

MIDLOTHIAN VOLUNTARY ACTION

Charity Registration No. SC008286

Company Registration No. SC219994

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

Legal & Administrative Details

Company Registration No: SC219994

Charity Registration No: SC008286

Directors: Mr R Fairbairn
Mrs P Neilson (resigned 25 November 2014)
Mrs S Peart
Mr B Prentice
Mrs H Webb-Nelson
Mr D Hanratty (resigned 23 February 2015)
Mr N Hynd
Mr N Clark (resigned 25 November 2014)
Mrs M Russell
Mr P Coleman (appointed 23 February 2015)

Advisors: Ms G Cousin (Midlothian Council)
Mrs A Fraser (Midlothian Council)

Councillor Representation: Provost J Wallace

Company Secretary: Mr G Wilson

Registered Office: 4/6 White Hart Street
Dalkeith
Midlothian
EH22 1AE

Bankers: The Bank of Scotland
47 High Street
Dalkeith
EH22 1JA

Unity Trust Bank
Nine Brindleyplace
4 Oozles Square
BIRMINGHAM
B1 2HB

Independent Examiner: Christopher Spalding
James Anderson & Co
Pentland Estate
Straiton
EDINBURGH
EH20 9QH

**Report of the Directors
For the Year ended 31 March 2015****Structure Governance and Management**

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, have pleasure in presenting their report and the financial statements for the year ended 31 March 2015. The directors have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

Governing Document

The charity is constituted as a Company limited by guarantee and is governed by its Memorandum and Articles of Association. It is also recognised by the Office of the Scottish Charity Regulator with Registration Number SC008286. The management of Midlothian Voluntary Action (MVA) is the responsibility of the management committee, which is elected under the terms of the constitution.

Objectivities

MVA aims to present the common policies and concerns of voluntary organisations, to develop new ways of responding to need in partnership with statutory and other health, social work, education, housing, employment, environmental and recreation agencies and any others concerned with the social and economic regeneration of the Midlothian area.

Principal Activity

The principal activity of the company is the promotion of schemes for the benefit of voluntary and community groups within Midlothian.

Directors

The directors who served during the year are as shown on page 1.

Structure and Management committee

MVA falls into two distinct areas, namely that of WDCC (Woodburn Day Care) and MVA itself. It also gives day-to-day supervision and management to both Social Enterprise Alliance Midlothian (SEAM) and Midlothian Financial Inclusion Network (MFIN). The Board oversees the various divisions and meets on a regular basis (9 occasions in the year) to consider reports, review and consider financial matters and consider the future strategy. The day-to-day operation is overseen by a general manager (George Wilson) and WDCC has Janette Hope as Manager.

The Board of Directors together with the external advisors form the management committee. The directors serve for a maximum period of three years after which time they are eligible for re-election. The Board of Directors is proposed by our member organisations. The proposals are considered at our AGM. If required voting on various proposed candidates takes place and final proposed candidates are approved at the AGM. (For example more proposed candidates than vacant places)

Induction and Training

A number of MVA Board members come to the organisation with considerable skills and knowledge of the voluntary sector. MVA has comprehensive training programmes throughout the year and there are opportunities for our Board members to participate in the training. Key information on relevant current legislation is also distributed to Board members on a regular basis. Our Policy and Procedures Handbook is regularly revised with the revisions being approved by the Board.

**Report of the Directors (Continued)
For the Year ended 31 March 2015****Financial Review**

This has been another mixed year for MVA and finding sufficient sources of funding is proving difficult. Many of our main funders have given funding for a number of years with no inflation uplift. MVA is looking at ways of improving efficiencies and using our resources more effectively.

Our incoming resources for the year were £448,347 (2014 - £375,286). This represented restricted funds of £408,520 and unrestricted funds of £39,827. Expenditure increased during the year to £403,779 (2014 - £370,383) being £376,881 on restricted funds and £26,898 from unrestricted funds. The net surplus on the unrestricted funds for the year was £12,929. The fund balances at the end of the year were £147,222 on unrestricted funds and £87,882 on restricted funds (2014 £134,293 and £56,243 respectively).

