

Scottish Adoption
(formerly known as Scottish Adoption Association)

Financial statements

Charity number SC012403

Company number SC079152

31 March 2012

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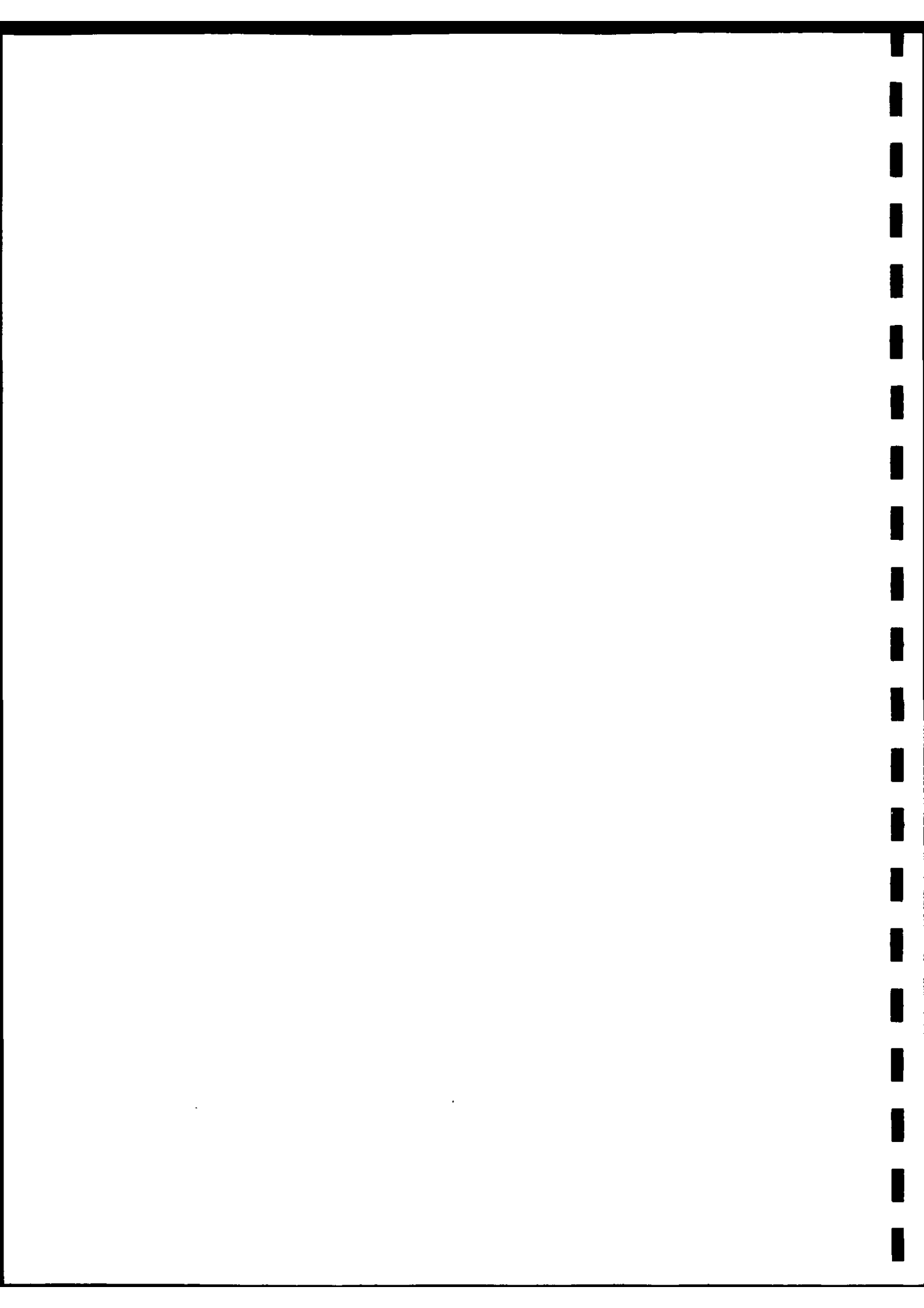
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Company information

