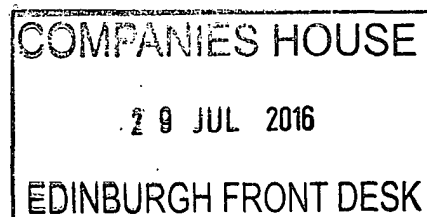


FAMILY MEDIATION LOTHIAN
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2016

Charity Number: SC012815
Company 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 2016

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FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2016

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 2016.

OBJECTS OF THE COMPANY

The objects of the Company 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.

ACTIVITIES OF THE COMPANY

In furtherance of its objects the Company will carry out and provide public benefit through 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

Headline Achievements

- 90% of clients would recommend our services to others
- 65% of clients reported that using our services had improved their family situation overall
- 70% of child contact clients felt they were better able to negotiate with the other parents about contact arrangements
- 54% of parents reported that their children were coping better with their situation
- We offered 974 intake appointments with 843 clients attending
- We offered 455 mediation appointments attended by 350+ parents
- 395 Children indirectly benefitted from their parents attending family mediation
- Our 6 Supported Child Contact Centres provided 3204 sessions/7809 hours of contact
- 286 Children have been able to spend time with the parent they no longer live with through the use of the child contact centres
- 30+ Families used our Supervised Child Contact Service / 219 sessions were facilitated
- Our new service 'Parenting Apart' has provided 15 parents with the opportunity to consider the effect separation has on their children.

FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2016

ACHIEVEMENTS AND PERFORMANCE (continued)

Family Mediation Lothian (FML) provides services for families, including parents, children and young people who are experiencing difficulties around separation, divorce and family break up. Extended family members, for example grandparents, step parents, new partners, siblings may also be included. Through family mediation, we aim to help parents to agree and sustain arrangements that are designed to promote well-being and health for their children. We give further family support through providing safe, secure, friendly places (with staff and volunteers on hand) where children and parents can meet after separation, and through support services for children and young people affected by family break up and separation.

We work in the City of Edinburgh and throughout East, West and Mid Lothian and notably, in localities where the impact of poverty, health inequalities, poor housing and high unemployment can exacerbate issues for families in transition. We have a history of responding to need from individuals, from families and from children.

Family Mediation Lothian provides: -

- A **telephone/ email based information and signposting service** for parents and the wider community of the Lothians on all issues relating to separation/divorce
- An **intake service** designed to enable separating/divorced parents to make an informed choice, by way of a face to face or telephone meeting, as to whether to use our services and/or those provided by others.
- **Child focussed mediation services** designed to allow parents to come together, reduce conflict, resolve difficulties and negotiate on issues connected with the physical and emotional health and well being of their children.
- **Child Contact Centre services**, offering supported child contact in a neutral and welcoming venue where children can meet and spend time with their non-resident parent and/or extended family members. These Centres can also be used as a beginning and ending point for contact that takes place outside the centre. Contact Centres are seen as providing a relatively short-term solution, the aim being to work towards families making their own contact arrangements when safe to do so. The Contact Centres operate in Leith, Granton, Viewforth, Musselburgh, Whitburn and Livingston.
- **Supervised Contact Services** designed to facilitate contact between children and a non-resident parent in circumstances where (for child protection and/or other reasons) this needs to take place in the presence of a supervisor.
- **Children's Groups** which offer children from separating/divorced families an opportunity to share their experiences, learn from each other about managing difficult situations and to discuss any worries or concerns they may have about their natural/step parents
- **Parenting Apart Groups** which are 3 hour workshops for parents who are separating, for them to meet together and find out how to make the separation less stressful for children

FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2016

ACHIEVEMENTS AND PERFORMANCE (continued)

Family Mediation Outcomes

FML works towards providing clear outcomes for parents, children and young people as a result of using our services. These outcomes link with several of the national outcomes set by the Scottish Government and in turn with local authority plans. These include National Outcome 5, 'Our children have the best start in life'; and National Outcome 8, 'We have improved the life chances for children, young people and families'.

