

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

SCOTTISH CHARITY NUMBER: SC019165

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
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YEAR ENDED 31 DECEMBER 2015

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**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
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YEAR ENDED 31 DECEMBER 2015

TRUSTEES' REPORT

This is the Report for South East Scotland Area Meeting of the Religious Society of Friends (Quakers) for the year ended 31st December 2015. The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, 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.

INTRODUCTION FROM THE CLERK TO THE TRUSTEES

Ten local groups of varying sizes meet for regular sessions of Quaker worship within South East Scotland. They work together as an Area Meeting, responsible for Quaker witness in the area and for the 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 2015, 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 the trustees are immensely grateful for their great generosity. 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

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.

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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 on a regular basis in ten localities in our area: in the Edinburgh Quaker Meeting House (several meetings each week, both on Sundays and on weekdays) and in the Kelso Quaker Meeting House (on Sundays), as well as in eight additional locations (on a weekly basis in South Edinburgh and Polmont, twice monthly in Dunbar, Kirkcaldy, Peebles and Portobello/Musselburgh, and monthly in Penicuik and in North Edinburgh).

ACHIEVEMENTS AND PERFORMANCE

Meetings for Church Affairs (business meetings of the Area Meeting) were held on seven occasions during 2015. 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. Among special topics under consideration in 2015 were:

- the development of a new long-term framework for Quaker work in Britain over the next five years;
- the development of eldership, oversight and all aspects of pastoral care within our local meetings;
- a review of our use of the Edinburgh Quaker meeting house as a venue in the Edinburgh Festival Fringe and the participation of members of the Area Meeting in this annual venture;
- Scottish land reform and the implications of land and home ownership.

Individual Local Meetings have explored these and other themes through their own Meetings for Learning and study groups. In addition, during 2014 we commenced a process of review of the spiritual and corporate life within each of our local meetings and several of these made reports back to the Area Meeting during 2015. During 2015 we also celebrated Scotland's first same sex Quaker wedding which was held in the Edinburgh meeting house in February.

Stimulated by the collaboration between General Meeting for Scotland and Britain Yearly Meeting in appointing a part-time Parliamentary Engagement Officer, we have taken forward a number of concerns during 2015:

- the influence exerted by representatives of the armed forces working within our schools at careers fairs and other activities;
- our opposition to the renewal of Trident;
- key issues at the time of the 2015 general election, as well as our general concerns about economic justice in our society.

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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 a venue during the Edinburgh Festival Fringe. During 2015 we hosted visiting theatre companies from around the world for three weeks, using volunteer staff drawn from our own Quaker meetings and from others around the UK.

As in a number of recent years, South Edinburgh Meeting together with some of our smaller meetings hosted a residential weekend for study and recreation at Wiston Lodge, Biggar, in September 2015; this was followed by a similar weekend for those who worship at Central Edinburgh Meeting.

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 currently await a further accumulation of the Area Meeting's financial reserves.

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 end of 2015. Following a short period of overlap they were succeeded by Sue Proudlove and Tony Wilkes at the beginning of 2016.

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);
- as support for Scottish ecumenical and interfaith initiatives, including the support of the Scottish Parliamentary Liaison Officer (as 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

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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 severely depleted following the major development work of the Edinburgh meeting house undertaken over the period 2012-13 and it is important to rebuild this over the next few years. The funds were augmented by substantial interest-free loans from members; considerable progress was made in repaying these during 2014.

(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.

The land and buildings in Edinburgh and Kelso belonging to the Area Meeting were revalued professionally during the spring of 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, as directed by the donor. Donations income in 2015 was somewhat reduced compared with that in recent years.

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Income is received from letting out rooms in the 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 the development plans have now been realised, but in fact the income from room lettings and from associated catering activity was considerably reduced in 2015 compared with 2014 and it is hoped that this will recover 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. The scope of activity during the 2015 Festival was slightly reduced compared with recent years and consequently both income and expenditure were less than in 2014.

(d) GRANT MAKING POLICY

The Area Meeting was able to continue making substantial grants both to Britain Yearly Meeting and to General Meeting for Scotland during 2015. The latter grant was considerably increased compared with previous years as General Meeting has started a collaboration with Britain Yearly Meeting to support a Parliamentary Liaison Officer working in a half-time post located in Edinburgh.