Trustees:	Mrs D Cooke Mr C Creegan Mrs M Donnelly Mr K Hogg Mrs S Jackson Miss N Pritchett-Brown Mrs L Metcalf Mrs H Napier Mrs L Woore
Secretary:	Mrs M Moyes
Chief Executive:	Mrs M Moyes
Registered auditors:	Henderson Loggie Chartered Accountants 34 Melville Street Edinburgh EH3 7HA
Bankers:	The Royal Bank of Scotland plc 2 Bernard Street Leith Edinburgh EH6 6PR
Registered office:	161 Constitution Street Leith Edinburgh EH6 7AD
Company number:	SC079152
Charity registration number:	SC012403

Trustees' report

The trustees present herewith the audited financial statements for the year ended 31 March 2012.

Reference and administrative details

Reference and administrative details are given on page one.

The Trustees of the Company during the year ended 31 March 2012 were:-

Ms J Campbell (resigned 27 February 2012)
Mrs D Cooke
Mr C Creegan
Mrs M Donnelly
Mr K Hogg
Mrs S Jackson (appointed 22 August 2011)
Mrs L Metcalf (appointed 22 August 2011)
Mrs H Napier
Ms N Pritchett-Brown
Mrs L Woore (appointed 27 February 2012)

Statement of Trustees' responsibilities

The Trustees (who are also the directors of Scottish Adoption for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing those financial statements, the Trustees 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 Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

They 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.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that no auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included in the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' report *(continued)*

Structure, governance and management

Governing document

The charity is incorporated under the Companies Act as a company limited by guarantee.

Scottish Adoption currently has 10 directors who constitute the Board of Trustees, which is responsible for the administration, management and control of the affairs and property of the Company.

Director induction and training

New Trustees meet the Chief Executive and Board who explain the work of the Charity and make available a copy of the latest set of accounts and the Memorandum and Articles of the Company. They are provided with an Induction Pack which details the responsibilities of being a Trustee and outlines the work of the organisation. A half day induction is provided to enable new Trustees to meet staff members and hear more about adoption practice.

Organisation

The Board of Trustees meets four times a year. The Chief Executive is appointed by the Board to manage the day to day operation of the Charity. A Finance sub group of the Board meet on a quarterly basis to monitor and review all financial aspects. A Communications sub group of the Board meet on a quarterly basis to review and develop the communications strategy of the organisation.

Risk Management

The Directors regularly review the risks to which the Organisation is exposed in order to ensure that the appropriate systems are implemented to mitigate those risks.

Objectives, activities and performance

Scottish Adoption offers a comprehensive adoption service to all those affected by adoption:-

Adopted children and families

A major part of our remit is to recruit, prepare and support adoptive parents for children who cannot grow up in their families of origin. During the year we placed 24 children with adoptive families, offered an ongoing adoption support service to 71 families and ran a number of groups for adopted children.

Adopted adults and birth relatives

Our confidential counselling service provides information, advice and support to adopted adults and birth relatives who live in the Lothian area or who were placed for adoption by Scottish Adoption, the previous Lothian Region Social Work Department, Edinburgh, Midlothian, West Lothian and East Lothian Councils and the Church of Scotland and Episcopal Churches. Over the year 379 people have received direct counselling services and 528 people have been involved in our Information Exchange Scheme.

There are Service Level Agreements with the City of Edinburgh Council, Midlothian Council; East Lothian Council and West Lothian Council. Inter-Agency agreements are also in place where children may be placed from another part of the country.

Trustees' report *(continued)*

Financial Review

Total Incoming Resources for the year were £854,627 (2011: £767,229) and Total Outgoing resources were £803,739 (2011: £709,481).

The Trustees would like to record their grateful thanks for the support of the following trusts and organisations:

Saints and Sinners Club
Liddell Thomson Consultancy
The Binks Trust
Paul Hamlyn Foundation
The Robertson Trust
A M Pilkington Charitable Trust
Andrew Paton's Charitable Trust
The Moffat Charitable Trust
The Hugh Fraser Foundation
The Martin Connell Charitable Trust
The Nancy Roberts Charitable Trust
The Russell Trust

Income from Service Level Agreements comprised 53%; Inter-Agency Work and Other Fees 39%; Voluntary Income 2% and Other Income 3%, excluding finance income on the pension scheme which was 3%.

