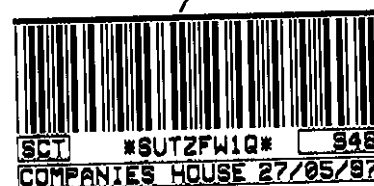


LOTHIAN MARRIAGE COUNSELLING SERVICE

Annual Report and Financial Statements

for the year ended 31st March 1997



Lothian Marriage Counselling Service is a company limited
by guarantee, having no share capital

LOTHIAN MARRIAGE COUNSELLING SERVICE

Annual Report and Financial Statements for the year ended 31st March 1997

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Council of Management

Chairman

Reverend John C. Lindsay

Other Council Members

Thomas Ballantine

Pat Cook

Russell Forrest

Alison Honeyman

Isobel Lodge

Jeremy Devlin-Thorp

Charlotte McEachran

Helen Oliver

Wendy Sheehan

Sheena Stephen

Robin Stewart

Honorary Treasurers

John & Helen Beattie

Secretary

Deirdre Bett

Auditors

Scott Oswald, Chartered Accountants

1 Royal Terrace, Edinburgh EH7 5AD

Solicitors

Fyfe Ireland WS

Orchard Brae House

30 Queensferry Road, Edinburgh EH4 2HG

Bankers

Bank of Scotland

38 St Andrew Square, Edinburgh EH2 2YR

Registered Office

9A Dundas Street, Edinburgh EH3 6QG

Registered in Scotland No 110621

Scottish Charity Number CR 37642

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE MEMBERS OF LOTHIAN MARRIAGE COUNSELLING SERVICE WILL BE HELD AT 9A DUNDAS STREET, EDINBURGH ON 16th JUNE 1997 AT 6.00pm AND THAT THE BUSINESS TO BE BROUGHT BEFORE THE MEETING WILL BE :

1. Statement by the Chairman.
2. To receive and adopt the financial statements for the year ended 31st March 1997.
3. To elect members of the Council of Management.
4. To re-appoint Scott Oswald, Chartered Accountants as auditors and to authorise the Council to fix their remuneration.

By order of the Council of Management



Deirdre Bett
Secretary

7th May 1997.

PROXIES

A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the company.

LOTHIAN MARRIAGE COUNSELLING SERVICE

Report of the Council of Management

The Council of Management hereby submit their report and audited financial statements for the year ended 31st March 1997.

Status

Lothian Marriage Counselling Service is a company limited by guarantee having no share capital and is governed by a Memorandum and Articles of Association dated 15 April 1988 and amended by Special Resolution on 19 May 1988 and 22 February 1990. The service is registered as a charity in Scotland.

Activities

The objectives of Lothian Marriage Counselling Service are to: -

- provide, develop and co-ordinate a confidential counselling service in Edinburgh, West Lothian, Midlothian and East Lothian for people - regardless of race, religion, marital status or sexual orientation - who have difficulties and anxieties in the marriage or other intimate, personal relationships. These include individuals and couples troubled with emotional or sexual difficulties, those who are experiencing difficulties in contemplating a permanent relationship and those who are experiencing the end of a marriage or relationship and its after effects, whether through bereavement, separation or divorce;
- act as a local information, educational and resource centre for individuals and groups wishing to enhance their understanding of marriage and other intimate personal relationships.

Lothian Marriage Counselling Service achieves these objectives by:

- ensuring that voluntary and paid counsellors, voluntary intake workers, voluntary telephone helpline workers, voluntary receptionists are recruited, trained and supervised appropriately;
- providing accommodation, timetabling and administrative support for the counselling and related services which are undertaken;
- responding to written and telephone enquiries about the work of the service;
- giving talks and running groups for students and others on relationship issues;
- maintaining and selling a range of books related to the work of the service.

Review of the Year

A detailed description of the developments that have taken place in the work of the Company over the last year is contained within the 50th Annual Report. Brief highlights are as follows:

- offering c.8000 hours of counselling and intake help;
- running three Surviving the Break-up groups and training others to run these groups;

- establishing a working group to plan a range of activities to mark the Service's fiftieth anniversary year;
- establishing a planning group to review the way in which the service is run and to prepare a three year business plan.

The general fund surplus for the year as shown in the Income and Expenditure Account was £3,429 (1996 - surplus of £2,056).

