

THE PASTORAL FOUNDATION
A Company limited by guarantee with charitable status
and not having a Share Capital

(Charity Registration No. 008875)

(Company Registration No. 122762)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

James Anderson & Co
Chartered Accountants
Pentland Estate
STRAITON
Edinburgh
EH20 9QH

SATURDAY



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SCT **13/09/2014** **#654**
COMPANIES HOUSE

Directors:

Dick Manson (Chair)
Janet Buncle
Alison Hampton
John McCabe (resigned 4 October 2013)
Matthew Haggis
Hilary Peppiette (resigned 24 June 2013)
Christine Hewitt
Beatrice Dundonald
Judith Fewell
Allan Sturrock (appointed 4 October 2013)

Secretary:

Hilary Peppiette (resigned 24 June 2013)
Matthew Haggis (appointed 24 June 2013)

Treasurer:

John McCabe (resigned 4 October 2013)
Allan Sturrock (appointed 4 October 2013)

Director of Counselling:

Alison Hampton

Bankers:

Bank of Scotland
8 Morningside Road
EDINBURGH
EH10 4DD

Independent Examiner:

James Anderson
Chartered Accountant (ICAS)
Pentland Estate
STRAITON
Edinburgh
EH20 9QH

Registered Office:

8 Balcarres Street
EDINBURGH
EH10 5JB

Company**Registration No:**

122762

Charity**Registration No:**

SC008875

Governing Document:

Memorandum and Articles
of Association

**Report of the Directors/Trustees
For the Year ended 31 March 2014**

Reference and Administrative Details

The information relating to The Pastoral Foundation is contained on page 1.

Structure of Governance and Management

Governing Document

Memorandum and Articles of Association.

Appointment of new Directors

Directors are appointed at the Company's Annual General meeting. Directors can be co-opted during the year and these new appointments stand for re-election at the following Annual General meeting.

Recruitment of new Directors

The directors are recruited to maintain a balance of skills within the Board. Most appointments come from parties who already know the work of The Pastoral Foundation and who are able to commit time to the charity's objectives. In 2013/14 one new Director was recruited to join the Board and appointed as Treasurer, to replace the financial and business acumen lost following the resignation of John McCabe after 11 years of service.

Induction and Training of Directors

Training publications are made available to directors to assist them to carry out their duties and understand their responsibilities. New Directors are given a copy of the Memorandum and Articles of the Company, Companies House literature, as well as a copy of the Guidance for Charity Trustees published by OSCR. Opportunities are sought throughout the year for Directors to attend appropriate training and information events.

Structure

The Board of Directors appoint the Director of Counselling, who is responsible for the day-to-day running of the charity including supervision of staff. A sub-committee of the Board constitutes a Clinical Practice Group, chaired by a Director with significant clinical experience, which meets regularly to consider clinical risk and practice and which makes recommendations to the Board as appropriate. The Directors meet on at least six occasions each year to examine strategic, financial and operational matters, and are available to assist the Director on more complex issues.

Risk Management

The Directors give consideration to the major business and operational risks which the Company faces and maintain a Risk Matrix register to enable regular review and reporting of risk factors by the Director so that necessary steps can be taken to lessen these risks.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and of the profit or loss of the charity for that period. In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (Amended). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives and Activities

The Charitable Objectives of the Pastoral Foundation, as defined in the constituting document, the Memorandum of Association, are:

1. to relieve persons in need of emotional, social, psychological or spiritual support by the provision of a professional counselling service;
2. to promote and provide education and training for volunteer counsellors with a view to raising the standards of counselling for the benefit of the community and, in particular, of those who are recipients of counselling.

The Activities of the Company this year included:

1. provision of a counselling service known as the PF Counselling Service to those who are in need of such services from across Edinburgh and the Lothians.
2. provision of opportunities for voluntary counselling practice to Counsellors and Psychotherapists who are qualified to Diploma level or above.
3. provision of voluntary counselling practice placement opportunities to students in the final stages of training in counselling and psychotherapy.
4. recruitment, support and provision of professional supervision for volunteer Counsellors.
5. provision of workshops, continuing professional development training and conferences on issues relevant to the work of the counsellors, which are sometimes open to counsellors from other agencies.
6. recruitment, training and supervision of volunteers for receptionist duties on the premises.
7. fundraising to support these activities.
8. participating in Edinburgh Voluntary Sector Counselling Services Forum in order to liaise with other organisations and agencies to promote and support the work of the PF Counselling Service.

