on pension scheme assets	2,000	(25,000)
Actuarial gain/(loss) recognised in the statement of financial activities	2,000	(25,000)
Movement during the year:	2011 £	2010 £
(Liability)/asset at beginning of year	(20,000)	5,000
Movement in year:		
Current service gain/(cost)	-	-
Employer contributions	-	-
Past service gain/(cost)	20,000	-
Net return on assets	1,000	-
Actuarial gain/(loss)	2,000	(25,000)
Asset/(liability) at end of year	3,000	(20,000)

The past service gain arises due to changes to pension increases introduced in the Chancellor's budget statement on 22 June 2010.

The full actuarial valuation at 31 March 2011 showed an increase from a liability of £20,000 to an asset of £3,000.

History of experience gains and losses:

	2011 £	2010 £
Difference between the expected and actual return on assets	1,000	(25,000)
Value of assets	113,000	108,000
Percentage of assets	0.9%	(23.1%)
Experience gains/(losses) arising on the scheme liabilities	-	-
Total present value of liabilities	110,000	128,000
Percentage of the total present value of liabilities	0.0%	0.0%
Actuarial gain/(loss) recognised in Statement of Financial Activities	23,000	(25,000)
Total present value of liabilities	110,000	128,000
Percentage of the total present value of liabilities	20.9%	(19.5%)