Other grants payable usually cover Quaker activities. Part of the income generated from the general public during the Edinburgh Festival each year is passed on as grants to charitable organisations, as decided by the members: these generally cover some aspect of Quaker work in the United Kingdom, a charity working overseas and one working in environmental conservation. In addition, members and attenders may contribute to a restricted Donations Fund, specifying that parts of their donations should be passed to Britain Yearly Meeting or to one of the Local Meetings. Much non-Quaker (and some Quaker) work is also supported through special collections following local meetings for worship on Sundays.

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.

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Members wish to increase the financial support that they offer first to Britain Yearly Meeting (for the general support of Quaker work) and second to General Meeting for Scotland (specifically for the support of its parliamentary work), and these objectives are kept under regular review.

There is also an on-going need to maintain the Area Meeting's property to a high standard. In particular, the trustees are aware that some roof repair work is required on the Edinburgh Meeting House and window replacement or repair is required in Kelso. The trustees are developing plans for further improvement of the Edinburgh building, in particular to reduce still further the energy costs involved in heating the building, but this work has had to be deferred in favour of more urgent tasks (and of rebuilding the Area Meeting's reserves). The trustees will undertake further work as funds become available.

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),
1 Atholl Place,
Edinburgh EH3 8HP.

Bankers

Bank of Scotland,
61 Leith Walk,
Edinburgh EH6 8LS.

Triodos Bank,
Deanery Road,
Bristol BS1 5AS.

Solicitors

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

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REFERENCE AND ADMINISTRATIVE DETAILS (Cont'd)

OFFICE BEARERS (2015):

Philip Lucas (Area Meeting Clerk)
Elizabeth Allen (joint Assistant Clerk)
Alastair Cameron (joint 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)

TRUSTEES (during 2015 and at the time of signing this report):



Brian Mayes

Ann Forsyth
John Harris (from 1st January 2016)
Mark Hutcheson
Elizabeth Law
Philip Lucas (to 31st March 2016)

Laurie Naumann (to 31st December 2015)
John Phillips (Clerk to Trustees)
Rufus Reade
David Somervell (from 1st April 2016)
Henry Thompson (to 30th April 2015)

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.

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STRUCTURE GOVERNANCE AND MANAGEMENT (Cont'd)

South East Scotland Area Meeting is one of four making up the General Meeting for Scotland. It contains 254 members (236 in 2014) worshipping in ten separate Local Quaker Meetings, of which the largest are Central and South Edinburgh with 114 and 43 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.

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.

As well as trustees the Area Meeting appoints office bearers (who are not trustees for the purposes of the Charities Accounts (Scotland) Regulations 2006 (as amended)). They include a clerk and assistant clerk, a registering officer and members of a Nominations Committee. The Area Meeting treasurer is a trustee *ex officio*. However, it should be noted that in 2013 one of the existing trustees was appointed to serve as Area Meeting clerk, but nevertheless continued to serve as a trustee until the end of 2015. In addition, the Assistant Clerk to the trustees was appointed to serve as Area Meeting treasurer from 2013.

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, followed by briefing from committee members. In addition, a residential training course for Quaker trustees held at Woodbrooke Quaker Study Centre, Birmingham, is available for new trustees.

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 reviews 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.

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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;
- 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.

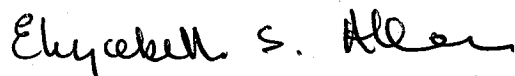
The Area Meeting has appointed a body of trustees as required by its 2007 governing document. The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Area Meeting and which enable the trustees to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 19th July 2016. It was signed on their behalf by John Phillips.

This Report and the Statement of Accounts for 2015 were presented to an Area Meeting held in Edinburgh on 18th September 2016 and the Clerk of the Area Meeting was authorized to sign them.



John Phillips (Clerk to Trustees)



Elizabeth Allen (Area Meeting Clerk)

Date: 6.9.2016

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

I report on the financial statements for the year ended 31st December 2015 as set out on pages 13 to 25.

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.