The final salary pension's scheme figure is incorporated into the financial statements and shows a deficit of £413,000 (2011: deficit of £289,000). The trustees recognise that this is a long term liability which will be met through increased contribution rates in the future and they are satisfied that this does not undermine the charity's continuing operations. They will however keep the matter under review.

Investment powers and policy

The Company's Memorandum and Articles of Association place no restrictions on the investment of surplus funds. Approximately 16% of unrestricted liquid funds is invested in M & G Charifund units. It is the Trustees current policy to hold the balance of funds on bank deposit to ensure that these are available to meet financial commitments as they become due without exposure to stock market fluctuations.

Reserves policy

The Company's reserves policy has been established to enable it to fulfil its commitments to users of its services and to staff for at least 6 months in the event of short term but significant, fluctuations of or variations in, the source of income, the permanent loss of funding leading to a six month closure programme, the need to respond quickly to a new development, organisational change or restructuring. On this basis, the Trustees currently assess the desired level of free reserves to be not less than £402,000.

Plans for future periods

A 3 year Business Plan is in place which describes specific targets and outcomes for all the areas of the Organisations work. Essentially the aim is to continue to develop services with current Service Level Agreement partners and develop new partnerships with other Local Authorities. Our objectives include increasing the profile of the Organisation to help achieve these aims.

Auditors

A resolution will be proposed at the annual general meeting that Henderson Loggie be reappointed as auditors to the Company for the ensuing year.

Trustees' report *(continued)*

Approval of the Trustees annual report

The Trustees' report is prepared in accordance with the special provisions relating to small companies in Part 15 of the Companies Act 2006.

On behalf of the Trustees

A handwritten signature in black ink, appearing to read 'Chris G. Creegan', written over a horizontal line.

Mr C Creegan
Chair of the Board of Trustees

27 August 2012



HENDERSON LOGGIE

Chartered Accountants

34 Melville Street
Edinburgh
EH3 7HA

Independent auditor's report to the trustees and members of Scottish Adoption

We have audited the financial statements of Scottish Adoption for the year ended 31 March 2012 which comprise the statement of financial activities, the balance sheet 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).

This report is made solely to the company's members, as a body, in accordance with Part 3 of Chapter 16 of the Companies Act 2006, and the charity's trustees, as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 and the charity's trustees those matters we are required to state to them in an auditors' 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 and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, 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 to you in accordance with 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). These Standards require us to comply with the Auditing Practices Board's (APB'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 adequate disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we need all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the trustees and members of Scottish Adoption
(continued)

Opinion on 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 2012 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; and
- have been prepared in accordance with the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

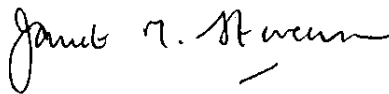
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report 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 and the Charities Accounts (Scotland) Regulations 2006 require 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Report.



Mrs Janet M Stevenson
Senior Statutory Auditor

For and on behalf of Henderson Loggie, Statutory Auditors
(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

27 August 2012

Statement of financial activities (including income and expenditure account)
year ended 31 March 2012