Sources of Funding

Midlothian Council primarily funds the rents of MVA and Woodburn's premises, together with the Community Care Forum Development Worker, our Manager and Project Worker at Woodburn Day Care Club and some of the general running costs. Scottish Government contributes to a number of posts and running costs. Midlothian Council and Scottish Government share funding in a number of MVA posts. European Social Fund funds part of the Funding Development Post. The Change Fund finances a part time Carer Support Worker at Woodburn Day Care Club. Scottish Government finances LSEP/SEAM. The Big Lottery has contributed important funding to the Woodburn Day Care Club.

Reserves Policy

The Directors have reviewed the position of the company and having £147,222 set aside to meet running costs and other liabilities, are satisfied with the level of reserves at the present time. This amount would cover approximately 6 months of salary costs and taking into account the overall running costs, would provide 3 months of funding. The board considers that this is the minimum appropriate reserve. Wherever possible, the board will seek to further increase the reserve without impacting on the company's charitable activities.

Risk assessment of MVA's funding for the future, includes taking account of the drastic contraction of local authorities budgets together with more competition for funding that is available. This contributes to finding funding resources more difficult. Also the success MVA has had in generating some funding by consultancy work is extremely unpredictable and unlikely to reach such significant levels in the coming period.

Risk Policy

The major risks to which the company is exposed have been assessed. The Board is satisfied that they have taken action to minimise these risks. The risks considered are strategic (those involving the medium to long term goals and objectives of MVA) and operational (being the risks relating to the day to day management of MVA).

Plans for Future Periods

MVA's main activity in the coming year is to deliver on the MVA & SEAM outcomes set out in Midlothian Third Sector Interface Business Plan together with Service Level Agreement with Midlothian Council and involvement/commitment in Midlothian Community Planning Partnership's Single Plan. Woodburn Day Care Club also has to deliver on outcomes agreed with the Big Lottery fund and a Service Level Agreement with Midlothian Council.

**Report of the Directors (Continued)
For the Year ended 31 March 2015****Plans for Future Periods (continued)**

It continues to be the case that many funders are much more prepared to fund direct service delivery, as against MVA's main role of developing infrastructure and support to other voluntary organisations together with a representational role in such things as Community Planning.

Tragically Local Councils are enforced into years of major contraction in their budgets, resulting in fewer resources to deliver important services to the most needy and marginalised in our community.

Similar to last year, MVA has some anxiety about the consequences, not only of the lowering standard of living for so many (with many more families falling into the poverty trap), but the savage consequences of Welfare Reform on many vulnerable people and the widespread need for food-banks. Many low paid workers face the precariousness of work itself with zero hour contracts and considerable use of food-banks. With the increasing social crisis there is even more need for the services of many voluntary organisations. MVA regularly reviews its focus and plans because of the desperate crisis being experienced by many in the Midlothian community.

It continues to be the case that Scottish Government policies such as Care in the Community, Integration Fund, Early Years Change Fund, Early Years Collaborative, Reducing Re-Offending Change Fund and Co-production, Integration of Health and Social Care and Community Empowerment (Scotland) Act together with the influence of the Christie Commission on the Future of Public Services has meant more work for MVA and potentially some funding opportunities for a number of voluntary organisations. At a Midlothian level, the high standard of voluntary/community involvement in Community Planning continues to develop positively.

We know that the three-year grants review conducted by Midlothian Council in 2014 will mean a reduction for MVA of £15,000 from our funding level in 2014/15. Yet a considerable increased demand on MVA's services from other voluntary organisations and community groups in Midlothian is very real.

Midlothian's Third Sector Interface continues to develop a powerful DATA-base (MILO). This is ongoing. The report last year mentioned the effective major cost saving exercise (retaining quality) for MVA Photocopying. This has been confirmed in practice. This year, inroads have been made into internet/phone service for MVA. Reliability has been maintained; Internet speed has been doubled and costs have been greatly reduced. This will be extended to Woodburn Day Care Club also when their current contract expires. However salaries are by far the largest cost item for MVA and making savings there is near impossible.

