

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

SCOTTISH CHARITY NUMBER: SC019165

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

CONTENTS

	PAGE
Trustees Report	3-12
Report of the Independent Examiner	13
Statement of Financial Activities	14
Balance Sheet	15
Notes forming part of the financial statements	16-27

RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING

YEAR ENDED 31 DECEMBER 2016

TRUSTEES' REPORT

This is the Annual Report for South East Scotland Area Meeting of the Religious Society of Friends (Quakers) for the year ended 31st December 2016.

INTRODUCTION

Ten local groups of varying sizes meet for regular sessions of Quaker worship within South East Scotland. They also work together as an Area Meeting, responsible for Quaker witness in the area and for the general support of members of the Quaker communities, whether they are in formal membership of the Society of Friends or not. Two meeting houses (in Kelso and in the centre of Edinburgh) act as focal points not only for Quakers but for the wider community, their rooms and facilities being made available for community groups. Both worship and work are overseen by the whole community of Friends through Area Meetings for Church Affairs, at which the process of decision-making is guided by the Spirit.

This report gives some insight into Quaker activities in South East Scotland during 2016, as well as highlighting the main concerns of the Meetings and work that is undertaken to facilitate their running. Financially the Society is largely dependent on the voluntary donations of its members and attenders and their great generosity is warmly recognised.

We also hope that those that have used the Society's rooms during the year have found a peaceful haven in which they can not only pursue the purpose that has brought them to us but can find a place to relax for a while in their busy lives.

John Phillips, clerk to the trustees

PURPOSES AND ACTIVITIES

OBJECTIVES

The charitable object of the Area Meeting is the furtherance of the general religious and charitable purposes of the Religious Society of Friends (Quakers) in the area of South East Scotland and beyond, as laid down in *Quaker Faith & Practice*. The Area Meeting furthers the religious beliefs of its members, provides places where Quaker Meetings for Worship can be held within South East Scotland, maintains Quaker witness within this area and supports charitable objectives that witness to Quaker testimonies.

PRINCIPAL ACTIVITIES

The Area Meeting is the over-arching entity supporting Quaker worship and Quaker witness within South East Scotland. Quaker Meetings for Worship are open to the public and are held at:

- Edinburgh Quaker Meeting House (several meetings each week, both on Sundays and on weekdays)

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

- Kelso Quaker Meeting House (on Sundays)
- South Edinburgh and Polmont (each Sunday)
- Dunbar, Kirkcaldy, Peebles and Portobello/Musselburgh (twice each month)
- Penicuik and North Edinburgh (monthly).

ACHIEVEMENTS AND PERFORMANCE

Meetings for Church Affairs (business meetings of the Area Meeting) were held on seven occasions during 2016. All members of the Religious Society of Friends as well as others who attend our Meetings for Worship are welcome to attend these meetings, at which subjects of general interest are explored, reports covering a variety of Quaker concerns are received, and decisions are made concerning the use of our various resources.

Short Term Review of the Area Meeting

One of the most important considerations in 2016 was a review of the way in which we hold these business meetings and how we can manage to engage a greater number of our members and attenders in this aspect of our Quaker life. This has led to a revised pattern of meetings being arranged for 2017, with four whole day, all-age meetings being included in our programme.

Business matters during 2016 included the work of our General Meeting Parliamentary Engagement Officer on militarisation within our society, a concern about the decriminalisation of the possession of drugs for personal use, and our work with prisoners.

Individual Local Meetings have explored these and other themes through their own Meetings for Learning and study groups. In addition, during 2014 we initiated a process of review of the spiritual and corporate life within each of our local meetings. All have made reports back to the Area Meeting, enabling us to celebrate both the diversity of the various Meetings and the variety of their activities and of the community engagement that they revealed to us. The process of making these reports concluded during 2016.

Parliamentary and civil society engagement

General Meeting for Scotland and Britain Yearly Meeting have collaborated in appointing a part-time Scottish Parliamentary Engagement Officer who started service on behalf of Quakers in Scotland in January 2015. Supported by her focussed advocacy work, we have taken forward a number of concerns during 2016:

- the influence exerted by representatives of the armed forces visiting our schools
- our opposition to the renewal of Trident;
- growing evidence about economic injustice in Scotland.

In particular a well-attended public meeting "Creating a Just Scotland: transforming our land and taxation policies" addressed the last of these themes with several external speakers during the 20th Edinburgh Independent Radical Book Fair, in October 2016.

RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING

YEAR ENDED 31 DECEMBER 2016

Polmont Local Meeting held a public event in Falkirk with soup, cake etc, providing general information about Quakers with an emphasis on resources relating to the 100th anniversary of the Introduction of Conscriptio Act in 1916.