	<i>Notes</i>	Restricted £	Unrestricted £	Total 2012 £	Total 2011 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	2,094	16,541	18,635	15,359
Activities for generating funds	4	-	20,670	20,670	12,826
Investment income	5	-	4,670	4,670	4,013
Other income	6	-	28,000	28,000	-
		2,094	69,881	71,975	32,198
<i>Incoming resources from charitable activities</i>					
Local Authorities Service Level Agreements		455,555	-	455,555	459,355
Interagency placement fees		-	283,199	283,199	240,025
Other fees		43,465	433	43,898	35,651
		499,020	283,632	782,652	735,031
Total incoming resources		501,114	353,513	854,627	767,229
Resources expended					
<i>Cost of generating funds</i>					
Costs of activities for generating funds	7	-	(1,697)	(1,697)	(4,593)
<i>Charitable activities</i>					
- Adoption services	8	(541,665)	(255,598)	(797,263)	(700,329)
- Exceptional pension adjustment	18	-	-	-	234,000
<i>Governance costs</i>					
	9	-	(4,779)	(4,779)	(4,559)
		(541,665)	(262,074)	(803,739)	(475,481)
Net incoming resources before transfers		(40,551)	91,439	50,888	291,748
Transfers between funds	14,15	201	(201)	-	-
Net incoming resources before gains and losses		(40,350)	91,238	50,888	291,748
Unrealised gain on investment	11	-	(775)	(775)	2,047
Actuarial gain/(loss) on pension scheme	18	-	(152,000)	(152,000)	185,000
Net movement in year		(40,350)	(61,537)	(101,887)	478,795
Balance brought forward	14,15	112,233	(83,903)	28,330	(450,465)
Balance carried forward	14,15	71,883	(145,440)	(73,557)	28,330

Balance sheet
as at 31 March 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	10		6,459		5,166
Investments	11		42,458		43,233
			<u>48,917</u>		<u>48,399</u>
Current assets					
Cash at bank and in hand		255,056		218,767	
Debtors	12	77,700		80,299	
		<u>332,756</u>		<u>299,066</u>	
Creditors: amounts falling due within one year	13	<u>(42,230)</u>		<u>(30,135)</u>	
Net current assets			<u>290,526</u>		<u>268,931</u>
Net assets excluding pension liability			<u>339,443</u>		<u>317,330</u>
Defined benefit pension scheme liability			<u>(413,000)</u>		<u>(289,000)</u>
Net liabilities			<u>(73,557)</u>		<u>28,330</u>
Reserves					
Restricted funds	14		71,883		112,233
General funds – excluding pension reserve	15		267,560		205,097
Defined benefit pension reserve	15		<u>(413,000)</u>		<u>(289,000)</u>
Total funds			<u><u>(73,557)</u></u>		<u><u>28,330</u></u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and were approved by the Board of Trustees and authorised for issue on 27 August 2012 and signed on its behalf by:



Mr C Creegan
Chair of the Board of Trustees

Company number: SC079152

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material and significant in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005), the Charities Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

The financial statements have been prepared on a going concern basis and in accordance with the guidance from the Financial Reporting Council we set out the reasoning.

Whilst there remains a pension liability this will have to be addressed in the longer term and it is likely that contributions will rise over time to address this issue. In the meantime we have secured some longer term contracts and these, together with our free reserves, will enable us to continue into the foreseeable future.

Funds

Restricted funds are those which have been given to the Company to be used in accordance with the wishes of the donors. Unrestricted funds are available for use at the discretion of the trustees. In order to ensure that funds are available for specific projects certain funds are set aside and designated by the trustees into separate funds.

Income

Grants received which relate to the period are credited to income with unspent balances being carried forward to subsequent years within restricted funds. Subscriptions, legacies and donations are recorded on the date of receipt, the recovery of income tax deducted from income received being credited in the period in which the relevant income arises.

Expenditure

Expenditure is categorised for accounts purposes under the headings costs of generating funds, charitable activities (adoption services) and management. Where expenditure is incurred which relates to more than one cost category the expenditure is apportioned over all relevant headings. The bases of apportionment used reflect time and resources expended directly on various activities or in support of those activities. Expenditure is recognised on an accruals basis, when there is a legal and constructive obligation that commits the charity to the expenditure.

- ***Cost of generating funds***
Cost of generating funds consists of staff and other costs related to the raising of voluntary income and the collection of sums due for services provided to local authorities and other agencies.
- ***Charitable activities - Adoption services***
This comprises the costs of the Company's services in the counselling and support of birth parents; the recruitment and preparation of adoptive parents; the placement of children with families; after adoption and counselling services for adoptive families and all affected by adoption; the raising of public and professional awareness in relation to adoption.
- ***Governance costs***
Governance costs include the costs of governance arrangements which relate to the general running of the Company as opposed to the direct management functions inherent in generating funds.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are recorded at cost or at estimated value at date of gift. The cost (or value at date of gift) of tangible fixed assets, including the cost of those financed by grant income, is written off over the estimated life of the asset as follows:

Fixtures and fittings	10 years
Equipment	4 years

Investments

Investments are stated at market value. Unrealised gains and losses on revaluation arising during the year are recognised in the relevant fund. Realised gains and losses on sales of investments arising during the year are retained in the relevant fund.