Statement of Responsibilities of the Directors

The directors are responsible for preparing the directors annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the directors 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 incoming resources and application of resources, including the net income or expenditure of the company for that year. In preparing those financial statements, the directors 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

**Report of the Directors (Continued)
For the Year ended 31 March 2015****Statement of Responsibilities of the Directors (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Examiner

Christopher Spalding C.A. has indicated his willingness to continue in office and a resolution proposing his re-appointment will be put to the Annual General Meeting.

This report was approved by the board on 28 September 2015 and signed on its behalf:

G Wilson
Company Secretary

**Independent Examiner's Report to the Members
For the year ended 31 March 2015**

I report on the accounts of the charity for the year ended 31 March 2015 which are set out on pages 7 to 14.

Respective responsibilities of trustees and examiner

The charity's trustees (directors) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity trustees consider that the audit requirement of Regulation 10(1) (a) – (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 examiner's 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 trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given in 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 (as amended) and
- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations (as amended)

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.

**Christopher Spalding C.A. (ICAS)
James Anderson & Co
Chartered Accountants
Pentland Estate
STRAITON
EH20 9QH**

28 September 2015

**Statement of Financial Activities
(Incorporating Income & Expenditure Account)
For the Year ended 31 March 2015**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Total 2014 £
Incoming Resources					
Voluntary income - Donations	4	3,163	-	3,163	1,511
Activities for generating funds	4	36,319	-	36,319	30,916
Investment income	5	345	-	345	297
Incoming resources from charitable activities - Grants	6	-	408,520	408,520	342,562
		<u>39,827</u>	<u>408,520</u>	<u>448,347</u>	<u>375,286</u>
Resources Expended					
Cost of charitable activities	7	23,493	376,881	400,374	366,137
Governance costs	7	3,405	-	3,405	4,246
		<u>26,898</u>	<u>376,881</u>	<u>403,779</u>	<u>370,383</u>
Net Incoming Resources		12,929	31,639	44,568	4,903
Balance 31 March 2014		<u>134,293</u>	<u>56,243</u>	<u>190,536</u>	<u>185,633</u>
Balance 31 March 2015	11	<u>147,222</u>	<u>87,882</u>	<u>235,104</u>	<u>190,536</u>

The results set out in the income and expenditure account above derive wholly from the continuing operations of the company.

Balance Sheet
As at 31 March 2015

	Notes	2015 £	2014 £
Fixed Assets			
Tangible assets	8	<u>4,864</u>	<u>5,722</u>
Current Assets			
Debtors	9	2,140	6,110
Cash at bank & on hand		<u>291,877</u>	<u>201,576</u>
		<u>294,017</u>	<u>207,686</u>
Liabilities			
Creditors: amounts falling due within one year	10	<u>63,777</u>	<u>22,872</u>
Net Assets			
		<u>235,104</u>	<u>190,536</u>
Funds			
Unrestricted funds	11	147,222	134,293
Restricted funds	11	<u>87,882</u>	<u>56,243</u>
		<u>235,104</u>	<u>190,536</u>

These annual accounts have not been audited because the company is entitled to the exemption provided by S477 of the Companies Act 2006 and members have not required the company to obtain an audit of its accounts for the period in accordance with S476 of the Companies Act 2006. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with S386 of the Companies Act 2006. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year in accordance with S396 Companies Act 2006, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company. The financial statements on pages 7 to 14 were approved on 28 September 2015 and signed on its behalf.

Richard Fairbairn, Chair

**Notes to the Financial Statements
For the Year ended 31 March 2015****1. Accounting Policies****a) Basis of Accounting**

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and in accordance with the Companies Act 2006.

b) Fund Accounting

Grants receivable are credited to the Statement of Financial Activities in the year for which they are received. Funds held by the charity are either:

- Unrestricted general funds – these are funds which may be used in accordance with the charitable objects at the discretion of the directors.

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 included when the charity becomes unconditionally entitled to grant.
- Any donated service 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 the accounts.
- Investment income is included when receivable.

d) Resources Expended

Expenditure is recognised on an accruals basis when a liability is incurred. Expenditure includes any VAT which cannot be recovered and is reported as part of the expenditure to which it relates.

- 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, consultancy and governance training costs.

e) Tangible Fixed Assets & Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated usual life.

Fixtures & Fittings - 15% reducing balance.

