

Couple Counselling Lothian
(A company limited by guarantee)

Report and Financial Statements
For the Year Ended 31 March 2006

Charity number SC011989
Company number 110621



COUPLE COUNSELLING LOTHIAN
(A company limited by guarantee)

Report and Financial Statements

For the Year Ended 31 March 2006

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COUPLE COUNSELLING LOTHIAN
(a company limited by guarantee)

Report of the Council of Management

For the year ended 31 March 2006

Reference and Administrative Information

Charity Name:	Couple Counselling Lothian
Charity registration number:	SC011989
Company registration number:	110621
Registered Office and operational address:	9a Dundas Street Edinburgh EH4 6QG

Management Committee

Stewart F Lee (Chair) (appointed 20/4/05)
David Binnie
Anne Callander
James Cook (acting Chair 9/1/05 – 20/4/05; ordinary member thereafter)
Alasdair Ferguson (resigned 7/1/06)
Hely Henney
Susie Jackson
Jane Mackie
Sadia Shinware (resigned 23/9/05)
Jonathan Tweedie

Secretary

Deirdre Bett (retired 20/7/05)
Rosalind Hume (appointed 20/7/05)

Auditors

Scott-Moncrieff
17 Melville Street
Edinburgh
EH3 7PH

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

Solicitors

Fyfe Ireland WS
32 Charlotte Square
Edinburgh
EH2 4ET

COUPLE COUNSELLING LoTHIAN
(a company limited by guarantee)

Report of the Council of Management

For the year ended 31 March 2006

The Council of Management presents its report along with the financial statements of the charitable company for the year to 31 March 2006. The financial statements have been prepared in accordance with the Memorandum and Articles of Association and the recommendations of the Statement of Recommended Practice Accounting and Reporting by Charities and comply with applicable law.

Structure, Governance and Management

Couple Counselling Lothian 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.

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

Recruitment and Appointment of the Council of Management

The Council of Management will consist of no 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 Council of Management have recently reviewed their membership in light of skills and experience and an advertisement for potential new members was widely distributed within the voluntary sector.

Trustee Induction and Training

New members to the Council of Management are given a job description and trustee induction

Risk management

The Council of Management have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Company, and are satisfied that systems are in place to mitigate exposure to the major risks.

Organisational structure

In June 2005, after 24 years of invaluable service to counselling in Scotland, Deirdre Bett retired as Manager. In July 2005, the Council of Management appointed a full time Director, Rosalind Hume, to run the organisation. She is supported by a part time Practice Manager (15 hours per week), Linda Hill, who was appointed May 2006 and two senior administrators (job share to one full time equivalent post). There are also 4 part time administrative posts to enable the office to be open from 9 am to 9 pm Monday to Thursday and from 9 am to 4 pm on Friday. 9a Dundas Street is also open on Saturdays from 10 am to 1 pm if there is demand for counselling at the weekends.

At 31 March 2006 there were 18 sessionally paid counsellors, 1 volunteer counsellor and 2 Accept students, 2 Edinburgh University placements and 2 CCS diploma students.

Objectives and Activities

Couple Counselling Lothian is committed to providing a range of high quality professional therapeutic and educational services for adults, children and young people and their wider families who are experiencing relationship difficulties. We will provide these services regardless of race, religion, gender and ability to pay

COUPLE COUNSELLING LoTHIAN
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Report of the Council of Management - continued

For the year ended 31 March 2006

Objectives and Activities - continued

Key objectives:

- Maintain and enhance the quality and professionalism of our services
- Ensure all CCL services meets clients' demands within an acceptable timescale
- Maintain and develop existing services and delivery methods
- Ensure adequate funding for core services and seek funding to develop new services
- Increase social inclusion of services throughout Lothian, recognising that this will inevitably require the enhancement of services and delivery methods

Supporting objectives:

- Continue to support staff, recognizing the important role they play within the agency
- Continue to support volunteers

Opportunity objectives:

- Seek Links with partners/agencies
- Maximise the effect of operating under the "Relate" brand

These objectives were presented by the Chair to members at the AGM on the 23 September 2005.