Pension costs

The company is a member of the Lothian Pension Fund, a local Government Pension Scheme, which provides benefits based on final pensionable pay. The scheme is open to all of the employees of the company. The expected cost to the company is charged to the statement of financial activities so as to spread the cost of pensions over the period in which they arise.

In accordance with FRS 17: Retirement Benefits, the operating and financial costs of the pension are recognised separately in the statement of financial activities. Some costs are systematically spread over the service line of employees and financing costs are recognised in the period in which they arise.

The difference between the actual and expected return on assets during the year, including charges in actuarial assumptions, is also recognised in the statement of financial activities.

2 Taxation

The Company has been accepted as a charity for tax purposes by HM Revenue and Customs under Section 505 Income and Corporation Taxes Act 1988.

3 Voluntary income

	Restricted £	Unrestricted £	Total 2012 £	Total 2011 £
Gift aid donations	-	9,041	9,041	10,259
Fundraising income	2,094	7,500	9,594	5,100
	<u>2,094</u>	<u>16,541</u>	<u>18,635</u>	<u>15,359</u>

4 Activities for generating funds

	Restricted £	Unrestricted £	2012 £	2011 £
Consultancy	-	16,452	16,452	12,826
Other	-	4,218	4,218	-
	<u>-</u>	<u>20,670</u>	<u>20,670</u>	<u>12,826</u>

Notes (continued)

5 Investment income

	Restricted £	Unrestricted £	2012 £	2011 £
Income from listed investments	-	2,156	2,156	2,516
Bank interest	-	36	36	50
Other interest	-	2,478	2,478	1,447
	<u>-</u>	<u>4,670</u>	<u>4,670</u>	<u>4,013</u>

6 Other income

	Restricted £	Unrestricted £	2012 £	2011 £
Net finance income on final salary pension	-	28,000	28,000	-

7 Cost of generating funds

	Restricted £	Unrestricted £	2012 £	2011 £
Bank charges	-	666	666	1,088
Other	-	1,031	1,031	3,505
	<u>-</u>	<u>1,697</u>	<u>1,697</u>	<u>4,593</u>

8 Charitable activities

	Restricted £	Unrestricted £	2012 £	2011 £
Adoption Services				
Staff costs	406,585	112,908	519,493	479,854
Other costs	135,080	109,437	244,517	189,789
Support costs				
Staff costs	-	19,171	19,171	14,800
Other costs	-	14,082	14,082	15,886
	<u>541,665</u>	<u>255,598</u>	<u>797,263</u>	<u>700,329</u>

	2012 £	2011 £
<i>Wages and salaries</i>		
Wages and salaries	417,474	392,851
Social Security	30,596	21,487
Other pension costs	90,594	80,316
	<u>538,664</u>	<u>494,654</u>

	No	No
<i>Employee numbers</i>		
Direct charitable	13	13
Support staff	4	3
	<u>17</u>	<u>16</u>

No remuneration was paid or expenses reimbursed to any trustees. No employee earned more than £60,000.