**Notes to the Financial Statements
For the Year ended 31 March 2015**

f) Taxation

As a charitable organisation and not trading, there is no liability for corporation tax on any surplus income over expenditure.

g) Trustee Remuneration & Expenses

The directors receive no remuneration or expenses.

h) Pension Costs

The company operates defined contribution schemes, the assets of which are held separately from those of the charity. The pension cost charge represents contributions payable by the charity to the scheme.

i) Legal Status

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up the liability of the guarantee is limited to £1 per member of the charity.

2. Employee Information

	2015	2014
Average number of full time equivalent employees during the year was:	16	14
	£	£
Wages & salaries	265,280	256,905
Social security costs	22,451	21,380
Pension costs	8,365	7,863
	<u>296,096</u>	<u>286,148</u>

No staff member is remunerated at a level in excess of £60,000 per annum. No director received remuneration or reimbursement for any services provided to the charity.

3. Operating Leases

The charity occupies premises leased from Midlothian Council on an annual basis. The rent is £12,500 per annum and this is fully covered by a grant from the council. In addition the charity rents the St Nicholas' Church hall & cottage for the Woodburn Day Care Club. The current annual rent is £8,844 (2014 - £8,448) and this is subject to renewal on annual basis.

Notes to the Financial Statements (Continued)

4. Activities for Generating Funds

	MVA Core 2015 £	WDCC 2015 £	Total 2015 £	Total 2014 £
Voluntary income - Donations	83	3,080	3,163	1,511
Activities for generating funds				
Fundraising	-	1,227	1,227	838
Room & office hire	1,505	-	1,505	1,860
Photocopying & printing	6,897	-	6,897	6,027
Membership fees	705	-	705	526
Consultancy fees	18,663	-	18,663	14,767
Reimbursement	-	-	-	3,166
Miscellaneous income	3,964	40	4,004	3,732
Toot for fruit – sales of produce	3,318	-	3,318	-
	<u>35,052</u>	<u>1,267</u>	<u>36,319</u>	<u>30,916</u>

5. Investment Income

Bank interest received	340	5	345	297
	<u>340</u>	<u>5</u>	<u>345</u>	<u>297</u>

6. Grants Received

Midlothian Council – Social work & rent	12,500	38,466	50,966	50,282
Midlothian Council – Community & wellbeing	59,017	-	59,017	44,263
Midlothian Council – MCCF	24,926	-	24,926	24,926
Midlothian Council – Forward Mid	6,319	-	6,319	6,318
Midlothian Council – Add worker	-	27,083	27,083	25,000
Midlothian Council – Change fund	-	25,324	25,324	23,247
Leader	7,116	-	7,116	2,089
NHS Lothian	-	-	-	4,000
Quality Matters Interface	-	-	-	400
Scottish Government	83,572	-	83,572	83,572
Scottish Government – SEAM/LSEP	17,932	-	17,932	18,432
Big Lottery Fund	-	48,840	48,840	60,033
NHS Community Empowerment	30,000	-	30,000	-
Toot for Fruit	16,125	-	16,125	-
SCVO – Social Media	2,500	-	2,500	-
Heritage - Community Activism	8,800	-	8,800	-
	<u>268,807</u>	<u>139,713</u>	<u>408,520</u>	<u>342,562</u>

Notes to the Financial Statements (Continued)

7. Analysis of Expenditure

	MVA Core 2015 £	WDCC 2015 £	Total 2015 £	Total 2014 £
Charitable Expenditure				
Occupancy costs	19,266	8,844	28,110	28,010
Salaries, recruitment & travel	192,432	114,380	306,812	289,122
Stationery, publicity & copier charges	12,917	411	13,328	12,538
Posts & telephones	3,063	2,458	5,521	6,258
Training	2,042	3,137	5,179	2,056
Events & meeting expenses	1,008	-	1,008	1,726
Repairs, software & equipment	8,497	1,438	9,935	10,277
Transport	-	7,110	7,110	5,850
Grants & donations – Children in Need	83	-	83	389
Freelance fees	2,513	-	2,513	874
Professional fees	2,611	-	2,611	2,421
Heritage Lottery Fund Expenses	4,559	-	4,559	-
NHS Community Empowerment	772	-	772	-
Toot for Fruit - Expenditure	5,032	-	5,032	-
Café costs	-	394	394	295
Miscellaneous & subs	4,154	2,395	6,549	5,311
Depreciation	858	-	858	1,010
	<u>259,807</u>	<u>140,567</u>	<u>400,374</u>	<u>366,137</u>
Governance costs				
Independent examiners fee	2,600	-	2,600	2,400
AGM & professional fees	745	-	745	1,786
Bank charges	60	-	60	60
	<u>3,405</u>	<u>-</u>	<u>3,405</u>	<u>4,246</u>