Outreach at the Edinburgh Festival

As in previous years, our most high-profile engagement in the life of the community was our use of the Quaker Meeting House in Edinburgh as “Venue 40” during the Edinburgh International Festival Fringe in August 2016. We hosted visiting theatre companies from around the world for three weeks, using volunteer staff drawn from our own Quaker meetings and from others in Britain. Funds raised have been shared among three charities: the Mines Advisory Group, Aid & Abet, and Quaker work in Britain.

Building our communities

As in a number of recent years, some of our smaller meetings including South Edinburgh, Polmont and Portobello/Musselburgh hosted a residential weekend for study and recreation at Wiston Lodge, Biggar, in September 2016. This was followed by a similar weekend held at Swarthmore Hall in Cumbria in November 2016 for those who worship at Central Edinburgh Meeting.

Our meeting houses

The Area Meeting owns two meeting houses (located in the Edinburgh Old Town and in Kelso), both of which are hired out to community groups and voluntary organisations when they are not being used for Quaker activities. Each meeting house is seen not only as a base for the activities of the Society of Friends but also as a resource for the local community.

Considerable effort is being made to reduce energy consumption in each, to maximise recycling and to use Fairtrade materials. There are plans for improving the Edinburgh building’s heating and ventilation systems and the Kelso building’s windows, though these have recently been delayed while repair work is carried out on the lead roof of the Edinburgh building (to be undertaken during the first half of 2017).

The Area Meeting employs a number of staff to manage the Edinburgh meeting house. Following eight years of service as joint managers, Sue and Anthony Buxton retired at the start of 2016. Following a short period of overlap they were succeeded by Sue Proudlove and Tony Wilkes. An important development during 2016 was the accreditation of the Area Meeting as a Scottish Living Wage Employer (as supported by the Poverty Alliance), recognising that both our staff and those who assist us with meeting house cleaning are paid at or above the Living Wage.

Donations and grants

The Area Meeting is financially dependent on the voluntary contributions of those who attend its Meetings for Worship. These help to support the upkeep and development of the two meeting houses, as well as supporting the Meeting’s charitable activities. The Area Meeting makes grants:

- for the work of the Religious Society of Friends within Britain and abroad (as funded through Britain Yearly Meeting);

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

- to General Meeting for Scotland as support for Scottish ecumenical and interfaith initiatives;
- for the support of the Scottish Parliamentary Liaison Officer (funded through General Meeting for Scotland);
- to its members and others to attend Quaker meetings and conferences;
- to support charitable work undertaken by its own members and for other charities undertaking work supported by the membership.

The Area Meeting has been the fortunate recipient of a legacy established as the John Wigham (Enjoyment) Trust. This makes grants to “deserving persons resident in Scotland who owing to straitened circumstances are unable to enjoy the usual pleasures of life, the purpose of such grants being to provide the recipients with some additional comfort or pleasure of an exceptional nature over and above the usual necessities of life.” Well over a hundred grants have been distributed since 2002 to Quakers and non-Quakers from all over Scotland to enable them to experience some aspect of enjoyment in their lives.

FINANCIAL REVIEW

The results for the year and the charity’s financial position at the end of the year are shown in the attached financial statements.

(a) RESERVES POLICY

The Area Meeting has examined the requirements to maintain free reserves and has agreed to try to build up its general reserves. Their primary purpose is to act as a contingency for repair work and property renovation and the trustees aim to hold about £100,000 to cover future major repairs to its two meeting houses. The Area Meeting’s capital fund is built up and depleted periodically as new developments or refurbishments are undertaken.

The Capital Fund is still depleted following the major development work of the Edinburgh meeting house undertaken over the period 2012-13. The process of rebuilding the fund was overtaken by the discovery of the need for repair work to the lead covering of the Edinburgh meeting house roof. External grant funding was successfully sought during 2016 and repair work will be carried out during 2017. Nevertheless it is still important to rebuild this reserve fund over the next few years. The Area Meeting’s funds have been augmented by substantial interest-free loans from members; considerable progress has now been made in repaying these.

(b) FUNDS

Restricted Funds are those where the donor has stipulated the use for which the funds may be used. Following review by the trustees, the funds at the disposal of Local Meetings have been confirmed as restricted funds. Unrestricted Funds are those which may be spent entirely at the discretion of the Area Meeting within the terms of its charitable aims. Funds which the Area Meeting has set aside for specific projects are treated as Designated Funds.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

The land and buildings in Edinburgh and Kelso belonging to the Area Meeting were revalued professionally during 2014. They are included in the Balance Sheet at their market value at the date of these valuations in order to give a reasonable reflection of the charity's assets. It is the trustees' policy not to depreciate them but to revalue them at approximately five year intervals.