Council of Management

The Articles of Association states that the business of the company shall be managed by a Council of Management.

The Council will consist of not fewer than 5 and not more than 12 members. The Council may appoint any member to fill either a casual or permanent vacancy in its number provided the prescribed maximum is not exceeded.

Any member so appointed shall retain office until the next Annual General Meeting at which point they will be eligible for re-election. No person who is not a member of the Company shall be eligible to hold office as a member of the Council.

The present members of the Council of Management are shown on page 1.

In accordance with the Articles of Association, Thomas Ballantine, Isobel Lodge and Sheena Stephen retire by rotation and being eligible offer themselves for re-election.

Russell Forrest retires by rotation and is not seeking re-election.

Leonard Mair retired on 11 September 1996.

Jeremy Devlin-Thorp having been appointed on 11 September 1996 to fill a vacancy, retires in accordance with the above provisions of the Articles of Association and being eligible offers himself for re-election.

Statement of Council of Management's Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- 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 Council of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the financial statements comply with the

Companies Act 1985. It is 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

Special Exemptions

Advantage has been taken in the preparation of the report of the Council of Management of the special exemptions applicable to small companies conferred by Part II of schedule 8 to the Companies Act 1985.

Approval

The report of the Council of Management was approved by the Council on 23 April 1997 and signed on 7 May 1997 on its behalf

By order of the Council of Management

..... *Deviere Bell* Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF LOTHIAN MARRIAGE COUNSELLING SERVICE

We have audited the financial statements on pages 7 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 10 and 11.

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL OF MANAGEMENT AND AUDITORS

As described on pages 4 and 5, the company's Council of Management is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

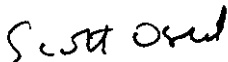
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



SCOTT OSWALD
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
EDINBURGH

7 May 1997

Löthian Marriage Counselling Service

Income And Expenditure Account

For the Year Ended 31 March 1997

	Notes	<u>1997</u>	<u>1996</u>
		£	£
Income			
Grants	2	37,867	38,504
Donations	3	68,184	58,933
Interest		1,916	1,455
Other Income		2,449	2,721
		<u>110,416</u>	<u>101,613</u>
Administration Expenses	5	<u>75,487</u>	<u>61,541</u>
Disposable Income		<u>34,929</u>	<u>40,072</u>
Utilised thus:			
Provision of Services	7	22,267	20,780
Educational expenses	8	11,597	12,236
		<u>33,864</u>	<u>33,016</u>
 Surplus for the year	 14	 1,065	 7,056
 Appropriations to other funds:			
Development Reserve		(185)	(5,000)
Building Fund		2,549	-
 General Fund Surplus for the year		 <u>3,429</u>	 <u>2,056</u>

The company has no recognised gains or losses other than the surplus for the two years ended 31st March, 1997. All operations are continuing.

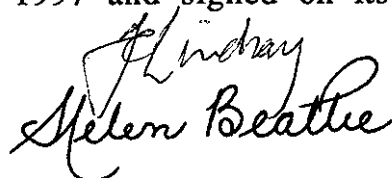
Löthian Marriage Counselling Service

Balance Sheet as at 31 March 1997

	Notes	<u>1997</u>	<u>1996</u>
		£	£
Fixed Assets			
Tangible Assets	9	<u>175,000</u>	<u>150,000</u>
Current Assets			
Debtors	10	570	293
Stock of Books for resale		997	915
Cash at Bank and in hand		42,730	27,253
Building Society Account		<u>3,354</u>	<u>3,267</u>
		47,651	31,728
Less: Creditors	11	<u>(18,983)</u>	<u>(4,125)</u>
Net Current Assets		<u>28,668</u>	<u>27,603</u>
Net Assets		<u>203,668</u>	<u>177,603</u>
Capital and Reserves			
Capital Reserve	13	189,462	164,462
Other Reserves	14	14,206	13,141
		<u>203,668</u>	<u>177,603</u>

Advantage has been taken in the preparation of the financial statements of the special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that the company qualifies as a small company.

The financial statements were approved by the Council of Management on 23rd April, 1997 and signed on its behalf on 7th May, 1997 by:


Helen Beattie

Chair

Treasurer

The notes on pages 10 to 15 form part of these financial statements.