Prevention – FML works with adults to help them to understand and work through the issues arising from separation or divorce. This can lead to improved communication, prevention of more serious conflict, and in many cases a decision to work together in the best interests of their children. The most damaging symptoms of family breakdown can be prevented and conflict can be reduced.

Early Intervention – Family mediation is an effective form of early intervention in family breakdown. Mediation can minimise the negative impact of parental conflict by helping parents to communicate more effectively and to understand the impact of conflict on their children. The earlier this intervention takes place, the more effective the outcomes for children will be.

Helping parents and families to develop their own solutions – Family mediation works to empower adults to take responsibility for their futures. Mediation works on the principle of building the capacity of individuals and helping people to help themselves and their families.

FML endeavour to ensure that the quality and standards of all aspects of our service is of a consistently high standard. We measure the impact of our work; the difference it makes for the families we serve. We seek verbal and written feedback from beneficiaries and staff, gather baseline information, monitor outputs and outcomes and monitor the service against our business plan.

A brief 'snap shot' of some of our client feedback includes: -

"Coming to the contact centre has diffused our situation. Now we meet also outwith the centre."

'L. loves the warm welcome he receives the atmosphere is a peaceful one. Keep doing a grand job.'

'I think it is a fantastic service which has been life changing for me. I only wish I had been referred on earlier. Thank you.'

'Mediator was very good at making us listen- cut through the emotion.... W now wants to deal with the future rather than the past.... the mediator made me feel safe...I thought the service was wonderful - priority is always the kids'

'Thank you for providing this service, by using your services my child now has regular contact with his dad and his partner.'

FAMILY MEDIATION LoTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2016

ACHIEVEMENTS AND PERFORMANCE (continued)

'Although distressing at the time, I felt it greatly benefitted all 4 of us in the long term. I don't regret having experienced the mediation at all. In actual fact I fully appreciate the wisdom, empathy and understanding of our mediator at the time.'

'Much more easy to navigate out of court and agree things with a referee in the room; so we both behave better. Thank you.'

'I separated in 2009, had many court appearances; conflicts etc. Through mediation in 2015; it's the best thing I have accomplished. Myself and ex-wife talk, smile and share much more with each other. My children seem more relaxed, content and confident.'

Other general achievements include: -

- Continuing the funding arrangements with the Scottish Government via the Strategic Partnership Agreement with Relationships Scotland; and City of Edinburgh, East and West Lothian Councils and attracting other funding via trust funds, general donations and charging scheme;
- We were successful in our bid to the Kelly Family Trust to offer Children's Groups in the next year;
- Just after the year end we were delighted to hear that our bid to the Lottery was successful; this project will support our supported contact centre work;
- We successfully completed and reviewed the FML Business Plan 2013 – 2016. This plan emphasises the sustaining and consolidating of Family Mediation Lothian services to make sure they continue to exist;
- We have fully upgraded our computers and IT systems.

FINANCIAL REVIEW

During the last financial year, the charity recorded a net surplus on funds of £9,912 (2015: £46,757).

These figures include an actuarial gain of £15,000 (2015: £8,000) on the pension scheme and £nil (2015: £2,000) of income from within the pension scheme. This amounts to a net gain on the pension scheme of £15,000 (2015: £10,000), which reduced the liability from £17,000 to £2,000 in the year. Details of the valuation are more fully disclosed at note 17.

Excluding the movements on the pension scheme, the charity recorded a deficit of £5,088 (2015: surplus £38,757).

The deficit for the year on unrestricted designated and general funds amounted to £8,646 (2015: surplus £46,757).

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 £100,000 in general funds, after deduction of fixed assets. At present the free reserves (excluding the pension deficit) amount to £107,703.

FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2016

Risk review

The directors actively review the major risks that the charity faces on a regular basis and believe that maintaining and, if possible, 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 2016 /17 year are to:

- Continue to offer and develop our core services including Information Service, Intake, Mediation, Supported and Supervised Child Contact,
- Recruit 2 Family Support Workers, funded by the Big Lottery, who will provide intensive support for families using our child contact services;
- Plan and develop a new contact centre in Midlothian;
- Deliver 15 Parenting Apart (Parent Information Workshops) across the Lothians;
- To deliver 4 Children's Groups;
- Continue the implementation of our governance arrangements with a view to ensuring FML meets best practice charity management standards;
- Continue to develop quality assurance and performance evaluation frameworks in respect of the delivery of our services;
- Concentrate on building the financial strength and stability of the charity by exploring new and innovative ways to raise funds; and
- Continue to support the continuous professional development of our paid and unpaid workforce.

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 8, 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, its reserves and risk management policies and performance. Directors also serve on Finance & Policy and Development Sub Committees of the Board, along with senior employees.

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

FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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, 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 directors' interests is kept updated.

FML is a member of Relationships Scotland (RS), formerly known as Family Mediation Scotland. RS 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. In order to achieve accreditation under the Civil Evidence (Family Mediation) (Scotland) Act 1995, FML has entered into a partnership agreement with RS, agreeing to adopt the national practice standard, policies and procedures regarding the selection, on-going monitoring, supervision, discipline and removal of mediators. In addition, each mediator employed by FML is required to sign a statement confirming their agreement to meet with the national standard set out by RS. FML is, however, independent from RS.

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 eight part time staff and around twenty-five to thirty sessionally employed mediators and contact centre organisers. FML's work is also supported by a dedicated group of volunteers, whose assistance is greatly appreciated.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Board of Directors

Rachael Kelsey	Chair
Peter Braid	(Resigned 31 December 2015)
Gillian Crandles	
James Fraser	
Andrew Gibb	
Scott McAlpine	
David Nicol	
Robert Robertson	
Naeema Sajid	

Treasurer

James Fraser

Company secretary

Suzanne Dunne

Senior Management Team

Suzanne Dunne	Chief Executive
Kate Shirres	Services Manager

FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2016

REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

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

Bankers

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The directors are responsible for preparing the Report of the Board of 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.

FAMILY MEDIATION LOTHIAN
REPORT OF THE BOARD OF DIRECTORS
for the year ended 31 March 2016

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

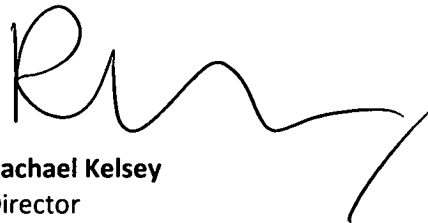
A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed at the annual general meeting.

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 8 July 2016 and signed on their behalf by:



Suzanne Dunne
Company Secretary



Rachael Kelsey
Director

FAMILY MEDIATION LoTHIAN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS

for the year ended 31 March 2016

We have audited the financial statements of Family Mediation Lothian for the year ended 31 March 2016, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 9, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 AND DIRECTORS

for the year ended 31 March 2016

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 2015 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, including Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Board of Directors.



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

8 July 2016

FAMILY MEDIATION LOTHIAN

**STATEMENT OF FINANCIAL ACTIVITIES
Incorporating the INCOME AND EXPENDITURE ACCOUNT**

for the year ended 31 March 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
<u>Income and endowments from:</u>					
Donations	2	36,510	3,558	40,068	42,873
Charitable activities					
Grants received	3	85,119	69,431	154,550	187,320
Other activities	4	44,855	-	44,855	28,963
Investments					
Bank interest		865	-	865	686
Pension scheme income	17	-	-	-	2,000
Total income		167,349	72,989	240,338	261,842
<u>Expenditure on:</u>					
Raising funds		13,082	-	13,082	11,446
Charitable activities		25,889	206,455	232,344	211,639
Total expenditure	5	38,971	206,455	245,426	223,085
Net income/(expenditure) for the year	6	128,378	(133,466)	(5,088)	38,757
Transfers between funds	14	(137,024)	137,024	-	-
Net income/(expenditure) for the year before other recognised gains and losses		(8,646)	3,558	(5,088)	38,757
Gain/(loss) on defined benefit pension scheme	17	15,000	-	15,000	8,000
Net movement in funds for the year		6,354	3,558	9,912	46,757
Total funds at 1 April 2015		106,892	-	106,892	60,135
Total funds at 31 March 2016	14	113,246	3,558	116,804	106,892

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.
The notes on pages 16 to 26 form part of the financial statements.