Achievements & Performance

During the past year nearly 100 counsellors offered 12,795 counselling sessions to 780 clients. Being able to provide nearly 13,000 sessions in one year is a profoundly satisfying achievement, and represents an increase on the previous year despite being very close to using the full capacity of our premises. The increase in sessions offered has been achieved through further improvements in the efficiency of time and space utilisation, and increased time commitment by even more volunteer counsellors.

The demand for counselling from within the community continues to rise, and our list of clients waiting for counselling appointments has reached around 300. Despite this further rise, and working hard to minimise waiting times, most people are required to wait between 6 and 12 weeks for an initial appointment, depending on their availability. There clearly continues to be a strong need for accessible, affordable counselling across Edinburgh and the Lothians.

133 people were directly involved in the delivery of the service throughout the year, 122 of whom were volunteers, comprising 98 counsellors, 20 receptionists and 9 board members, 10 supervisors and 4 staff.

The quality, comfort and therapeutic value of our premises are vital to our success, and it has always been our hope and expectation that we would invest in improving and maintaining them.

Considerable effort was put into raising and generating funds, and the stewardship of our existing donors, with a view to making early capital repayments on our mortgage loan, thus reducing future long-term outgoings. Our success in this resulted in a significant increase in Net Incoming Resources in this financial year which has all been used to reduce our Long Term Creditors.

Financial Review

The financial statements follow on pages 7 to 14. These statements are prepared in terms of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities and the Companies Act 1985.

It is our policy to have reserves at a level which allows the charity to operate from year-to-year given the financial risks which exist in achieving continuity of funding. The Board reviewed the charity's Reserves policy and concluded that the level of free reserves should equal at least three months of overhead expenditure plus any loan repayment liabilities. It also recognised the need to hold reserves for the maintenance, repair and future refurbishment of our premises.

Although our building is now an asset of the organisation and thus, technically, part of the value of our reserves, it is not an asset that can be readily realised to fund continuing operations. The Fixed Asset Fund identifies the amount of total reserves tied up in this way. The figure (£241,459) represents our total fixed assets less the amount we still owe in long term loans. The Board considers that it should disregard the value of the Fixed Asset Fund when assessing the reserves policy.

Consideration of the above policies meant that we were able to reduce our mortgage loan liabilities by £140,000 in this financial year, accruing the benefit of reducing our expenditure on loan interest and repayments by around £10,000 per year in the future.

2013/14 was the final year of the five-year commitment of support from the Alison and Christopher Butler Foundation. The Foundation considered that we had used the funds well, bringing the PF to a position of stability with a strong future, and it declined to offer further funding. However, in a gesture of real generosity, it decided to waive the amount outstanding on their loan to us which was provided to help purchase our premises.

Plans for Future Periods

The PF is still unique within the Edinburgh area in being the only counselling agency offering generic counselling services to any members of the public over the age of 18, from any area, without requiring a minimum financial contribution. There is continuing pressure on the PF to provide its service, and the number of clients on our waiting list is consistently high.

We will continue to consolidate our expertise in the efficient delivery of the service, in order to achieve the long term sustainability for which we have been aiming for some years. We are still very keen to repay our mortgage loan as early as possible, given the progress we have made towards this so far, and the operational savings that have resulted.

Our commitment to CPD for our volunteers will continue, with a series of training workshops which balance full use of the skills and experience within the PF with fresh ideas and stimuli from other sources.

Directors

The directors who served during the year are shown on page 1.

Share Capital

The company is limited by guarantee and has no share capital.

Independent Examiner

James Anderson C.A. has indicated his willingness to continue in office as independent examiner and a resolution proposing his re-appointment will be put to the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'M. Haggis', with a stylized flourish at the end.