Lothian Marriage Counselling Service

Statement of Financial Activities For the Year Ended 31 March 1997

		Unrestricted	Restricted	Endowment	1997	1996
	<u>Notes</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Total</u>	<u>Total</u>
Incoming Resources						
Grants	2	37,867	-	-	37,867	38,504
Donations	3	68,184	-	-	68,184	58,933
Interest		477	1,439	-	1,916	1,455
Other Income		2,449	-	-	2,449	2,721
		<u>108,977</u>	<u>1,439</u>	<u>-</u>	<u>110,416</u>	<u>101,613</u>
Direct Charitable Expenses						
Provision of Services	7	22,267	-	-	22,267	20,780
Educational Expenses	8	11,597	-	-	11,597	12,236
		<u>33,864</u>			<u>33,864</u>	<u>33,016</u>
Other Expenses						
Administrative Expenses	5	71,684	3,803	-	75,487	61,541
		<u>105,548</u>	<u>3,803</u>	<u>-</u>	<u>109,351</u>	<u>94,557</u>
Net Income resources before revaluation and transfers	14	3,429	(2,364)	-	1,065	7,056
Transfer between funds		(449)	449	-	-	-
Unrealised gain on revaluation		-	-	25,000	25,000	-
Net Movement in funds		<u>2,980</u>	<u>(1,915)</u>	<u>25,000</u>	<u>26,065</u>	<u>7,056</u>
Fund balances:-						
at 1 April 1996		6,041	7,100	164,462	177,603	170,547
at 31 March 1997		<u>9,021</u>	<u>5,185</u>	<u>189,462</u>	<u>203,668</u>	<u>177,603</u>

Lothian Marriage Counselling Service

Notes to the Financial Statements for the Year Ended 31 March 1997

1 Accounting Policies

Accounting Convention

The financial statements are prepared in compliance with the Companies Act 1985 and under the historic cost convention, modified to include the revaluation of certain fixed assets.

The requirements of the Statement of Recommended Practice - Accounting for Charities have also been incorporated.

Donations and Other Forms of Voluntary Income

Monies received in the form of donations and other voluntary income are credited to the Income and Expenditure Account when received by the company.

Grants Received

Grants are credited to the Income and Expenditure Account in the year in which they are received.

Expense Allocation

The charitable expenses of the company are split between the provision of counselling services and educational expenses.

The expenses allocated to the provision of counselling services include all payments made to counsellors for work carried out in addition to their voluntary work together with all travelling, advertising and other expenses which can be directly attributed to that work. These costs are analysed in Note 7.

The expenses allocated to educational expenses include all training and supervision of counsellors together with the costs directly attributable to the provision of a bookstall and library to enhance the work of the company. The allocation also includes subscriptions to related professional bodies. These costs are analysed in Note 8.

All other expenditure, which cannot be directly attributed to these categories, is shown as part of the administrative expenses. These costs are analysed in Note 5.

The practice of providing an honorarium to the Treasurers was discontinued in 1996 and all sums paid for services rendered in that capacity are included in the wages and salaries shown in Note 4.

Lothian Marriage Counselling Service

Notes to the Financial Statements for the Year Ended 31 March 1997

1 Accounting Policies (Continued)

Fixed Assets

All equipment bought by the company is written off in the Income and Expenditure Account in the year in which it is purchased.

No provision is made for the depreciation of heritable property as the Council of Management is of the opinion that such provision would be inappropriate as the property is maintained in a good state of repair, is increasing in value and has a life expectancy in excess of fifty years.

Stocks

The books for resale are valued at the lower of cost and net realisable value.

VAT

The company is not registered for VAT and accordingly expenditure includes a VAT element where appropriate.

2 Grants Received

	1997	1996
	£	£
Lothian Regional Council - Annual Grant	-	37,548
--do-- Supplementary Grant	-	956
City of Edinburgh	21,632	-
--do-- Supplementary Grant	924	-
West Lothian Council	7,284	-
East Lothian Council	4,047	-
Midlothian Council	3,980	-
	<u>37,867</u>	<u>38,504</u>

Lothian Marriage Counselling Service

Notes to the Financial Statements for the Year Ended 31 March 1997

3 Donations

	1997	1996
	£	£
Clients' Contributions	58,960	49,470
Group and Publicity work	967	2,499
Individual Donations (including Covenants)	2,897	1,121
Donations from Industry and Commerce	2,350	3,333
Penpont Trust	1,000	-
Cruden Foundation	500	500
Netherdale Trust	750	750
Dickson Minto Charitable Trust	200	200
Other Trusts	560	1,060
	<u>68,184</u>	<u>58,933</u>

4 Staff Numbers and Costs

The average weekly number of administrative employees of the Service during the year was 8 (1996 - 7).