(c) FUNDING SOURCES

The Area Meeting depends primarily on donations from its members to fund its activities. Such donations may be made for unrestricted purposes or for specific restricted purposes, for example, for the use of a Local Meeting, as directed by the donor. Donations income in 2016 was similar to that in recent years.

Unusually, however, two large legacies with restricted purposes were received during 2016. One was specifically for peace work with the request that this should be focussed through the Edinburgh Peace & Justice Centre. This small charity occupies premises beside the Edinburgh Quaker Meeting House, and the funds have been transferred to it during 2017. A second substantial legacy was made specifically for charitable purposes to be determined by Central Edinburgh Local Meeting.

Income is received from letting out rooms in both meeting houses to external organisations (normally charities or community groups) when they are not needed for Quaker activity. The utilisation of the Edinburgh property was reviewed in 2009, following which recommendations were prepared for the future development of the building to make it more attractive for letting, and to reduce its energy costs; many of these plans have now been realised. Although there was a decline in room lettings and from associated catering activity during 2015, both have shown a good recovery during 2016.

The Edinburgh Meeting House is used as a venue for the Edinburgh Festival Fringe each year, staffed by volunteers both from within the Area Meeting and from other Quaker meetings. Large numbers of members of the public attend the performances and utilise the opportunities that are offered for rest and refreshment. Income raised in this endeavour is used to support certain external charities as well as funding various aspects of Quaker activity.

(d) GRANT MAKING POLICY

The Area Meeting continued to make substantial grants both to Britain Yearly Meeting and to General Meeting for Scotland during 2016. The Area Meeting has discussed the size of the grant that it makes each year to Britain Yearly Meeting in order to support Quaker work in Britain. There is a strong desire to increase the size of this grant, as long as this can be consistent with rebuilding the Area Meeting's reserves.

Other grants payable usually cover Quaker activities, though part of the income generated from the general public during the Edinburgh Festival each year is passed on as grants to external charitable organisations. Other non-Quaker as well as Quaker work is supported through special collections following local meetings for worship held on Sundays. In addition, members and attenders may specify that parts of their regular donations to the

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

Area Meeting should be passed to Britain Yearly Meeting or to one of the Local Meetings (through a restricted Donations Fund).

PLANS FOR FUTURE PERIODS

The priority of the Area Meeting is to maintain and support its worshipping communities within the area of South East Scotland, encouraging the establishment of further groups whenever possible. It also has a responsibility to increase the profile of Quakerism within this area and it undertakes periodic outreach activities. It has been particularly rewarding to note the growth of several Local Quaker Meetings within the area over recent years, each providing regular opportunities for Quaker worship.

As noted above, members wish to increase the financial support that they offer both to Britain Yearly Meeting (for the general support of Quaker work) and to General Meeting for Scotland (for the support of its parliamentary work), and these objectives are kept under regular review.

There is also an on-going need to maintain all the Area Meeting's property to a high standard. There are plans for further improvement of the Edinburgh building to reduce still further the energy costs involved in heating it. Similarly, repair work to the windows and improved wall insulation are planned for the meeting house in Kelso.

RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING

YEAR ENDED 31 DECEMBER 2016

REFERENCE AND ADMINISTRATIVE DETAILS

SCOTTISH CHARITY NUMBER: SC019165

PRINCIPAL OFFICE:

The Quaker Meeting House,
7 Victoria Terrace,
Edinburgh EH1 2JL.

ADVISERS:

Accountant

Heather Hartman BA (Hons) CA

Independent Examiner

David Jeffcoat FCCA,
Alexander Sloan (Chartered Accountants),
50 Melville Street, Edinburgh EH3 7HF.

Bankers

Bank of Scotland, 61 Leith Walk, Edinburgh EH6 8LS.	Triodos Bank, Deanery Road, Bristol BS1 5AS.
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Solicitors

Balfour and Manson,
54-66 Frederick Street, Edinburgh EH2 1LS.

OFFICE BEARERS (2016):

Philip Lucas (Area Meeting Clerk until 31st March 2016)
Elizabeth Allen (Area Meeting Clerk from 1st April 2016)
Alastair Cameron (Assistant Clerk)
Mark Hutcheson (Treasurer)

KEY MANAGEMENT PERSONNEL

Meeting House managers

Anthony and Sue Buxton (retired 31st January 2016)
Anthony Wilkes and Sue Proudlove (appointed 11th January 2016)

RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING

YEAR ENDED 31 DECEMBER 2016

TRUSTEES (during 2016 and at the time of signing this report):

Kate Arnot (from 1 st August 2016)	Elizabeth Law
Ann Forsyth	Philip Lucas (to 31 st March 2016 and from 1 st April 2017)
John Harris (from 1 st January 2016 until 23 rd January 2017)	Brian Mayes (to 31 st March 2017)
Mark Hutcheson	John Phillips (Clerk to Trustees)
Ken Jobling (Assistant Clerk from 1 st January 2017)	Rufus Reade
	David Somervell (from 1 st April 2016)

Elizabeth Allen, clerk to the Area Meeting, attends the meetings of trustees

STRUCTURE GOVERNANCE AND MANAGEMENT

ORGANISATION AND AFFILIATION

The Area Meeting is a constituent part of Britain Yearly Meeting of the Religious Society of Friends (Quakers). This is a Christian denomination founded in the seventeenth century. For charitable purposes, its principal objective is the advancement of religion.