**Matthew Haggis
Secretary**

15 August 2014

Independent Examiner's Report to the Trustees of The Pastoral Foundation

I report on the accounts of the charity for the year ended 31 March 2014 which are set out on pages 7 to 14.

Respective responsibilities of trustees and examiner

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

Basis of Independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (amended). An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given in the accounts.

Independent examiners statement

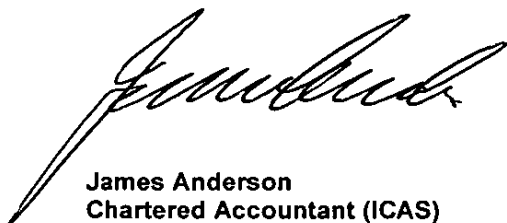
In the course of my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with Section 44 (1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



James Anderson
Chartered Accountant (ICAS)
Pentland Estate
STRAITON
Edinburgh
EH20 9QH

15 August 2014

**Statement of Financial Activities
Including Income & Expenditure Account
For the Year ended 31 March 2014**

	Notes	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
Incoming Resources						
Voluntary income	2	67,503	-	-	67,503	42,230
Investment income	3	4,509	-	-	4,509	2,297
Activities for generating funds	4	-	-	-	-	742
Incoming resources from Charitable activities	5	215,069	-	-	215,069	195,316
		<u>287,081</u>	<u>-</u>	<u>-</u>	<u>287,081</u>	<u>240,585</u>
Resources Expended						
Cost of generating funds	6	1,965	-	-	1,965	470
Cost of Charitable activities	7	188,154	2,636	-	190,790	199,861
Governance costs	8	973	-	-	973	943
		<u>191,092</u>	<u>2,636</u>	<u>-</u>	<u>193,728</u>	<u>201,274</u>
Net Incoming/(Outgoing) resources		95,989	(2,636)	-	93,353	39,311
Fund Transfer		(173,962)	173,962	-	-	-
Net movement in funds		(77,973)	171,326	-	93,353	39,311
Balance 31 March 2013		102,964	83,604	44,059	230,627	191,316
Balance						
31 March 2014	15	<u>24,991</u>	<u>254,930</u>	<u>44,059</u>	<u>323,980</u>	<u>230,627</u>

The results set out in the statement above derive wholly from the continuing operations of the Charity.

Balance Sheet
As at 31 March 2014

	Notes	2014 £	2013 £
Fixed Assets			
Tangible assets	10	286,216	287,681
Current Assets			
Debtors	11	4,525	3,952
Bank & cash		82,298	158,300
		86,823	162,252
Creditors			
Amount falling due within one year	12	6,111	17,415
Net Current Assets		80,712	144,837
Total Assets less Current Liabilities		366,928	432,518
Creditors			
Amount falling due outwith one year	13	42,948	201,891
Net Assets		323,980	230,627
Fund Balances			
Unrestricted fund – Income & Expenditure account	15	24,991	102,964
Designated funds	15	254,930	83,604
Restricted funds	15	44,059	44,059
		323,980	230,627

These annual accounts have not been audited because the company is entitled to the exemption provided by S477 of the Companies Act 2006 and members have not required the company to obtain an audit of its accounts for the period in accordance with S476 of the Companies Act 2006. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with S386 of the Companies Act 2006. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year in accordance with S396 Companies Act 2006, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company. The financial statements on pages 7 to 14 were approved on 15 August 2014 and signed on its behalf.

Allan Sturrock Director



**Notes to the Financial Statements
For the Year ended 31 March 2014**

1. Accounting Policies

a) Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting of Charities (SORP 2005), the Charities Accounts (Scotland) Regulations 2006 (amended) and in accordance with the Companies Act 2006.

b) Tangible Fixed Assets & Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of tangible fixed assets less their estimated residual values over their expected useful lives on the undernoted basis.

Furniture & office equipment – 4 years
Computer equipment – 4 years
Heritable property – 30 years

c) Incoming Resources

Income is stated at the amounts receivable for the year. This income represents the amounts derived from the provision of counselling, training courses and donations, which fall within the company's ordinary activities.

d) Expenditure

All expenditure is included on an accruals basis and has been directly attributed to one of the financial categories of resources expended in the Income and Expenditure Account and Statement of Financial Activities. The Charity is not registered for Vat and accordingly expenditure is shown gross of irrecoverable Vat.

e) Taxation

No provision for corporation tax is necessary as the company has charitable status. The company is not registered for VAT and suffers input tax on some of its expenditure.