Achievements and performance

Our counsellors have continued to offer a range of professional counselling services to couples and individuals who seek help in dealing with difficulties in their relationships. The number of appointments offered in 2005 continued to show a small decline from the previous year although the percentage decrease was smaller than previously. 5,092 appointments were offered in Dundas Street as compared to 5,268 in the previous year and 569 in the Community as compared to 601 in the previous year. The show up rate remains around 77%.

Activities that have taken place in 2005/6 to meet the key objectives include issuing all staff with new contracts of employment and introducing a more competitive remuneration package for accredited counsellors. We have also adopted a more proactive approach to making appointments, reducing our waiting list to under two weeks for daytime appointments at Dundas Street. In addition we are in the first stage of designing an electronic appointment system, specifically for our needs. This is scheduled to go live in the Autumn.

Thanks to the Scottish Executive Change Agenda we secured funding in 2005/6 to develop a pilot integrated service with Family Mediation Lothian based on a common intake process. It is hoped that the new service will be piloted in Leith in Edinburgh and in West Lothian, East Lothian and Midlothian. Meanwhile work is ongoing to integrate the Family Therapy Service and Young Persons counselling services within our two core services; relationship counselling and psychosexual counselling.

During 2005/06, discussions took place between Couple Counselling Scotland and Relate. Since March 2006, these have culminated in Couple Counselling Scotland operating under the name Relate Scotland. We are considering proposals that Relate Scotland would sublicense the use of Relate to Couple Counselling Lothian.

Financial review

In the year to 31 March 2006, income rose from £175,244 to £182,179. Expenditure increased from £163,288 to £188,316. Overall there was a deficit for the year of £6,137 compared to a surplus of £11,956 in the previous year but the surplus in 2004/05 included funding advanced to CCL in support of projects to be undertaken in 2005/06. The deficit in 2005/06 net of funding advanced in the previous year was £3,238. This deficit was partly due to a planned increase in expenditure aimed at strengthening the effectiveness of the organisation and partly due to a number of exceptional costs of a non-recurring nature.

COUPLE COUNSELLING LoTHIAN
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Report of the Council of Management – continued

For the year ended 31 March 2006

Financial review – continued

During the next year, the Council of Management will continue with their income generating strategy to enable CCL to:

- maintain its current activities; and
- implement the strategic and operational plans which was agreed at the Company's Annual General Meeting in September 2005

Principal funding sources

We would also like to thank the following for their generous financial support:

The Binks Trust / Cruden Foundation / City of Edinburgh Council / Dedridge Medical Group / Mr and Mrs Elliot / Friends of Couple Counselling Lothian / Lloyds TSB Foundation / The Lottery Fund – Awards for All/ The Scottish Business Achievement Award Trust / West Lothian Council as well as the many clients and anonymous donors whose contributions have helped us maintain our services

Reserves policy

The Directors have identified a minimum 'free' reserve requirement of £35,000, based on three months expenditure in the event the activities should discontinue. Actual, unrestricted or 'free' reserves at 31 March 2006 were £21,989.

Responsibilities of the Council of Management

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 the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the management committee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The Council of Management is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Council of Management is 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.

Members of the Management Committee

Members of the Council of Management, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 4.

Disclosure of information to auditors

As far as each of the directors at the time this report is approved are aware:

- there is no relevant information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

COUPLE COUNSELLING LOTHIAN
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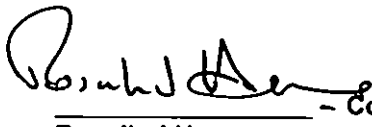
Report of the Council of Management – continued

For the year ended 31 March 2006

Auditors

Scott-Moncrieff were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the Council of Management on 23 August 2006 and signed on its behalf by



- Company Secretary

Rosalind Hume

COUPLE COUNSELLING LOTHIAN
(a company limited by guarantee)
Independent Auditors' Report to the members
For the year ended 31 March 2006

We have audited the financial statements of Couple Counselling Lothian for the year ended 31 March 2006 set out on pages 8 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 10 and 11.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the charitable company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 charitable 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

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice; of the state of the company's affairs as at 31 March 2006 and of its shortfall for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the directors' report is consistent with the financial statements.