Quaker Faith and Practice is regarded as the nearest equivalent of a governing document for the whole Religious Society, being a book of faith and practice constituting the Society's Christian discipline. It was first issued in manuscript form in 1738 and has been rewritten periodically. The most recent (fifth) edition of *Quaker Faith and Practice* was published in 2013.

Britain Yearly Meeting of the Religious Society of Friends currently contains 71 Area Meetings (as well as a number of General Meetings encompassing several Area Meetings). Membership of the Society is held within an Area Meeting and this is also the main charitable and accounting unit.

South East Scotland Area Meeting is one of four making up the General Meeting for Scotland. It contains 255 members (254 in 2015) worshipping in ten separate Local Quaker Meetings, of which the largest are Central and South Edinburgh with 114 and 44 members respectively. In addition, many non-members (known as 'attenders') regularly attend meetings for worship and participate fully in the life of the Society.

Decisions affecting the life and work of the charity are taken corporately by the membership within the context of a Meeting for Worship for business, God's will for the meeting being discerned without the need for voting when the meeting takes place within a spirit of worship. Minutes are approved at the conclusion of each item of business when unity has been reached.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

GOVERNANCE AND CHARITABLE TRUSTEES

The Area Meeting adopted a governing document at a meeting held on 27 October 2007. Its trustees are all members of the Religious Society of Friends and are appointed under the terms of this governing document. They report regularly to sessions of the Area Meeting.

The Area Meeting also appoints office bearers (who are not trustees for the purposes of the Charities Accounts (Scotland) Regulations). They include a clerk and assistant clerk, a registering officer for marriages and members of an Area Meeting Nominations Committee. The Area Meeting treasurer is a trustee *ex officio*. However, it should be noted that in 2013 Philip Lucas, then an existing trustee, was appointed to serve as Area Meeting clerk, but nevertheless continued to serve as a trustee until the end of March 2016.

The process for the appointment of trustees is that names are brought forward by the Area Meeting's Nominations Committee; appointment is by minute of the Area Meeting in session. New trustees are given the Trustees' Committee's Terms of Reference and back copies of the committee's minutes, as well as the Handbook for Quaker Trustees, followed by briefing from committee members. In addition, new trustees are encouraged to attend a residential training course for Quaker trustees held at Woodbrooke Quaker Study Centre, Birmingham.

RISK MANAGEMENT

An assessment has been made of the major risks to which the charity is exposed, and systems are in place to mitigate its exposure to major risks. This process is ongoing. Architects have undertaken quinquennial inspections of both meeting houses, that for Edinburgh being received by the trustees in early 2014 and that for Kelso in late 2015. These reports give the trustees warning of major issues as well as detailed information to assist them with any minor repairs that are required.

Area Meeting policies covering child protection, data protection, health and safety and food hygiene are in place.

THE AREA MEETING'S RESPONSIBILITIES

Law applicable to charities in Scotland requires the Area Meeting to prepare financial statements for each financial year which give a true and fair view of its financial activities during the year and of its financial position at the end of the year. In preparing its financial statements, the Area Meeting is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice for Charities (the Charities SORP);
- make judgements and estimates that are reasonable and prudent;

RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING

YEAR ENDED 31 DECEMBER 2016

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Area Meeting will continue in operation.

The Area Meeting has appointed a body of trustees as required by its 2007 governing document. The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Area Meeting and which enable the trustees to report that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended), the Area Meeting's governing document, and Accounting and reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities.

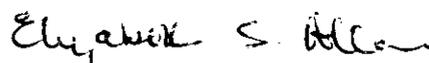
The trustees are responsible for safeguarding the assets of the Area Meeting and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Report was approved by the trustees on 18th July 2017. It was signed on their behalf by John Phillips.

This Report and the Statement of Accounts for 2016 were presented to an Area Meeting held in Edinburgh on _____ and the Clerk of the Area Meeting was authorized to sign them.



John Phillips (Clerk to Trustees)



Elizabeth Allen (Area Meeting Clerk)

Date: 21.07.2017

15.08.2017

RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING

YEAR ENDED 31 DECEMBER 2016

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES
OF THE AREA MEETING

I report on the financial statements for the year ended 31st December 2016 as set out on pages 14 to 27.

