

MIDLOTHIAN FINANCIAL INCLUSION NETWORK

ANNUAL REPORT AND FINANCIAL STATEMENTS

Scottish Charity Number: SC035964

YEAR ENDED 31 MARCH 2017



Company No: 282964

MIDLOTHIAN FINANCIAL INCLUSION NETWORK

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**MIDLOTHIAN FINANCIAL INCLUSION NETWORK
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017**

The directors have pleasure in presenting their report and audited financial statements on the activities of Midlothian Financial Inclusion Network for the year ended 31 March 2017.

Reference & Administrative Information

Charity Name: Midlothian Financial Inclusion Network

Charity Number: SC035964

Company Number: 282964

Registered Office: 14a John Street, Penicuik, EH26 8AB

Bankers: Bank of Scotland, 47 High Street, Dalkeith

Accountants: AG Accounting, 167 Curriehill Castle Drive, Balerno, EH14 5TD

Directors:

The directors, at the date of this report are:

Sue Peart (Chair)
Kirsten Cook (Vice Chair)
Susan Bowes (Secretary)
Lesley Kelly (Treasurer)
Janice Burns

Structure Governance & Management:

Midlothian Financial Inclusion Network is company limited by Guarantee regulated by its Memorandum and Articles of Association. The Board of Directors is responsible for its policies and operations.

During the year, the Charity employed 1 member of staff line managed by the Treasurer. The Development Officer was Penny Stafford.

Objectives and Activities:

MFIN's objective, as outlined in the Memorandum of Association is:

- To relieve poverty and to advance public education in all matters relating to management of personal finances.

We aim to increase awareness of money advice, increase access to money advice services, target help to vulnerable groups and areas and build the capacity of community based groups to support their clients.

MFIN continued to raise awareness of Welfare Reform. Over the year our website has been refreshed and re-launched, our social media branding has been updated with our Twitter page now tweeting local support information and national policy issues. We continue to hold regular meetings, produce newsletters, to provide regular e-mail updates together with copies of reports, press articles and up to date research. Two MFIN meetings and a training session were held. Invited speakers included Rachael McLean from Fareshare Food Cloud (a food-bank style project utilising surplus supermarket Food), and Neil Nemec outlining RNIB's Welfare Advice Service.

Our now annual training session led by CPAG was again well attended and focussed this year on Universal Credit Full Service.

Our Power of Attorney project organised Midlothian's first ever Power of Attorney Week in November to help link people wishing to grant a Power of Attorney with local solicitors who were willing to provide the service at a discounted price. We have also produced a Local Guide to Power of Attorney.

Through the Fuel Bank project we aim to provide emergency utility payments to residents in crisis to help reduce the need for people to choose between "heating and eating".

Further details of these activities can be found on the website and annual report.

Risk Management:

The directors have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the organisation, and recognise that systems need to be in place to mitigate our exposure to the major risks.

Financial Review:

Reserves Policy:

It is the policy of the charity to maintain unrestricted funds which are the free reserves of the charity at an appropriate level. This should equate to approximately two to three months of unrestricted expenditure. This will provide sufficient funds to cover necessary operational costs. Due to the size and operations of the organisation, this is not always possible.

Results/Financial Position:

In the year to 31 March 2017, the company had a gross income of £27,155. Expenditure for the year was £23,161 (2016: £61,110 and £59,905 respectively). Net Assets of the charity at the end of the year amounted to £22,872 (2016: £18,878). The surplus income in the year will be used in the incoming year.

Plans for Future Periods:

Universal Credit will be rolled out across Midlothian, and this will be a key focus of our work in the forthcoming year. We will continue to support the MFIN members to deal with austerity, and work closely in strategic partnership with local statutory agencies.

Statement of Directors Responsibilities:

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing these financial statements the directors are required to:

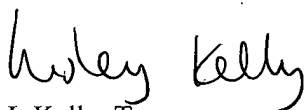
- select suitable accounting policies and then apply them consistently
- observe the methods and principles of the SORP
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company, and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charity Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Directors confirm their compliance with these requirements.

In preparing this report advantage has been taken of the small companies' exemption. This report has been prepared in accordance with the Statement of Recommended Practice 2015 (FRS 102) - and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the directors on 10 October 2017 and signed on their behalf by:



L Kelly, Treasurer

14a John Street
Penicuik, EH26 8AB

**MIDLOTHIAN FINANCIAL INCLUSION NETWORK
INDEPENDENT EXAMINERS REPORT TO THE DIRECTORS
YEAR ENDED 31 MARCH 2017**

I report on the financial statements of Midlothian Financial Inclusion Network for the year ended 31 March 2017 set out on pages 6 to 11, which have been prepared under the historical cost convention, and the accounting policies set out on page 8.

Respective Responsibilities of the Trustees and the Examiner

The Trustees (who are the directors of the charity for the purposes of Company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The Trustees consider that the audit requirement of Regulation 10(1) (a) to (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 Examiners Statement


My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006.

