

MIDLOTHIAN FINANCIAL INCLUSION NETWORK

ANNUAL REPORT AND FINANCIAL STATEMENTS

Scottish Charity Number: SC035964

YEAR ENDED 31 MARCH 2019



Company No: 282964

MIDLOTHIAN FINANCIAL INCLUSION NETWORK

CONTENTS

Report of the Directors including Statement of Directors Responsibilities

Independent Examiners Report

Balance Sheet

Income & Expenditure Account and Statement of Financial Activities

Notes to the Accounts

**MIDLOTHIAN FINANCIAL INCLUSION NETWORK
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019**

The directors have pleasure in presenting their report and unaudited financial statements on the activities of Midlothian Financial Inclusion Network for the year ended 31 March 2019.

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) (to 13 June 2018)

Lesley Kelly (Treasurer)

Janice Burns

Julie Podet (from 1 December 2019)

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 Graeme Egan.

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. We deliver our service through supporting the capacity of local advice agencies, and through delivering projects in partnership with other organisations.

Network Support: MFIN has continued to support the Network, facilitating its meetings and a regular e-bulletin which brings together copies of reports, press articles, up-to-date research on poverty and welfare reform at local and national levels, and update from member organisations. We represented MFIN on a number of forums, including the Midlothian Child Poverty Working Group.

Technology Conference: We held a Technology Conference to look at some of the challenges facing the Third Sector and its clients.

Democracy Matters: In partnership with the local Third Sector Interface, we applied for a Scottish Government “Democracy Matters Community Engagement Fund” grant to run an event to discuss what matters to local people in relation to democracy. This was part of the “Scottish Government Democracy Matters Conversation: Your Community, Your Ideas, Your Future”.

SCVO Community Capacity Building: Working in partnership with Mayfield and Easthouses Development Trust (MAEDT), this project gave people in the local area access to a weekly community cooking and eating event.

Work IT Out: This project was undertaken in partnership with Volunteer Midlothian, which has run a range of volunteer-led IT support in Midlothian libraries since 2012. The project, which will continue next year, supports people to gain digital literacy skills.

Brexit Stakeholder Engagement Fund: The UK imports around 31% (by value) of all its food from other EU Member States. A key uncertainty surrounding Brexit is the impact it will have on the affordability and availability of food. MFIN explored this issue further with local communities, and looked at how organisations dealing with financial inclusion and food can respond.

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 2019, the company had a gross income of £35,787. Expenditure for the year was £32,118 (2018: £22,967 and £15,263 respectively). Net Assets of the charity at the end of the year amounted to £34,245 (2018: £30,576). The surplus income in the year will be used in the incoming year.

Plans for Future Periods:

We will continue to support the MFIN members to deal with austerity, and work closely in strategic partnership with local statutory agencies. Our core funding from Midlothian Council will carry on, and we will continue to look for opportunities for other project work.

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:

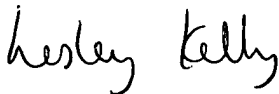
- select suitable accounting policies and then apply them consistently
- observe the methods and principles of the SORP
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 04 December 2019 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 2019**

I report on the financial statements of Midlothian Financial Inclusion Network for the year ended 31 March 2019 set out on pages 6 to 12, which have been prepared under the historical cost convention, and the accounting policies set out on page 8-9.

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: *6/12/19*

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
BALANCE SHEET
AS AT 31 MARCH 2019

Company No: 282964

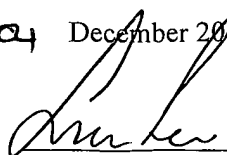
	Note	31 March 2019 £	31 March 2018 £
Current Assets:			
Debtors and Prepayments	9	11,289	-
Bank and Cash Balances		40,459	31,720
		-----	-----
		51,748	31,720
		-----	-----
Current Liabilities:			
Creditors due within 1 year:			
Creditors & Accruals	10	17,503	1,144
		-----	-----
		17,503	1,144
		-----	-----
Net Current Assets		34,245	30,576
		-----	-----
		34,245	30,576
		=====	=====
Represented by:			
Unrestricted funds:			
General Fund	12	13,120	13,038
Restricted Funds	12	21,125	17,538
		-----	-----
		34,245	30,576
		=====	=====

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 March 2019. 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 if 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: 04 December 2019 and signed on their behalf by:



S Peart, Chair



L Kelly, Treasurer

The Notes on pages 8 to 12 form part of these accounts.

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
STATEMENT OF FINANCIAL ACTIVITIES AND INCOME & EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2019

		Year ended 31 March 2019			Year ended 31 March 2018 Total
	Note	Unrestricted Funds £	Restricted Funds £	Total £	£
Income and endowments from:					
Donations and legacies		-	35,787	35,787	22,967
Investments		-	-	-	-
Charitable activities		-	-	-	-
		-----	-----	-----	-----
Total Income	6	-	35,787	35,787	22,967
		-----	-----	-----	-----
Expenditure on:					
Raising funds		-	-	-	-
Charitable Activities		-	32,118	32,118	15,263
		-----	-----	-----	-----
Total Expenditure	8	-	32,118	32,118	15,263
		-----	-----	-----	-----
Net income/expenditure before transfers		-	3,669	3,669	7,704
Transfers		82	(82)	-	-
		-----	-----	-----	-----
Net Movement in funds		82	3,587	3,669	7,704
Total Funds brought forward		13,038	17,538	30,576	22,872
		-----	-----	-----	-----
Total Funds carried forward	12	13,120	21,125	34,245	30,576
		-----	-----	-----	-----

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

The Notes on pages 8 to 12 form part of these accounts.