Respective responsibilities of the Trustees and the Independent Examiner

The trustees 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 trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulation 2006 (as amended). 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 seeking explanations from you as 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 by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

1. That 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 Charities and Trustee Investment (Scotland) Act 2005 and Regulation 4 of the 2006 Accounting Regulations (as amended); and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the Accounting Regulations 2006 (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.



David Jeffcoat FCCA
Alexander Sloan
50 Melville Street,
Edinburgh EH3 7HF

Date: 12/9/2017

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted £	Restricted £	2016 £	2015 £
Income from:					
Donations and legacies	2	69,202	156,253	225,455	118,808
Charitable activities	3	219	8,406	8,625	12,598
Other trading activities	4	118,995	-	118,995	92,597
Investment income		364	15	379	425
		-----	-----	-----	-----
Total income		188,780	164,674	353,454	224,428
		-----	-----	-----	-----
Expenditure on:					
Raising funds	5	93,791	38	93,829	84,708
Charitable activities	6	104,100	34,365	138,465	128,671
		-----	-----	-----	-----
Total resources expended		197,891	34,403	232,294	213,379
		-----	-----	-----	-----
Net income		(9,111)	130,271	121,160	11,049
Gross transfers between funds		5,227	(5,227)	-	-
		-----	-----	-----	-----
Net incoming resources before other recognised gains / (losses)		(3,884)	125,044	121,160	11,049
Losses on revaluation of fixed assets		-	-	-	-
		-----	-----	-----	-----
Net movement in funds for the year		(3,884)	125,044	121,160	11,049
Total funds at 1 January 2016		911,922	38,753	950,675	939,626
		-----	-----	-----	-----
Total funds at 31 December 2016		908,038	163,797	1,071,835	950,675
		=====	=====	=====	=====

The charity has no other recognised gains or losses other than the result for the year as set out above. All activities of the charity are classified as continuing.

The notes on pages 16 to 27 form part of the financial statements.

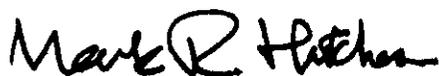
**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

BALANCE SHEET

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	12	859,391	853,863
Current assets			
Debtors	13	12,878	10,458
Short term deposits		120,047	105,817
Cash at bank and in hand		136,784	59,813
		-----	-----
		269,709	176,088
Creditors: Amounts falling due within one year	14	(57,265)	(79,276)
		-----	-----
Net current assets		212,444	96,812
		-----	-----
Total assets less current liabilities		1,071,835	950,675
		=====	=====
Funds			
Unrestricted funds	15		
General funds		7,602	20,538
Designated funds			
Property & Property Improvements		845,500	845,500
Fixtures and fittings		12,859	7,782
Various		42,077	38,102
		-----	-----
		908,038	911,922
Restricted funds	16	163,797	38,753
		-----	-----
		1,071,835	950,675
		=====	=====

These accounts were approved at an Area Meeting held on **15.08.2017** and signed by:



Mark Hutchison (Treasurer to Area Meeting)



John Phillips (Clerk to Trustees)

The notes on pages 16 to 27 form part of the financial statements.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of accounting

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – Charities SORP (FRS102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Religious Society of Friends (Quakers) South East Scotland Area Meeting meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless stated in the relevant accounting policy note(s).

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparative items was required. No restatements were required.

Preparation of the accounts on a going concern basis

The trustees consider that there are no material uncertainties about the ability of the charity to continue as a going concern for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis.

Income

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:

- Income from donations and legacies includes all income that is in substance a gift, made to the charity on a voluntary basis. This is included in full in the Statement of Financial Activities when receivable. Grants of a general nature, where entitlement is not conditional on delivery of a specified level of service, are recognised when the charity becomes unconditionally entitled to the grant. A legacy, in whole or part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.
- Income from charitable activities includes income earned both from the supply of services and from performance-related grants which have conditions that specify the provision of particular services to be provided by the charity. Grants where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Accounting policies (cont'd)

- Income from other trading activities includes income earned from both trading activities to raise funds for the charity and is recognised when receivable. The Quaker Meeting House in Edinburgh is used as a venue during the Edinburgh International Festival Fringe each year. Members from throughout the Area Meeting participate in all aspects of running this venue and the associated café, funds raised through and expended on behalf of this activity being accounted for in a separate Festival Committee account, a designated fund of the Area Meeting. In addition, funds are raised through sales for the public, including catering, within the Edinburgh meeting house.
- Investment income is included when receivable.