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 Directors concerning such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, consequently I do not express an audit opinion on the view given by 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.


Alison Glass FCCA
AG Accounting

167 Curriehill Castle Drive
Balerno, EH14 5TD

Date: 13/10/17

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
BALANCE SHEET
AS AT 31 MARCH 2017

Company No: 282964

	Note	31 March 2017 £	31 March 2016 £
Current Assets:			
Debtors and Prepayments	9	-	-
Bank and Cash Balances		27,620	19,803
		-----	-----
		27,620	19,803
		-----	-----
Current Liabilities:			
Creditors due within 1 year:			
Creditors & Accruals	10	4,748	925
		-----	-----
		4,748	925
		-----	-----
Net Current Assets		22,872	18,878
		-----	-----
		22,872	18,878
		=====	=====
Represented by:			
Unrestricted funds:			
General Fund	12	12,167	10,417
Restricted Funds	12	10,705	8,461
		-----	-----
		22,872	18,878
		=====	=====

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 March 2017. The members have not required the company to obtain an audit under section 476 in relation to its financial statements for the period. The directors acknowledge their responsibility for:

1. ensuring that the company keeps accounting records which comply with S386 of the CA 2006; and
2. preparing accounts which give a true and fair view of the state of the company's affairs at the end of the financial year and of its profit or loss for the year in accordance with the requirements of S396, and which otherwise comply with the requirements of the CA 2006 relating to accounts, so far as applicable to the company.

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

Approved by the Board on: 19 October 2017 and signed on their behalf by:

S Peart S Peart, Chair

L Kelly L Kelly, Treasurer

The Notes on pages 8 to 11 form part of these accounts.

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
STATEMENT OF FINANCIAL ACTIVITIES AND INCOME & EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2017

		Year ended 31 March 2017			Year ended 31 March 2016 Total
	Note	Unrestricted Funds £	Restricted Funds £	Total £	£
Income and endowments from:					
Donations and legacies		-	27,155	27,155	61,110
Investments		-	-	-	-
Charitable activities		-	-	-	-
		-----	-----	-----	-----
Total Income	4	-	27,155	27,155	61,110
		-----	-----	-----	-----
Expenditure on:					
Raising funds		-	-	-	-
Charitable Activities		-	23,161	23,161	59,905
		-----	-----	-----	-----
Total Expenditure	7	-	23,161	23,161	59,905
		-----	-----	-----	-----
Net income before transfers		-	3,994	3,994	1,205
Transfers		1,750	(1,750)	-	-
		-----	-----	-----	-----
Net Movement in funds		1,750	2,244	3,994	1,205
Total Funds brought forward		10,417	8,461	18,878	17,673
		-----	-----	-----	-----
Total Funds carried forward	12	12,167	10,705	22,872	18,878
		-----	-----	-----	-----

All activities are continuing. There are no recognised gains or losses other than those shown above.

The Notes on pages 8 to 11 form part of these accounts.

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2017

1 Accounting Policies:

- a) **Basis of Accounting** - The financial statements of the charity have been prepared in accordance with the Charities SORP (FRS102) '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 (FRS 102) (effective 1 January 2015), the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006.
The presentation currency is £ sterling.
The company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the accounting policies.
- b) **Income** - All income is 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:
- Donations and legacies are received by way of grants, donations and gifts 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 recognized when the charity becomes unconditionally entitled to the grant.
 - Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
 - Investment income is included when receivable.
 - Income from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- c) **Expenditure** - Expenditure is included on an accruals basis. The project is not registered for VAT thus expenditure is shown gross of irrecoverable VAT.
- Costs of raising funds comprise the costs associated with attracting voluntary income.
 - 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 including 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 are also included as part of this cost.
 - All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.
- d) **Pensions** - The Company provides for employees to pay money into a money purchase personal pension scheme. The pension charge in the income and expenditure account represents the amounts payable by the company to the fund in respect of the period.
- e) **Funds held by the charity are:**
- **Unrestricted Funds:** These are the funds that can be used in accordance with the charitable objects at the discretion of the directors.
 - **Designated funds:** These are unrestricted funds that the directors have set aside for a particular purpose.

- Restricted funds: These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or if they have been raised for a specific purpose.
- f) Financial instruments - The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.
- g) Debtors - Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.
- h) Creditors and provisions – Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- i) Transition to FRS 102 - In preparing these accounts the Trustees 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. There were no adjustments needed in making the transition to FRS 102. The transition date was 1 April 2015.

2 Legal Status

The charity is a Company Limited by Guarantee, registered in Scotland, and has no share capital. The liability of each member in the event of winding up is limited to £1.

3 Principal Funds

The principal source of funding is from Midlothian Council. This is administered under the direction of the Directors, in line with the objects of the project.