Notes (continued)

9 Governance costs

	2012 £	2011 £
Audit fee	4,779	4,559

10 Tangible fixed assets

	Fixtures & fittings £	Equipment £	Total £
Cost or acquisition value			
At beginning of year	5,141	55,763	60,904
Additions	-	3,126	3,126
At end of year	5,141	58,889	64,030
Accumulated depreciation			
At beginning of year	2,926	52,812	55,738
Charge for year	355	1,478	1,833
At end of year	3,281	54,290	57,571
Net book value 31 March 2012	1,860	4,599	6,459
31 March 2011	2,215	2,951	5,166

11 Investments

	Market value £	Cost £
At beginning of year		
3,720 M&G Charifund income units	43,233	18,723
Net movement - Unrealised gain	(775)	-
At end of year		
3,720 M&G Charifund income units	42,458	18,723

12 Debtors

	2012 £	2011 £
Trade debtors	45,836	44,560
Other debtors	23,609	27,017
Prepayments	8,255	8,722
	77,700	80,299

Notes (continued)

13 Creditors: amounts falling due in less than one year

	2012 £	2011 £
Social security and taxation	10,543	9,650
Other creditors and accruals	31,687	20,485
	<u>42,230</u>	<u>30,135</u>

14 Restricted funds

	Income £	Expenditure £	(Deficit)/ surplus for year £	Balance at beginning of year £	Transfers between funds £	Balance at end of year £
Archive Records Fund	10,630	(30,308)	(19,678)	19,477	201	-
Resource Fund	2,094	(119)	1,975	2,100	-	4,075
Children's Work	19,000	(17,788)	1,212	22,889	-	24,101
Mediation Pilot	-	(715)	(715)	5,000	-	4,285
Birth Mother Project	13,835	(16,602)	(2,767)	2,767	-	-
Edinburgh City Council	290,360	(301,898)	(11,538)	20,000	-	8,462
West Lothian Council	66,460	(75,500)	(9,040)	40,000	-	30,960
East Lothian Council	24,500	(24,500)	-	-	-	-
Midlothian Council	67,635	(67,635)	-	-	-	-
Inter-Country Placement	6,600	(6,600)	-	-	-	-
	<u>501,114</u>	<u>(541,665)</u>	<u>(40,551)</u>	<u>112,233</u>	<u>201</u>	<u>71,883</u>

Archiving Records Fund: grant money from Edinburgh, West and Midlothian Councils to enable records to be saved and stored electronically.

Resource Fund: grant money from the Russell Trust and Martin Connell Charitable Trust to enable library resources to be purchased.

Children's Work: grant money from the Robertson Trust, the Dulverton Trust and the Paul Hamlyn Foundation to develop a support service for adopted children.

Mediation Pilot: grant money from Parenting Across Scotland to run a pilot scheme of voluntary mediation between birth families and adoptive families.

Birth Mother Project: grant money from the Capital City Partnership to provide support to 12 birth mothers after their children have been adopted.

Edinburgh City Council: To provide adoption and support services in Edinburgh.

West Lothian Council: To provide adoption and support services in West Lothian Council.

East Lothian Council: To provide adoption and support services in East Lothian Council.

Midlothian Council: To provide adoption and support services in Midlothian Council.

Inter-country Placement: Overseas adoptive work.

Notes (continued)

15 Unrestricted funds

	General reserve £	Pension reserve £	2012 £	2011 £
Income	325,513	28,000	353,513	270,563
Expenditure	(262,074)	-	(262,074)	(19,567)
Unrealised gain/(loss) on investments	(775)	-	(775)	2,047
Actuarial loss on deferred benefit pension	-	(152,000)	(152,000)	185,000
Surplus/(deficit) for year	62,664	(124,000)	(61,336)	438,043
Transfers between funds	(201)	-	(201)	-
At start of year	205,097	(289,000)	(83,903)	(521,946)
At end of year	267,560	(413,000)	(145,440)	(83,903)

16 Analysis of net assets among funds

	Restricted funds	Unrestricted funds £	2012 £	2011 £
Tangible assets	-	48,917	48,917	48,399
Net current assets	71,883	218,643	290,526	268,931
Pension liability	-	(413,000)	(413,000)	(289,000)
	71,883	(145,440)	(73,557)	28,330

17 Commitments

The charity has annual commitments under operating leases as follows:

	Land and buildings £	Other £	2012 £	2011 £
Operating leases which expire:				
Between two to five years	-	1,194	1,194	1,194
In more than five years	32,000	-	32,000	32,000
	32,000	1,194	33,194	33,194

Notes *(continued)*

18 Pension scheme

At 31 March 2012 the Company is an Admitted Body within the Lothian Pension Fund, administered by the City of Edinburgh Council. This is a defined benefit scheme.