- **Acting as agent:** The Area Meeting acts as agent in passing funds, received from the public for performances during the Edinburgh Festival Fringe, directly to performing companies. These transfers are not shown in the accounts.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities. The charity is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

- Expenditure on raising funds includes all expenditure incurred by a charity to raise funds for its charitable purposes. It comprises expenditure incurred in advertising Quaker activities to the public and in selling items (such as refreshments) to the public in the Quaker meeting houses. The expenses shown are the cost of such items as well as the cost associated with using the meeting house as a venue during the Edinburgh Festival Fringe.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries including grant making. It includes both costs that can be directly attributed to such activities and those of an indirect nature necessary to support them including costs related to the governance of the charity.

Grants payable are made in line with the objectives of the Area Meeting. The Area Meeting gives priority to Quaker bodies, but does consider grants to other organisations.

The value of services provided by volunteers has not been included in these accounts as the monetary value is not easily measured.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. They comprise the costs associated with employing the meeting house managers and with running the two Quaker meeting houses. The meeting houses support all Quaker activity within the Area Meeting and, in addition, they provide a facility for the use of local communities (through which they contribute to Quaker fundraising).

The bases on which support costs have been allocated are set out in note 7.

RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Accounting policies (cont'd)

Fund accounting

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available for any purpose of the Area Meeting. The Area Meeting makes transfers for internal purposes between its funds; these are shown gross in the Statement of Financial Activities (SOFA) and in more detail in Notes 15 and 16.

Designated funds are unrestricted funds earmarked by the charity for particular purposes.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Fixed assets

- Land and buildings are shown at their market value at the date of their valuation with no adjustments for appreciation or depreciation. They are revalued at approximately five year intervals; the trustees do not believe that more frequent revaluation would be warranted.
- All capital expenditures over £250 are capitalised by the charity for its charitable purposes.
- Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life as follows: Fixtures and fittings: - 20 % straight line.

2. Donations and legacies

	2016	2015
	£	£
Donations from members and other individuals	97,687	85,728
Legacies	126,768	32,080
Grants	1,000	1,000
	<hr/>	<hr/>
	225,455	118,808
	<hr/> <hr/>	<hr/> <hr/>

The income from donations and legacies totalled £225,455 (2015: £118,808) of which £69,202 was unrestricted (2015: £94,662) and £156,253 was restricted (2015: £24,146).

The charity benefits greatly from the involvement and enthusiastic support of volunteers, details of which are given in our annual report. In accordance with accounting standards, the economic contribution of general volunteers is not measured in the accounts.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Income from charitable activities

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Income from Quaker activities	219	8,406	8,625	12,598
	<u>219</u>	<u>8,406</u>	<u>8,625</u>	<u>12,598</u>

The income from charitable activities in the year totalled £8,625 (2015: £12,598) of which £219 was unrestricted (2015: £336) and £8,406 (2015: £12,262) was restricted.

4. Income from other trading activities

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Room lettings	57,388	-	57,388	43,733
Letting catering	34,397	-	34,397	24,059
Festival venue fee income	18,272	-	18,272	15,316
Festival venue café/tea room sales	2,970	-	2,970	2,528
B & B income	637	-	637	365
Sales of books, foyer refreshments etc	5,331	-	5,331	6,596
	<u>118,995</u>	<u>-</u>	<u>118,995</u>	<u>92,597</u>

The income from other trading activities in the year totalled £118,995 (2015: £92,597) of which £118,995 (2015: 92,555) was unrestricted and £nil (2015: £42) was restricted.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. Analysis of expenditure on raising funds

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Goods for sale at meeting house	17,640	-	17,640	17,019
Festival venue costs	14,117	-	14,117	9,872
Cost of sale items & tea room costs	3,134	-	3,134	2,773
Periodicals & PRS cost	100	-	100	-
Support costs of raising funds (note 7)	58,800	38	58,838	55,045
	<hr/>	<hr/>	<hr/>	<hr/>
	93,791	38	93,829	84,708
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The expenditure on raising funds in the year totalled £93,829 (2015: £84,708) of which £93,791 (2015: £84,700) was unrestricted and £38 (2015: £8) was restricted.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

6. Analysis of expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Grant Making:				
Britain Yearly Meeting	22,000	11,069	33,069	27,904
General Meeting for Scotland	5,881	-	5,881	6,186
Northern Friends Peace Board	2,252	-	2,252	2,440
Nepal Relief Fund	-	-	-	1,000
MAG International	1,000	125	1,125	1,000
Aid & Abet (SCHA)	1,000	100	1,100	-
Northern Friends Youth Events Trust	1,041	-	1,041	-
Various grants < £1,000*	1,160	15,793	16,953	15,405
	34,334	27,087	61,421	53,935
Quaker Activities:				
Attendance at conferences & meetings	6,099	35	6,134	3,778
Bursary help (requested by overseers)	408	-	408	-
Committee expenses	540	586	1,126	865
Administration costs	460	135	595	768
Books, newsletters, publicity & outreach	1,766	397	2,163	4,015
Reg' & memb'ship of other org's	210	-	210	90
Activities within local meetings	1,481	1,118	2,600	5,675
Premises costs of local meetings	-	4,969	4,969	4,500
	10,966	7,240	18,206	19,691
Support costs (see note 7)	58,800	38	58,838	55,045
TOTAL	104,100	34,365	138,465	128,671

*All grants were made to organisations, with the exception of expenditure of £3,500 from the John Wigham (Enjoyment) Fund, made to individuals under the terms of the bequest. Contributions by members of Local Meetings for Special Collections passed on £6,811 (2015: £7,737) for various charitable purposes.