4 Taxation

Midlothian Financial Inclusion Network is accepted by the Inland Revenue as a charity for the purposes of section 505 of the Income & Corporation Taxes Act 1988. Accordingly no provision has been made for any taxation liability on surpluses.

5 Accountants Remuneration

	2017	2016
	£	£
Examination services	275	275
	-----	-----

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
NOTES TO THE ACCOUNTS (Cont.)
YEAR ENDED 31 MARCH 2017

6 Income and endowments

	2017 £	2016 £
Donations & legacies		
Midlothian Council	17,725	17,038
Midlothian Council – Small Grants	2,930	-
Midlothian Council (via Penicuik CAB)	3,000	-
Robertson Trust	3,500	-
Big Lottery Fund	-	29,149
Welfare Reform & Resilience Fund	-	10,906
SCVO	-	4,019
	-----	-----
	27,155	61,110
Investment Income		
Bank Interest Receivable	-	-
Income from charitable activities		
Newsletter	-	-
	-----	-----
	27,155	61,110
	-----	-----

Income from donations & legacies was £27,155 (2016: £61,110) all of which was restricted.

Income from charitable activities was £Nil (2016: £Nil) all of which was unrestricted.

7 Payments to Directors and Employee Remuneration

	2017 £	2016 £
Salaries & Wages	12,860	36,718
Employers National Insurance	729	2,451
Pension Contributions	-	354
	-----	-----
	13,590	39,523
	-----	-----

No employees were paid in excess of £60,000. The average number of salaried employees including part time employees but excluding casual helpers was 1. (2016: 3)

Directors received no remuneration for their services or out of pocket expenses. (2016: £Nil).

The Key Management Personnel of the charity comprises the Trustees. The total employee benefits of the key management personnel during the year were £Nil (2016: £Nil).

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
NOTES TO THE ACCOUNTS (Cont.)
YEAR ENDED 31 MARCH 2017

8 Expenditure

Expenses	Cost of Charitable Activities £	2017 Total £	2016 Total £
Salaries, NI & Pension	13,590	13,590	39,523
Line Management	1,500	1,500	1,855
Staff Travel	66	66	360
Recruitment	-	-	-
Holiday Meals Pilot	-	-	3,000
Travel Tickets	-	-	1,140
Fuel Payments	600	600	-
Training & Events	1,469	1,469	650
Consultancy	2,600	2,600	5,258
Insurance	425	425	412
Equipment	-	-	15
Telephone, postage & Consumables	-	-	-
Printing & Publicity	632	632	3,974
Website	1,838	1,838	3,052
Sundries	118	118	343
Legal & Professional	48	48	48
Audit & Accountancy	275	275	275
	-----	-----	-----
	23,161	23,161	59,905
	-----	-----	-----

Expenditure on charitable activities was £23,161 (2016: £59,905) all of which was restricted.

9 Debtors

	2017 £	2016 £
Accrued Income	-	-
	-----	-----

10 Creditors

	2017 £	2016 £
Due within one year:		
Other Creditors & Accruals	1,610	925
Deferred Income	3,138	-
	-----	-----
	4,748	925
	-----	-----

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
NOTES TO THE ACCOUNTS (Cont.)
YEAR ENDED 31 MARCH 2017

11 Analysis of Net Assets

	General Fund £	Restricted Funds £	2017 Total £	2016 Total £
Bank & Cash Accounts	12,167	15,453	27,620	19,803
Debtors & Prepayments	-	-	-	-
Creditors & Accruals	-	(4,748)	(4,748)	(925)
	<u>12,167</u>	<u>10,705</u>	<u>22,872</u>	<u>18,878</u>

12 Reconciliation of Movements of Funds

Fund	At Start of Year £	Income £	Expenditure £	Transfers £	At End of Year £
Unrestricted funds- General fund	10,417	-	-	1,750	12,167
Restricted funds - Midlothian Council	8,461	17,725	17,152	-	9,034
Fuel Poverty	-	2,930	1,702	-	1,228
POA Week	-	6,500	4,307	(1,750)	443
	<u>8,461</u>	<u>27,155</u>	<u>23,161</u>	<u>-</u>	<u>10,705</u>
Total Funds	<u>18,878</u>	<u>27,155</u>	<u>23,161</u>	<u>-</u>	<u>22,872</u>

Transfers:

The balances on the projects which have now completed have been transferred to general funds where this has been agreed by the funders.

13 Restricted Funds

Restricted Small Grants comprise the following:

Midlothian Council: This money has been provided by Midlothian Council for the costs for financial inclusion and debt awareness project

Fuel Poverty Project: This funding is from Midlothian Council Small Grants scheme to pilot the funding of emergency utility payments to residents in crisis.

POA Week: This funding is from Robertson Trust and Midlothian Council (via Penicuik CAB) to develop and pilot a "Power of Attorney" week which will enable vulnerable people to take a preventative approach to managing their affairs by appointing a person of their choice to deal with matters before they are in a crisis situation.