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019

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 are 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 independent examination 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) Significant judgements and estimates - Preparing the financial statements may require the trustees to make significant judgements and estimates. There were no items in the financial statements where these judgements and estimates were required.

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

	2019	2018
	£	£
Examination services	300	280
	-----	-----

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
NOTES TO THE ACCOUNTS (Cont.)
YEAR ENDED 31 MARCH 2019

6 Income and endowments

	2019	2018
	£	£
Donations & legacies		
Midlothian Council	11,751	11,751
Midlothian Council – Small Grants	-	200
SCVO	12,447	11,016
Scottish Government	11,289	-
Voluntary Action Fund	300	-
	-----	-----
	35,787	22,967
Investment Income		
Bank Interest Receivable	-	-
	-----	-----
	35,787	22,967
	-----	-----

Income from donations & legacies was £35,787 (2018: £22,967) all of which was restricted.

Income from Investments was £Nil (2018: £Nil) all of which was unrestricted.

7 Payments to Directors and Employee Remuneration

	2019	2018
	£	£
Salaries & Wages	10,688	10,350
Employers National Insurance	583	335
Pension Contributions	108	19
	-----	-----
	11,379	10,704
	-----	-----

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. (2018: 1)

Directors received no remuneration for their services or out of pocket expenses. (2018: £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 (2018: £Nil).

There were no related party transactions in 2018 or 2019 which require disclosure in the financial statements.

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
NOTES TO THE ACCOUNTS (Cont.)
YEAR ENDED 31 MARCH 2019

8 Expenditure

Expenses	Cost of Charitable Activities	2019 Total	2018 Total
	£	£	£
Salaries, NI & Pension	11,379	11,379	10,704
Line Management	250	250	67
Staff Travel	-	-	-
VAF Catering	250	250	-
Food Project Costs	8,294	8,294	2,455
Fuel Payments	-	-	800
Training & Events	444	444	84
Brexit Consultancy	10,400	10,400	-
Insurance	459	459	436
Equipment	278	278	193
Telephone, postage & Consumables	-	-	-
Printing & Publicity	2	2	32
Website	-	-	-
Sundries	49	49	49
Legal & Professional	13	13	163
Audit & Accountancy	300	300	280
	-----	-----	-----
	32,118	32,118	15,263
	-----	-----	-----

Expenditure on charitable activities was £32,118 (2018: £15,263) all of which was restricted.

9 Debtors

	2019	2018
	£	£
Accrued Income	11,289	-
	-----	-----

10 Creditors

	2019	2018
	£	£
Due within one year:		
Other Creditors & Accruals	17,503	1,144
Deferred Income	-	-
	-----	-----
	17,503	1,144
	-----	-----

MIDLOTHIAN FINANCIAL INCLUSION NETWORK
NOTES TO THE ACCOUNTS (Cont.)
YEAR ENDED 31 MARCH 2019

11 Analysis of Net Assets

	General Fund £	Restricted Funds £	2019 Total £	2018 Total £
Bank & Cash Accounts	13,120	27,339	40,459	31,720
Debtors & Prepayments	-	11,289	11,289	-
Creditors & Accruals	-	(17,503)	(17,503)	(1,144)
	-----	-----	-----	-----
	13,120	21,125	34,245	30,576
	=====	=====	=====	=====

12 Reconciliation of Movements of Funds

Fund	At Start of Year £	Income £	Expenditure £	Transfers £	At End of Year £
Unrestricted funds-					
General fund	13,038	-	-	82	13,120
Restricted funds -					
Midlothian Council	9,202	11,751	10,765	-	10,188
Food Poverty	8,336	7,921	8,294	-	7,963
Work it Out	-	4,526	1,552	-	2,974
Democracy Matters	-	300	250	(50)	-
Food Security Post Brexit	-	11,289	11,257	(32)	-
	-----	-----	-----	-----	-----
	17,538	35,787	32,118	(82)	21,125
	-----	-----	-----	-----	-----
Total Funds	30,576	35,787	32,118	-	34,245
	-----	-----	-----	-----	-----

Transfers:

The small 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

Food Poverty Project: This funding is from the Community Capacity and Resilience Fund administered by SCVO to look at Food poverty by continuing to build links with other organisations and piloting community meal programmes in Mayfield and Easthouses and Gorebridge.

Work it Out: This funding is from the SCVO Charter Fund. The project aims to increase digital skills by recruiting additional volunteers to allow us to run dedicated sessions and up-skilling people working in welfare rights.

Democracy Matters: Funding from Volunteer Action Fund to hold a Democracy Matters conversation.

Food Security Post Brexit: Funding from Scottish Government to look at the impact of Brexit on food availability and affordability.