The expenditure on charitable activities in the year totalled £138,465 (2015: £128,671) of which £104,100 (2015: £93,740) was unrestricted and £34,365 (2015: £34,931) was restricted.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7. Analysis of support and governance costs

The charity initially identifies the costs of its support functions. It then identifies those costs that relate to the governance function. Governance costs and other support costs are apportioned separately between charitable activities and raising funds for the year. Refer to the table below for the analysis of support and governance costs and the basis of apportionment.

	2016	2015
	£	£
<u>Meeting House expenses</u>		
Wages and salaries	50,332	47,912
Council tax and utilities	15,817	16,874
Repairs and maintenance	10,894	12,026
Building upgrades	3,000	1,097
Professional fees	1,799	-
Insurance	4,418	4,419
Cleaning	9,500	8,809
Office costs and minor purchases	5,192	4,095
Staff training and miscellaneous expenditure	2,242	2,801
 <u>Support of the Area Meeting</u>		
Accounting support	6,760	6,750
Independent examiner's fees (governance)	1,560	1,470
Other professional fees	360	-
Computing support, postage	604	13
Depreciation of fixed assets	5,198	3,824
	117,676	110,090
	117,676	110,090
 50% allocation to raising funds (based on time)		
	58,838	55,045
50% allocation to charitable activities (based on time)		
	58,838	55,045
	117,676	110,090
	117,676	110,090

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8. Summary analysis of expenditure and related income for charitable activities

	Grant Making £	Quaker Activities £	2016 Total £	2015 Total £
Costs	(61,421)	(77,044)	(138,465)	(128,671)
Income from Quaker activities	6,811	1,814	8,625	12,598
	<hr/>	<hr/>	<hr/>	<hr/>
Net cost funded from other income	(54,610)	(75,230)	(129,840)	(116,073)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9. Net income for the year

This is stated after charging:

	2016 £	2015 £
Depreciation	5,198	3,824
Independent examination fee	1,560	1,500
	<hr/>	<hr/>

10. Staff Costs

	2016	2015
The number of staff on a head count basis during the year was	13	11
	<hr/>	<hr/>
	2016 £	2015 £
<u>Staff costs comprise:</u>		
Salaries and wages	49,268	46,908
Employer's social security costs	-	-
Employer's pension costs	1,064	1,004
	<hr/>	<hr/>
	50,332	47,912
	<hr/> <hr/>	<hr/> <hr/>

No employee was paid a salary of more than £60,000 per annum in the current or previous years. The average number of full time staff (full time equivalents) was 2 (2015: 2).

Remuneration of key management personnel for the year, including pension contributions was £34,900 (2015: £32,210).

The office bearers were not paid remuneration, and one office bearer was reimbursed for postage totalling £222 (2015: postage £241).

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11. Taxation

As a charity, the Area Meeting is exempt from corporation tax on its charitable activities.

12. Fixed Assets

	Property/ improvements £	Fixtures & Fittings £	Total £
<u>Cost/valuation</u>			
As at 1 January 2016	845,500	91,356	936,856
Additions during year	-	10,726	10,726
Disposals	-	(31,416)	(31,416)
	845,500	70,666	916,166
<u>Depreciation</u>			
As at 1 January 2016	-	82,993	82,993
Charge for year	-	5,198	5,198
Released on disposals	-	(31,416)	(31,416)
	-	56,775	56,775
Depreciation at 31 December 2016	-	56,775	56,775
<u>Net Book Value</u>			
As at 31 December 2016	845,500	13,891	859,391
As at 31 December 2015	845,500	8,363	853,863

The three Edinburgh properties were valued on 2 June 2014 by Ryden Property Consultants. They considered the market value of the properties to be £775,000 on this date. The Kelso property was valued on 25 April 2014 by Roger Dodd, Kelso. The market value was considered to be £70,500. The following summarises the values at the time of the valuations:

	Edinburgh Meeting House	Flat 4, 6 Upper Bow, Edinburgh	Flat 3F2, 6 Upper Bow, Edinburgh	Kelso Meeting House
Market valuation:	£410,000	£240,000	£125,000	£70,500