The assets of the Fund are held in a separate trust fund and it is managed by an independent Board of Trustees. Actuarial valuations of the fund are carried out triennially by external professional actuaries to determine the financial position and to set the level of contributions to be made.

The latest available valuation was as at 31 March 2011. The market value of the entire Lothian Pension Fund's assets at that date was £3.477m. The actuarial value of those assets, prepared on the projected unit method, showed the level of funding at that date was 96% of benefits which had accrued to members. The projected rate of investment return was assumed to be 5.8%; the rate of salary increases was 1% for 2011/12 and 2012/13 and 5.1% thereafter; and the rate of pension increases 2.8%.

The contribution rates applicable for the year ending 31 March 2012 are 20.1% of employee earnings payable by the Company and 6% of employee earnings payable by the employee.

A full actuarial valuation carried out on 31 March 2011 was updated on an FRS 17 basis for Scottish Adoption to 31 March 2012 by a qualified actuary.

	2012 £000	2011 £000
Present value of funded defined benefit obligations	(2,383)	(2,219)
Fair value of employer assets	1,970	1,930
Net liability	<u>(413)</u>	<u>(289)</u>
Movement in present value of defined benefit obligation		
	2012 £000	2011 £000
At start of year	2,219	2,466
Current service cost	76	83
Interest cost	122	128
Contributions by members	27	25
Past service costs	-	(234)
Actuarial losses/(gains)	16	(218)
Estimated benefits paid	(77)	(31)
At end of year	<u>2,383</u>	<u>2,219</u>
Movement in fair value of employer assets		
	2012 £000	2011 £000
At start of year	1,930	1,758
Expected return on assets	136	131
Contributions by members	27	25
Contributions by the employer	90	80
Actuarial gains/(losses)	(136)	(33)
Benefits paid	(77)	(31)
At end of year	<u>1,970</u>	<u>1,930</u>

Notes *(continued)*

18 Pension scheme *(continued)*

Expense recognised in the statement of financial activity

	2012	2011
	£000	£000
Current service cost	76	83
Interest cost	122	128
Expected return on employer assets	(136)	(131)
Past service cost	-	(234)
	<u>62</u>	<u>(154)</u>

The expense is recognised in the following line items in the SOFA

	2012	2011
	£000	£000
Salaries	76	83
Charitable activities	(14)	(237)
	<u>62</u>	<u>(154)</u>

The total amount recognised in the statement of total recognised gains and losses is £152,000 (2011: £185,000).

The fair value of the employer assets and the return in those assets were as follows:

	Value	Return	Value	Return
	2012	2012	2011	2011
	£000	%	£000	%
Equities	1,556	6.2	1,525	7.5
Bonds	158	4.0	154	4.9
Property	217	4.4	193	5.5
Cash	39	3.5	58	4.6
	<u>1,970</u>		<u>1,930</u>	

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2012	2011
	%	%
Inflation/pension increase rate	2.5	2.8
Salary increase rate*	4.8	5.1
Expected return on assets	5.8	7.0
Discount rate	4.8	5.5

* The salary increase assumption for 31 March 2012 is 1% pa until 31 March 2015.

Notes (continued)

18 Pension scheme (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvement in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Males	Females
Current pensioners	20.4 years	22.8 years
Future pensioners	22.6 years	25.4 years

History of the plan

The history of the plan for the current and previous periods is as follows:

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of defined benefit obligation	(2,383)	(2,219)	(2,466)	(1,508)	(1,604)
Fair value of employer assets	1,970	1,930	1,758	1,252	1,675
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Deficit)/surplus	(413)	(289)	(708)	(256)	71

Experience gains and losses

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Experience gains/(losses) on assets	(136)	(33)	359	(597)	(168)
Experience gains on liabilities	20	-	-	106	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The charity expects to contribute approximately £91,000 to its defined benefit pension scheme in the next financial year.

18 Ultimate controlling party

The charitable company is governed by its appointed trustees.