	2014 £	2013 £
2. Voluntary Income		
Donations		
Artemis	12,500	12,500
* The Thomas Hughes Foundation	17,500	17,500
* The Thomas Hughes Foundation – loan waiver	17,850	-
Order of Malta GB	-	3,910
Christian Fellowship of Healing	-	2,793
Cadenza Event	9,327	-
In memory of M Stephenson	1,000	-
Other donations under £1,000	9,174	5,334
Gift aid recovery	152	193
	<hr/>	<hr/>
<i>Unrestricted fund</i>	67,503	42,230
	<hr/>	<hr/>

* The Thomas Hughes Foundation was previously the Alison and Christopher Butler Foundation.

Notes to the Financial Statements (Continued)

Income Analysis	2014 £	2013 £
3. Investment Income		
Bank interest	<u>4,509</u>	<u>2,297</u>
4. Activities For Generating Funds		
Fundraising for building/relocation fund	<u>-</u>	<u>742</u>
<i>Designated fund</i>	<u>-</u>	<u>742</u>
5. Incoming Resources From Charitable Activities		
Counselling contributions	153,416	143,988
NHS Lothian	30,000	30,000
NHS Lothian – WHSL	8,370	-
Gift aid recovery	<u>23,283</u>	<u>21,328</u>
	<u>215,069</u>	<u>195,316</u>
Expenditure Analysis		
6. Cost of Generating Funds		
Production of annual report & AGM costs	765	470
Fundraising advisory fees	<u>1,200</u>	<u>-</u>
	<u>1,965</u>	<u>470</u>

Notes to the Financial Statements (Continued)

7. Expenditure on Charitable Activities

	Unrestricted Fund	Designated Funds	Total 2014 £	Total 2013 £
Salaries, national insurance	97,760	-	97,760	99,110
Fast track payments	11,303	-	11,303	9,437
Supervision fees	39,906	-	39,906	37,275
Assessment fees	7,860	-	7,860	8,041
WHSL fees	5,480	-	5,480	-
In-service training	887	-	887	1,300
Professional indemnity insurance	500	-	500	500
Subscriptions	532	-	532	498
Books	37	-	37	27
Catering	1,511	-	1,511	1,453
Travel	327	-	327	201
Staff training	230	-	230	1,212
Rates & water rates	3,719	-	3,719	3,354
Heat & light	2,669	-	2,669	3,127
Insurance	1,360	-	1,360	1,461
Cleaning	1,621	-	1,621	1,438
Recruitment	220	-	220	-
Payroll processing	813	-	813	669
Printing & stationery	1,422	-	1,422	1,401
Computer software & office Equipment repairs	1,725	-	1,725	2,110
Upkeep property	532	1,170	1,702	15,826
Telephone	1,414	-	1,414	1,386
Postages	608	-	608	263
Miscellaneous	847	-	847	1,313
Bank loan interest	4,871	-	4,871	6,831
Depreciation	-	1,466	1,466	1,628
	<u>188,154</u>	<u>2,636</u>	<u>190,790</u>	<u>199,861</u>

8. Governance Costs

Independent examiner's fee	960	-	960	930
Company registration	13	-	13	13
	<u>973</u>	<u>-</u>	<u>973</u>	<u>943</u>

Notes to the Financial Statements (Continued)

	2014 £	2013 £
9. Employee Information		
Average number of persons employed during the year was:	<u>4</u>	<u>4</u>
Costs		
Salaries	89,636	90,800
Social security costs	<u>8,124</u>	<u>8,310</u>
	<u>97,760</u>	<u>99,110</u>

No staff member is remunerated at a level in excess of £60,000 per annum. No pension contributions are made in respect of staff.