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

YEAR ENDED 31 DECEMBER 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. Debtors

	2016	2015
	£	£
Debtors	10,363	7,837
Prepayments	2,515	2,621
	<hr/>	<hr/>
Total	12,878	10,458
	<hr/> <hr/>	<hr/> <hr/>

14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Creditors	10,609	21,434
Accruals	24,656	23,842
Loans: Loans from members	22,000	34,000
	<hr/>	<hr/>
Total	57,265	79,276
	<hr/> <hr/>	<hr/> <hr/>

Loans from members: At 31 December 2016, £22,000 was outstanding (2015: £34,000). All loans are interest free and repayable on request within one month.

15. Unrestricted Funds

	Balance at 1 Jan 2016	Incoming	Outgoing	Transfers	Loss on revaluation	Balance at 31 Dec 2016
	£	£	£	£	£	£
General account	20,538	68,878	(47,437)	(34,377)	-	7,602
Property account	845,500	-	-	-	-	845,500
Capital account	24,682	-	(3,749)	-	-	20,933
Festival account	1,803	20,884	(14,337)	(7,470)	-	880
Victoria Terrace	11,287	94,731	(124,075)	35,848	-	17,791
Kelso Meeting House	(46)	4,287	(3,275)	806	-	1,772
Committee account	376	-	(175)	500	-	701
Fixtures and fittings	7,782	-	(4,843)	9,920	-	12,859
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	911,922	188,780	(197,891)	5,227	-	908,038
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The general account is used for the main income and expenditure items of the Area Meeting. The property account represents the market value of property held.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

**YEAR ENDED 31 DECEMBER 2016
NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

15. Unrestricted Funds (cont'd)

The capital account is a designated account for legacies and donations received by the Area Meeting. It is used for major capital projects. A major roof repair project has begun during the year.

The Festival account is operated by the Festival Committee for the purpose of using the Edinburgh Quaker Meeting House as a venue during the Edinburgh Festival Fringe.

The Victoria Terrace account is for all transactions involved in running the Edinburgh Quaker meeting house, with the exception of its special use during the annual Edinburgh Festival.

The Kelso Meeting House is used for all transactions involved in running the Kelso Quaker meeting house.

The Committee account incorporates the funds of two small committees: Library Committee and the Sustainability Network.

Fixtures and fittings relates to the value of fixtures and fittings within the main meeting house at 7 Victoria Terrace.

For transfers between unrestricted and restricted accounts, see Note 16.

16. Restricted Funds

	Balance at 1 Jan 2016 £	Incoming £	Outgoing £	Transfers £	Balance at 31 Dec 2016 £
John Wigham Trust	11,182	1,079	(3,500)	438	9,199
Local Quaker Meetings	27,571	107,126	(24,434)	(5,665)	104,598
Peace & Justice Centre	-	50,000	-	-	50,000
Donations Fund	-	6,469	(6,469)	-	-
	<u>38,753</u>	<u>164,674</u>	<u>(34,403)</u>	<u>(5,227)</u>	<u>163,797</u>

The John Wigham (Enjoyment) Trust was established when the Area Meeting received a legacy during 2002 from the late John Wigham for the purpose of establishing a trust to provide grants to "deserving persons resident in Scotland who owing to straitened circumstances are unable to enjoy the usual pleasures of life". The trust was established by minute of South East Scotland Monthly Meeting in November 2002. Inland Revenue recognition of the charitable purposes of the Trust was given in 2003. Grants may be made from income and from capital. The Area Meeting appointed three trustees who started recommending the award of grants during 2004.

Funds contributed by members or collected for use in Local Quaker Meetings within the area of South East Scotland Area Meeting, and therefore not under the direct oversight of the Area Meeting itself, are shown as restricted. There are nine such funds, shown under the collective heading "Local Quaker Meetings".

The Peace and Justice Centre fund is a restricted legacy.

The Donations Fund contains donations made by members to be passed on for Quaker work outwith the Area Meeting.

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
SOUTH EAST SCOTLAND AREA MEETING**

**YEAR ENDED 31 DECEMBER 2016
NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

16. Restricted Funds (cont'd)

Transfers between restricted and unrestricted funds:

Transfers: £5,665 was transferred from Local Quaker Meetings to the General Account for the purposes related to the running of 7 Victoria Terrace during 2016.

17. Analysis of funds

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Fixed assets	859,391	-	859,391	853,863
Current assets	105,412	164,297	269,709	176,088
Creditors	(56,765)	(500)	(57,265)	(79,276)
	<u>908,038</u>	<u>163,797</u>	<u>1,071,835</u>	<u>950,675</u>

18. Related party transactions

Related party transactions during the year are disclosed in note 10.