Scott Moncrieff

SCOTT-MONCRIEFF
Chartered Accountants and Registered Auditor
17 Melville Street
Edinburgh

23 August 2006

COUPLE COUNSELLING LOTHIAN
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Statement of Financial Activities
(including Income and Expenditure Account)

For the year ended 31 March 2006

		Unrestricted Funds 2006	Restricted Funds 2006	Total Funds 2006	Reclassified Total Funds 2005
	Notes	£	£	£	£
Incoming resources					
Incoming resources from generated funds:					
Voluntary income:					
Donations and grants	2	144,856	8,975	153,831	147,343
Investment income		1,452	-	1,452	1,587
Incoming resources from charitable activities:	3				
Local Authority Grants		26,896	-	26,896	26,314
Total incoming resources		<u>173,204</u>	<u>8,975</u>	<u>182,179</u>	<u>175,244</u>
Resources expended					
Charitable activities	4	173,208	10,909	184,117	160,578
Governance costs	4	4,199	-	4,199	2,710
Total resources expended		<u>177,407</u>	<u>10,909</u>	<u>188,316</u>	<u>163,288</u>
Net (outgoing)/incoming resources before transfers		<u>(4,203)</u>	<u>(1,934)</u>	<u>(6,137)</u>	<u>11,956</u>
Gross transfers between funds		<u>965</u>	<u>(965)</u>	<u>-</u>	<u>-</u>
Net movement in funds/shortfall for the year		<u>(3,238)</u>	<u>(2,899)</u>	<u>(6,137)</u>	<u>11,956</u>
Total funds brought forward		<u>389,689</u>	<u>6,748</u>	<u>396,437</u>	<u>384,481</u>
Total funds carried forward		<u><u>386,451</u></u>	<u><u>3,849</u></u>	<u><u>390,300</u></u>	<u><u>396,437</u></u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 10 to 14 form part of these financial statements

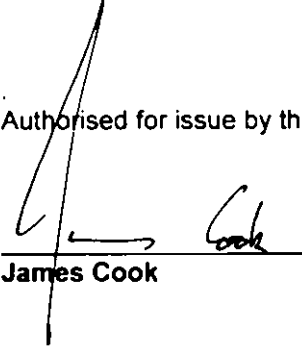
COUPLE COUNSELLING LOTHIAN
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Balance Sheet

For the year ended 31 March 2006

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible Assets	5		350,000		350,000
Current assets					
Stock		302		302	
Debtors	9	9,334		10,188	
Cash at bank and in hand		56,078		45,216	
		65,714		55,706	
Creditors: amounts falling due within one year	10	25,414		9,269	
Net current assets			40,300		46,437
Net assets			390,300		396,437
Funds	12, 13				
Unrestricted funds					
Capital Reserve		364,462		364,462	
General funds		21,989		25,227	
			386,451		389,689
Restricted funds			3,849		6,748
			390,300		396,437

Authorised for issue by the Council of Management on 23 August 2006 and signed on its behalf by:


James Cook

Director

The notes on pages 10 to 14 form part of these financial statements

COUPLE COUNSELLING LOTHIAN
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Notes to the Financial Statements

For the year ended 31 March 2006

1. Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value, and in accordance with the Companies Act 1985, Charities Accounts (Scotland) Regulations 1992 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005. The 2005 figures have been reclassified to aid comparability.

(b) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market values.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Incoming resources

All incoming resources are 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:

- Voluntary income is 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 recognised 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.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

(d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred.

- 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 include those 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.
- 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. Where this is not possible, expenses are allocated on the basis of time spent by staff on each activity.

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Notes to the Financial Statements (continued)

For the year ended 31 March 2006

(e) Fixed assets

Capital items costing under £1,000 are expensed through the Statement of Financial Activities.

The heritable property was revalued by Montagu Evans on 16 January 2004. No depreciation is charged on the property. The property is maintained in a good state of repair and, on the basis of professional advice received, the Council of Management are of the opinion that the estimated realisable value of the property exceeds the valuation and therefore any depreciation would be immaterial on an aggregate basis.

(f) Pension costs

Pension contributions are made to an approved money purchase scheme. These are charged in the year in which they are incurred.