10. Tangible Fixed Assets

	Heritable Property £	Furniture & Equipment £	Computer Equipment £	Total £
Cost				
31 March 2013 and 2014	<u>285,331</u>	<u>12,909</u>	<u>14,396</u>	<u>312,636</u>
Depreciation				
31 March 2013	-	12,215	12,740	24,955
Charge for year	-	<u>419</u>	<u>1,046</u>	<u>1,465</u>
31 March 2014	-	<u>12,634</u>	<u>13,786</u>	<u>26,420</u>
Net Book Value				
31 March 2014	285,331	275	610	286,216
31 March 2013	<u>285,331</u>	<u>694</u>	<u>1,656</u>	<u>287,681</u>

11. Debtors

Tax Refunds – gift aid	1,848	1,929
Accrued interest	543	11
Prepayments	<u>2,134</u>	<u>2,012</u>
	<u>4,525</u>	<u>3,952</u>

Notes to the Financial Statements (Continued)

	2014 £	2013 £
12. Creditors		
Amounts falling due within one year		
Accruals	2,058	3,362
Taxation & social security	2,244	2,226
Bank loan	1,809	7,543
Other loan	-	4,284
	<u>6,111</u>	<u>17,415</u>
13. Creditors		
Amounts falling due outwith one year		
Bank loan	42,948	184,041
Other loan	-	17,850
	<u>42,948</u>	<u>201,891</u>

The bank loan is from Triodos Bank and is secured by a standard security over the charity's heritable property. The loan is scheduled for repayment in August 2031. Interest is charged at a rate of 2.75% above base with a minimum rate of 3.5%. Repayments are made by monthly instalments of £286.32 as follows:

Within one year	1,809	7,543
Between one and two years	1,964	7,811
Between two and five years	6,321	25,139
After five years	34,663	151,091
	<u>44,757</u>	<u>191,584</u>

Lump sum payments amounting to £141,085 have been repaid during the year.

14. Related Parties

Alison Hampton is employed by The Pastoral Foundation as Director of Counselling. She received no remuneration for serving as a director but received a salary of £40,752 (2013 - £40,150) for her normal employment. This is paid at the normal rate for her position within the Foundation and is permitted by the governing document. No remuneration was paid to any other director during the year or previous year. No director received a refund of expenses during the year or previous year.

During the year £360 (2013 - £nil) was paid for the design and preparation of the Charity's annual review. This was carried out on a normal commercial basis by Creative Exchange, a business owned by Matthew Haggis who is also a director of The Pastoral Foundation.

Notes to the Financial Statements (Continued)

15. Statement of Funds

	31 March 2013 £	Incoming Resources £	Outgoing Resources £	Fund Transfers £	31 March 2014 £
Unrestricted Funds					
Income & expenditure account	102,964	287,081	191,092	(173,962)	24,991
Designated Funds					
Redundancy fund	5,000	-	-	-	5,000
Building maintenance fund	4,641	-	1,170	5,000	8,471
Fixed asset fund	73,963	-	1,466	168,962	241,459
	83,604	-	2,636	173,962	254,930
Restricted Funds					
Financial stability fund	42,633	-	-	-	42,633
Core evaluation training fund	1,426	-	-	-	1,426
	44,059	-	-	-	44,059
Total Funds	230,627	287,081	193,728	-	323,980

Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Unrestricted fund	-	29,293	(4,302)	24,991
Designated funds	286,216	13,471	(44,757)	254,930
Restricted funds	-	44,059	-	44,059
	286,216	86,823	(49,059)	323,980

The income and expenditure account is an **Unrestricted Fund** which the Charity is free to use in accordance with its objects.

The **Designated Funds** have been created by the directors as a matter of prudence and are for the purpose of meeting costs in the designated areas.

Redundancy Fund - to fund any redundancy related costs which might arise in the future.

Building Maintenance Fund - to meet further modernisation costs relating to the fabric of the property.

Fixed Asset Fund - to meet the expenditure made less depreciation provided on fixed assets and less liabilities outstanding on their acquisition. This fund demonstrates that part of the reserves which cannot be readily realised to fund continuing operations.

The **Restricted Funds** refer to funds donated for the purpose of meeting any deficit on the income and expenditure account on an annual basis and a sum towards core evaluation training.