FAMILY MEDIATION LOTHIAN
(Company number SC110356)

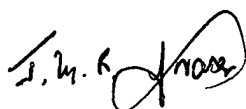
BALANCE SHEET

as at 31 March 2016

	Notes	£	2016 £	2015 £
Fixed assets				
Tangible assets	9		1,540	-
Current assets				
Debtors	10	42,625		31,078
Cash at bank and in hand	15	100,421		120,674
		<u>143,046</u>		<u>151,752</u>
Creditors: amounts falling due within one year	11	<u>(25,782)</u>		<u>(27,860)</u>
Net current assets			117,264	123,892
Net assets excluding pension asset/(liability)			118,804	123,892
Pension asset/(liability)	17		<u>(2,000)</u>	<u>(17,000)</u>
Net assets	13		<u>116,804</u>	<u>106,892</u>
Funds				
Unrestricted:				
Designated funds	14		7,543	7,543
General fund	14		107,703	116,349
Pension reserve	14		(2,000)	(17,000)
Restricted funds	14		<u>3,558</u>	<u>-</u>
Total funds			<u>116,804</u>	<u>106,892</u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the members of the board on 8 July 2016 and are signed on their behalf by:



James Fraser
Director

The notes on pages 16 to 26 form part of the financial statements.

FAMILY MEDIATION LOTHIAN
STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

	Note	2016 £	2015 £
Net cash used in operating activities		(18,820)	38,021
Cash flows from investing activities:			
Interest received		865	686
Purchase of tangible fixed assets		(2,298)	-
		(1,433)	686
Change in cash and cash equivalents in the year		(20,253)	38,707
Cash and cash equivalents at 1 April 2015		120,674	81,967
Cash and cash equivalents at 31 March 2016	15	100,421	120,674

**RECONCILIATION OF NET INCOME / (EXPENDITURE)
TO NET CASH FLOW FROM OPERATING ACTIVITIES**

Net income / (expenditure) for the year <i>(as per the Statement of Financial Activities)</i>	(5,088)	38,757
Adjustments for:		
Interest received	(865)	(686)
Pension scheme income	-	(2,000)
(Increase) in debtors	(11,547)	(952)
(Decrease)/increase in creditors	(2,078)	2,902
Depreciation charge	758	-
Net cash used in operating activities	(18,820)	38,021

The notes on pages 16 to 26 form part of the financial statements.

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and are in accordance with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

The charity constitutes a public benefit entity as defined by FRS 102.

The Directors consider that there are no material uncertainties about the ability of the charity to continue as a going concern for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis.

(b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required. Accordingly, no reconciliation of opening funds or net income / (expenditure) has been prepared.

(c) Income

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

- Where entitlement is not conditional on the delivery of a specific performance by the charity, income from donations and grants is recognised when the charity becomes unconditionally entitled to the amount. Where related to performance and specific deliverables, grants and donations accounted for as the charity earns the right to consideration by its performance.
- Income from other charitable activities is recognised when the service is provided.
- Investment income is included when receivable.
- The value of services provided by volunteers is not incorporated into these financial statements.

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. Accounting policies (continued)

(d) Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. The charity is not VAT registered, so any VAT incurred is reported as part of expenditure to which it relates.

- Costs of raising funds comprise the costs associated with attracting donations and grants.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It incorporates both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them, including governance costs. Where costs cannot be directly allocated to an activity they are allocated based on estimated staff time.
- 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.