(g) VAT

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

2. Donations

	Unrestricted	Restricted	2006 Total	2005 Total
	£	£	£	£
The Binks Trust	2,000	-	2,000	-
Awards For All	-	4,975	4,975	-
Lloyds TSB	-	4,000	4,000	4,000
Scottish Business Achievement Award	2,000	-	2,000	3,000
Cruden Foundation	500	-	500	-
Other grants	-	-	-	4,500
Donations from individuals	140,356	-	140,356	135,843
	<u>144,856</u>	<u>8,975</u>	<u>153,831</u>	<u>147,343</u>

3. Incoming resources from activities to further the Charity's objectives

	2006 Total £	2005 Total £
Local Authorities		
Edinburgh City Council	18,012	17,647
West Lothian Council	8,884	8,667
	<u>26,896</u>	<u>26,314</u>

COUPLE COUNSELLING LOTHIAN
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Notes to the Financial Statements (continued)

For the year ended 31 March 2006

4. Resources expended

	Charitable activities £	Governance costs £	Total 2006 £	Total 2005 £
Other operating charges				
Audit fee	-	2,969	2,969	1,210
Admin costs	37,421	-	37,421	37,825
Professional fees	9,072	-	9,072	3,900
	46,493	2,969	49,462	42,935
Staff costs				
Salaried employees	76,357	1,230	77,587	66,077
Sessional counsellors*	61,267	-	61,267	54,276
	184,117	4,199	188,316	163,288

* Sessional counsellors' staff costs include supervision fees of £12,659 (2005 - £9,341).

5. Fixed assets

Heritable property	2006 £	2005 £
Balance as at 31 March 2005 and 31 March 2006	350,000	350,000

6. Staff costs and numbers

Staff costs were as follows:	2006 £	2005 £
Wages and salaries	118,815	105,268
Social security costs	5,414	4,227
Pension costs	1,966	1,517
	126,195	111,012

The above staff costs exclude supervision fees of £12,659 (2005 - £9,341).

No employee received emoluments of more than £60,000.

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2006	2005
Charitable activity	3	3
Support staff	3	2

The charity contributes to the SCVO Money Purchase Pension Fund for Senior Staff members.

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Notes to the Financial Statements (continued)

For the year ended 31 March 2006

7. Trustee Remuneration & Related Party Transactions

No members of the management committee received any remuneration during the year.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2005 – Nil).

8. Taxation

As a charity, Couple Counselling Lothian is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

9. Debtors

	2006 £	2005 £
Accrued income	2,479	273
Other debtors and prepayments	6,855	9,915
Total	9,334	10,188

10. Creditors

	2006 £	2005 £
Taxation and social security	5,845	4,333
Other creditors and accruals	19,569	4,936
Total	25,414	9,269

11. Transfers

The transfers from restricted funds to unrestricted funds represent the contributions to the costs of managing the projects.

12. Analysis of net assets between funds

	General Funds £	Capital Reserve £	Restricted Funds £	Total Funds £
Tangible fixed assets	-	350,000	-	350,000
Current assets	47,403	14,462	3,849	65,714
Current liabilities	(25,414)	-	-	(25,414)
Net assets at 31 March 2006	21,989	364,462	3,849	390,300

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Notes to the Financial Statements (continued)

For the year ended 31 March 2006

13. Movement in Funds

	At 1 April 2005 £	Incoming resources (inc gains) £	Outgoing resources £	Transfers £	At 31 March 2006 £
Restricted funds					
Awards For All	-	4,975	(4,871)	(104)	-
Lloyds TSB	5,180	4,000	(6,038)	(861)	2,281
Young Person's Education programme	1,568	-	-	-	1,568
Total restricted funds	<u>6,748</u>	<u>8,975</u>	<u>(10,909)</u>	<u>(965)</u>	<u>3,849</u>
Unrestricted funds					
Capital reserve	364,462	-	-	-	364,462
General fund	25,227	173,204	(177,407)	965	21,989
Total unrestricted funds	<u>389,689</u>	<u>173,204</u>	<u>(177,407)</u>	<u>965</u>	<u>386,451</u>
Total funds	<u>396,437</u>	<u>182,179</u>	<u>188,316</u>	<u>-</u>	<u>390,300</u>

Purposes of Restricted Funds

Awards for All: This was a grant to develop an electronic appointment system. It included funds to update the existing telephone system

Lloyds TSB Counselling Young Persons Project: This is year two of a three year grant to develop a young persons counselling project within the Family Therapy team

Young Person's Education Programme: This is a project to provide young people with the skills to understand issues relating to their relationships with their families and significant others