8. Tangible Fixed Assets

	Equipment £
Cost	
At 31 March 2014 & 2015	<u>7,920</u>
Depreciation	
At 31 March 2014	2,198
Charge for the year	858
	<u>3,056</u>
31 March 2015	<u>3,056</u>
Net book value	
31 March 2015	<u>4,864</u>
31 March 2014	<u>5,722</u>

Notes to the Financial Statements (Continued)

9. Debtors

	2015 £	2014 £
Grant monies due	-	6,110
Trade debtors	2,140	-
	<u>2,140</u>	<u>6,110</u>

10. Creditors

Amounts falling due within one year

Trade creditors	3,609	-
Funds held in Trust	30,943	20,372
Sundry creditors & accruals	2,100	2,500
Deferred income	27,125	-
	<u>63,777</u>	<u>22,872</u>

11. Statement of Funds

	Balance 31/3/14 £	Incoming Resources £	Outgoing Resources £	Balance 31/3/15 £
Restricted Funds				
Midlothian Council – Social work	-	12,500	12,500	-
Midlothian Council – Community & wellbeing	-	59,017	59,017	-
Midlothian Council – MCCF	-	24,926	24,926	-
Midlothian Council – Forward Mid	39,387	6,319	8,109	37,597
Scottish Government	-	83,572	83,572	-
Scottish Government – SEAM/LSEP	1,058	17,932	15,253	3,737
Leader	-	7,116	-	7,116
SCVO	-	2,500	288	2,212
WDCC	-	90,873	90,873	-
Big Lottery Fund	6,323	48,840	49,694	5,469
Awards for All	9,475	-	7,875	1,600
NHS Community Empowerment	-	30,000	772	29,228
Toot for Fruit	-	16,125	15,202	923
Heritage Lottery Fund	-	8,800	8,800	-
Total Restricted Funds	<u>56,243</u>	<u>408,520</u>	<u>376,881</u>	<u>87,882</u>
Unrestricted Funds	<u>134,293</u>	<u>39,827</u>	<u>26,898</u>	<u>147,222</u>
Total Funds	<u>190,536</u>	<u>448,347</u>	<u>403,779</u>	<u>235,104</u>

Notes to the Financial Statements (Continued)

The balances on the restricted funds arise when the project funding periods are not in line with the charity's year end.

Funds & Sources:	Specific purpose
Midlothian Council – Social work	Towards rent of premises
Midlothian Council – Community & wellbeing	Towards running costs and part wages of MVA staff
Midlothian Council – MCCF	Towards community care development worker
Midlothian Council – Forward Mid	Funding for a physical disability forum
Scottish Government	Core funding
Scottish Government – SEAM/LSEP	Local social enterprise project for social enterprise work with businesses that are not for profit
Leader	Maximising resources for addressing poverty & employability
SCVO	Developing social media
WDCC – Midlothian Council, Big Lottery Fund	Provided for frail, isolated elderly people in the Woodburn area. The centre uses volunteers with complex physical, social, intellectual and emotional needs.
Big Lottery Fund	Woodburn Day Care Centre
Awards for All	Social media project
NHS Community Empowerment	For the promotion of community health & wellbeing
Toot for Fruit	To increase access to low cost quality fruit & veg across Midlothian
Heritage Lottery Fund	To highlight history of community activism

12. Analysis of Net Assets Between Funds

	Unrestricted Fund £	Restricted Fund £	Total £
Tangible assets	4,864	-	4,864
Current assets	206,135	87,882	294,017
Current liabilities	63,777	-	63,777
	<u>147,222</u>	<u>87,882</u>	<u>235,104</u>