(e) Fixed assets

Fixed assets are initially recorded at cost. Only assets costing in excess of £500 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

(f) Fund accounting

Unrestricted funds are donations and other incoming resources generated for the objects of the charity without further specified purpose, and are available as general funds. Designated funds are unrestricted funds that have been earmarked by the directors for a specific purpose.

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.

(g) Pensions

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

In addition, the charity is a participating employer in a final salary scheme in respect of one former employee, as described at Note 17. The charity makes no contributions to the scheme and accounts for annual scheme valuations in accordance with FRS17 Retirement Benefits.

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

2. Donations			2016			2015
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
General donations	6,743	-	6,743	8,197	-	8,197
Mediation donations	5,777	-	5,777	7,248	-	7,248
Balfour Manson	-	-	-	2,702	-	2,702
Christina Mary Hendrie Trust	5,000	-	5,000	5,000	-	5,000
Cruden Foundation	1,000	-	1,000	-	-	-
Edinburgh Bar Association	-	-	-	1,000	-	1,000
Inchrye Trust	500	-	500	500	-	500
Kelly Trust	-	3,558	3,558	-	-	-
JTH Charitable Trust	500	-	500	-	-	-
Nancie Massey Charitable Trust	1,000	-	1,000	2,000	-	2,000
Robertson Trust	15,000	-	15,000	15,000	-	15,000
St Mary's Church	-	-	-	586	-	586
Membership income	990	-	990	640	-	640
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	36,510	3,558	40,068	42,873	-	42,873
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
3. Grants			2016			2015
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Scottish Government	85,119	8,394	93,513	86,353	-	86,353
City of Edinburgh Council	-	35,000	35,000	-	70,519	70,519
West Lothian Council	-	16,537	16,537	-	16,373	16,373
East Lothian Council	-	9,500	9,500	-	9,740	9,740
Midlothian Council	-	-	-	-	4,335	4,335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	85,119	69,431	154,550	86,353	100,967	187,320
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
4. Income from other charitable activities			2016			2015
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
All Issues Mediation	385	-	385	290	-	290
Contact Centre Set-up	11,720	-	11,720	11,063	-	11,063
Contact Centre Reports	7,765	-	7,765	4,545	-	4,545
Supervised Contact	24,985	-	24,985	13,065	-	13,065
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	44,855	-	44,855	28,963	-	28,963
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

FAMILY MEDIATION LoTHIAN
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

5. Total resources expended

	Raising Funds £	Intake Service £	Mediation Service £	Contact Service £	2016 Total £	2015 Total £
Directly allocated						
Fundraising	1,224	-	-	-	1,224	776
Contact centre costs	-	-	7,056	-	7,056	5,016
Indirectly allocated						
Membership and subscriptions	36	224	195	268	723	777
Training	83	512	446	612	1,653	1,995
Volunteer and staff travel	36	225	196	270	727	852
Education & publicity	13	82	71	98	264	-
Staff costs (Note 7)	9,187	56,958	49,608	67,981	183,734	168,425
Rent and service charges	920	5,702	4,966	6,805	18,393	16,014
Rates and water	106	654	570	780	2,110	2,119
Cleaning	91	567	494	676	1,828	2,365
Light and heat	45	280	244	335	904	1,004
Insurance	80	498	433	594	1,605	1,609
Repairs and maintenance	97	602	525	719	1,943	1,130
Telephone	190	1,177	1,025	1,405	3,797	3,820
Postage, printing and stationery	577	3,576	3,115	4,268	11,536	10,868
Legal and professional fees	77	476	415	569	1,537	503
Other costs	88	543	473	648	1,752	1,957
Depreciation	38	235	205	280	758	-
Governance costs						
Auditors' remuneration	177	1,097	956	1,310	3,540	3,480
Annual report/AGM	17	106	92	127	342	375
	<u>13,082</u>	<u>73,514</u>	<u>71,085</u>	<u>87,745</u>	<u>245,426</u>	<u>223,085</u>

Included above is expenditure allocated to restricted funds amounting to £206,455 (2015: £207,784).