The aggregate remuneration and associated costs of the Service were:-

	1997	1996
	£	£
Wages and Salaries	43,836	38,360
Social Security	2,850	2,483
Pension	942	927
	<u>47,628</u>	<u>41,770</u>

Lothian Marriage Counselling Service

Notes to the Financial Statements for the Year Ended 31 March 1997

5 Administration Expenses

	1997	1996
	£	£
Rates and Insurance	2,684	2,764
Heat and Light	2,126	2,339
Repairs and Renewals	9,439	3,459
Cleaning	1,326	1,281
	15,575	9,843
Salaries, Wages & National Insurance (note 4)	47,628	41,770
Hon. Treasurers' honorarium	-	500
Printing and Stationery	1,588	2,145
Telephone and Postage	2,605	2,154
General Expenses	1,198	1,240
Office Equipment	5,264	2,812
Report and AGM	944	483
Audit Fee	685	594
	75,487	61,541

6 Taxation

The Service is recognised by the Inland Revenue as a charity and is not liable to Corporation Tax on the surplus for the year.

7 Provision of Services Counselling

	1997	1996
	£	£
Payments to Counsellors	21,422	18,950
Telephone Helpline Costs	-	998
Travelling expenses	248	456
Advertising	597	376
	22,267	20,780

8 Educational expenses

	1997	1996
	£	£
Counsellors' Training and Supervision Costs	10,370	10,860
Bookstall, Library and Journals	2,137	2,534
Less: Sales	(1,380)	(1,598)
Fees to Marriage Counselling Scotland	470	440
	11,597	12,236

Lothian Marriage Counselling Service

Notes to the Financial Statements for the Year Ended 31 March 1997

9 Tangible Assets

The heritable property, which had an opening value of £150,000 at 1 April, 1996, was revalued on 13 March, 1997 by Shepherd & Co, Chartered Surveyors on an open market basis at £175,000.

10 Debtors	1997	1996
	£	£
Taxation recoverable from Deeds of Covenants	570	293

11 Creditors : Amounts falling due within one year	1997	1996
	£	£
Accruals	11,521	2,771
Other taxes and social security costs	1,152	1,050
Other creditors	6,000	-
Income Received in Advance	310	304
	18,983	4,125

12 Membership

The company has no share capital and is limited by the guarantee of 36 members to a maximum of £10 each.

13 Capital Reserve	1997	1996
	£	£
Property at valuation 1 April, 1996	150,000	150,000
Revaluation during year (Note 9)	25,000	-
Property at revaluation 31 March, 1997	175,000	150,000
Capital Accrued prior to incorporation	14,462	14,462
	189,462	164,462

The Capital Reserve represents the value of the property held by the company, together with the surpluses accumulated by the company from its instigation in June 1946, until its incorporation.

Lothian Marriage Counselling Service

Notes to the Financial Statements for the Year Ended 31 March 1997

1.4 Other Reserves

	<u>General</u> <u>Fund</u>	<u>Building</u> <u>Fund</u>	<u>Development</u> <u>Reserve</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1 April, 1996	6,041	2,100	5,000	13,141
Surplus For The Year	3,429	(2,549)	185	1,065
Transfer between funds	(449)	449	-	-
At 31 March, 1997	9,021	0	5,185	14,206

The General Fund represents the surplus accumulated since the company was incorporated in 1988.

The Building Fund was set up in 1991 to cover the outstanding costs of common repairs to the company's property. As reflected above, the final costs have been provided for in these financial statements and a small transfer from the General Fund has been made to offset the shortfall created in this fund.

The Development Reserve was created in 1996 to cover the expense of marking the 50th anniversary of Lothian Marriage Counselling Service. In particular it is intended to cover the costs of preparation and printing of publicity material, investigating the feasibility of setting up a Relateen service and the mounting of a Family Forum in October 1997.