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

6. Net income/(expenditure) for the year

This is stated after charging:

	2016	2015
	£	£
Auditors' remuneration – Audit fee	2,340	2,280
Accountancy services	1,200	1,200
	<u> </u>	<u> </u>

7. Staff costs

	2016	2015
	£	£
Gross wages and salaries	173,412	157,827
Employer national insurance	6,202	7,807
Employer defined benefit pension contributions	4,120	2,791
	<u> </u>	<u> </u>
Total staff costs	183,734	168,425
	<u> </u>	<u> </u>

The number of persons employed by the charity during the year, on a head count basis, was as follows:

	2016	2015
	No.	No.
Management and administration	5	5
Direct charitable services	28	28
	<u> </u>	<u> </u>
	33	33
	<u> </u>	<u> </u>

No employee received emoluments of more than £60,000 in either the current or previous years. Key management personnel received total remuneration amounting to £57,462 (2015: £55,490) during the year, including employer pension contributions.

No director received remuneration from the charity nor was reimbursed for expenses. The charity paid £1,347 (2015: £650) 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 2016

9. Tangible fixed assets

	Office Equipment £	Fixtures and Fittings £	Total £
Cost			
At 1 April 2015	14,528	1,768	16,296
Additions	2,298	-	2,298
Disposals	(5,446)	-	(5,446)
	<hr/>	<hr/>	<hr/>
At 31 March 2016	11,380	1,768	13,148
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2015	14,528	1,768	16,296
Charge for the year	758	-	758
Disposals	(5,446)	-	(5,446)
	<hr/>	<hr/>	<hr/>
At 31 March 2016	9,840	1,768	11,608
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2016	1,540	-	1,540
	<hr/>	<hr/>	<hr/>
At 31 March 2015	-	-	-
	<hr/>	<hr/>	<hr/>

10. Debtors

	2016 £	2015 £
Service debtors	19,787	10,687
Grants receivable	11,049	12,000
Other debtors and prepayments	11,789	8,391
	<hr/>	<hr/>
	42,625	31,078
	<hr/>	<hr/>

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

11. Creditors: amounts falling due within one year

	2016	2015
	£	£
Creditors	2,960	1,457
PAYE and NI	136	2,741
Pension	791	477
Accruals	21,896	23,185
	<hr/>	<hr/>
	25,783	27,860
	<hr/>	<hr/>

12. Operating lease commitments

At 31 March 2016 the charity had total commitments under non-cancellable operating leases as set out below:

	Land and Buildings	Office Equipment	Total 2016	Total 2015
	£	£	£	£
Amounts payable within:				
1 year	15,360	3,061	18,421	19,904
1 to 5 years	21,440	7,662	29,102	47,289
More than 5 year	-	-	-	234
	<hr/>	<hr/>	<hr/>	<hr/>
	36,800	10,723	47,523	67,427
	<hr/>	<hr/>	<hr/>	<hr/>

13. Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Fixed assets	1,540	-	1,540
Net current assets	113,706	3,558	117,264
Pension liability	(2,000)	-	(2,000)
	<hr/>	<hr/>	<hr/>
Net assets at 31 March 2016	113,246	3,558	116,804
	<hr/>	<hr/>	<hr/>

FAMILY MEDIATION LoTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

14. Movement in funds	At 1 April 2015 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains/ (Losses) £	At 31 March 2016 £
Restricted funds						
CEC – Mediation Service	-	35,000	(125,438)	90,438	-	-
West Lothian – Worker	-	16,537	(50,616)	34,079	-	-
East Lothian	-	9,500	(22,007)	12,507	-	-
Kelly Family Trust	-	3,558	-	-	-	3,558
Scottish Government	-	8,394	(8,394)	-	-	-
Total restricted funds	-	72,989	(206,455)	137,024	-	3,558
Unrestricted funds						
Designated funds:						
<i>Dilapidation fund</i>	3,000	-	-	-	-	3,000
<i>Property repair/replacement</i>	4,543	-	-	-	-	4,543
General fund	116,349	167,349	(38,971)	(137,024)	-	107,703
Pension reserve	(17,000)	-	-	-	15,000	(2,000)
Total unrestricted funds	106,892	167,349	(38,971)	(137,024)	-	113,246
Total funds	106,892	240,338	(245,426)	-	15,000	116,804

The transfers to restricted funds represent an allocation of the unrestricted core Scottish Government grant to individual restricted projects.

Purpose of designated funds

The directors 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 Pension reserve represents the surplus/(deficit) on the defined benefit pension scheme, as disclosed in note 17.

FAMILY MEDIATION LoTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

14. Funds (continued)

Purpose of restricted funds

City of Edinburgh Council provides funding to support the range of Family Mediation Lothian's services throughout the Edinburgh City area i.e. intake, family mediation and contact centre services. West Lothian Council and East Lothian Council also gave grants to part fund Family Mediation Lothian to deliver a range of services for clients in their areas.

The Kelly Family Trust provided funding to run four children's groups, which will commence in 2016/17.

The Scottish Government provided funding for parenting apart groups.

15. Cash and cash equivalents

	At 1 April 2015 £	Cash flow £	At 31 March 2016 £
Cash in hand	24	(6)	18
Instant access bank deposits	120,651	(20,248)	100,403
	<hr/>	<hr/>	<hr/>
Net funds	120,674	(20,254)	100,421
	<hr/>	<hr/>	<hr/>

16. Related party transactions

There were no related party transactions during the year.

17. 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). Assets of the Scheme are held separately from those of the charity. Contributions would be charged to the Statement of Financial Activities. 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 2016 by a qualified independent actuary.

The major assumptions used by the actuary were:

	31/03/16 % per annum	31/03/15 % per annum
Inflation/Pension Increase	2.1%	2.1%
Salary Increases	4.1%	4.0%
Expected Return on Assets	3.4%	3.1%
Discount Rate	3.4%	3.1%

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

17. Pensions (continued)

The employer's share of the assets and liabilities in the scheme were:

	Value at 31/03/16 £	Value at 31/03/15 £
Equities	110,000	108,000
Bonds	33,000	27,000
Property	15,000	13,000
Cash	7,000	9,000
	<hr/>	<hr/>
Total market value of assets	165,000	157,000
Present value of scheme liabilities	(167,000)	(174,000)
	<hr/>	<hr/>
Surplus/(deficit) in the scheme	(2,000)	(17,000)
	<hr/> <hr/>	<hr/> <hr/>

The most recent valuation showed that the market value of the scheme's liabilities was £167,000 (2015: £174,000) and that the actuarial value of these assets represented 90.2% (2015: 90.2%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Analysis of amount credited to investment income:	2016 £	2015 £
Expected return on pension scheme assets	5,000	9,000
Interest on pension scheme liabilities	(5,000)	(7,000)
	<hr/>	<hr/>
Net return	-	2,000
	<hr/> <hr/>	<hr/> <hr/>

Actuarial gain/(loss) recognised in the Statement of Financial Activities:	2016 £	2015 £
Changes in demographic assumptions	-	(4,000)
Changes in financial assumptions	8,000	(13,000)
Other experience	4,000	19,000
Actual return less expected return on pension scheme assets	3,000	6,000
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in the Statement of Financial Activities	15,000	8,000
	<hr/> <hr/>	<hr/> <hr/>

FAMILY MEDIATION LOTHIAN

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

17. Pensions (continued)

Movement during the year:	2016 £	2015 £
Asset/(liability) at beginning of year	(17,000)	(27,000)
<u>Movement in year:</u>		
Current service gain/(cost)	-	-
Employer contributions	-	-
Past service gain/(cost)	-	-
Net return on assets	-	2,000
Actuarial gain/(loss)	15,000	8,000
	<hr/>	<hr/>
Asset/(liability) at end of year	(2,000)	(17,000)
	<hr/>	<hr/>

The full actuarial valuation at 31 March 2016 showed a reduction in the liability from £17,000 to £2,000.