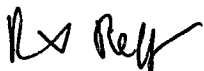
Basis of independent examiner's report

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
1 Atholl Place
Edinburgh EH3 8HP

Date: 18/9/2016

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STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted £	Restricted £	2015 £	2014 £
Income from:					
Donations and legacies	2	94,662	24,146	118,808	107,013
Charitable activities	3	336	12,262	12,598	40,635
Other trading activities	4	92,555	42	92,597	112,111
Investment income		405	20	425	179
		<hr/>	<hr/>	<hr/>	<hr/>
Total income		187,958	36,470	224,428	259,938
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on:					
Raising funds	5	84,700	8	84,708	88,186
Charitable activities	6	93,740	34,931	128,671	124,451
		<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended		178,440	34,939	213,379	212,637
		<hr/>	<hr/>	<hr/>	<hr/>
Net income		9,518	1,531	11,049	47,301
Gross transfers between funds		1,202	(1,202)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net incoming resources before other recognised gains / (losses)		10,720	329	11,049	47,301
Losses on revaluation of fixed assets		-	-	-	(137,301)
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds for the year		10,720	329	11,049	(90,000)
Total funds at 1 January 2015		901,202	38,424	939,626	1,029,626
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds at 31 December 2015		911,922	38,753	950,675	939,626
		<hr/>	<hr/>	<hr/>	<hr/>

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 15 to 25 form part of the financial statements.

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BALANCE SHEET

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	12	853,863	855,473
Current assets			
Debtors	13	10,458	25,145
Short term deposits		105,817	38,668
Cash at bank and in hand		59,813	66,466
		<hr/>	<hr/>
		176,088	130,279
Creditors: Amounts falling due within one year	14	(79,276)	(46,126)
		<hr/>	<hr/>
Net current assets		96,812	84,153
		<hr/>	<hr/>
Total assets less current liabilities		950,675	939,626
		<hr/>	<hr/>
Funds			
Unrestricted funds	15		
General funds		20,538	5,005
Designated funds			
Property & Property Improvements		845,500	845,500
Fixtures and fittings		7,782	9,198
Various		38,102	41,499
		<hr/>	<hr/>
		911,922	901,202
Restricted funds	16	38,753	38,424
		<hr/>	<hr/>
		950,675	939,626
		<hr/>	<hr/>

These accounts were approved at an Area Meeting held on 18th September 2016 and signed by:



Mark Hutcheson (Treasurer to Area Meeting)



John Phillips (Clerk to Trustees)

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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 under the historical cost convention and are 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 for Small Entities published on 16/7/14 and the Financial Reporting Standard for Smaller Entities (effective January 2015). Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

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.
- 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.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Accounting policies (cont'd)

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.

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.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Accounting policies (cont'd)

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

	2015	2014
	£	£
Donations from members and other individuals	85,728	93,013
Legacies	32,080	13,000
Grants	1,000	1,000
	<hr/>	<hr/>
	118,808	107,013
	<hr/>	<hr/>

The income from donations and legacies totalled £118,808 (2014: £107,013) of which £94,662 was unrestricted (2014: £82,225) and £24,146 was restricted (2014: £24,788).

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.

3. Income from charitable activities

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Income from Quaker activities	336	12,262	12,598	9,162
Grants:	-	-	-	-
Edinburgh World Heritage Trust	-	-	-	3,240
Foundation Scotland	-	-	-	10,000
Listed Places of Worship Grant Scheme	-	-	-	18,233
	<hr/>	<hr/>	<hr/>	<hr/>
	336	12,262	12,598	40,635
	<hr/>	<hr/>	<hr/>	<hr/>

**RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)
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The income from charitable activities in the previous year totalled £40,635 of which £408 was unrestricted and £40,227 was restricted.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. Income from other trading activities

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Room lettings	43,733	-	43,733	49,987
Letting catering	24,059	-	24,059	29,690
Festival venue fee income	15,316	-	15,316	20,984
Festival venue café/tea room sales	2,528	-	2,528	4,388
B & B income	365	-	365	617
Sales of books, foyer refreshments etc	6,554	42	6,596	6,445
	<hr/>	<hr/>	<hr/>	<hr/>
	92,555	42	92,597	112,111
	<hr/>	<hr/>	<hr/>	<hr/>

The income from other trading activities in the previous year totalled £112,111 of which £112,038 was unrestricted and £73 was restricted.

5. Analysis of expenditure on raising funds

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Goods for sale at meeting house	17,019	-	17,019	17,540
Festival venue costs	9,872	-	9,872	14,798
Cost of sale items & tea room costs	2,773	-	2,773	1,195
Periodicals & PRS cost	-	-	-	276
Other fundraising costs	-	-	-	749
Support costs of raising funds (note 7)	55,037	8	55,045	53,628
	<hr/>	<hr/>	<hr/>	<hr/>
	84,700	8	84,708	88,186
	<hr/>	<hr/>	<hr/>	<hr/>

The expenditure on raising funds in the previous year totalled £88,186 of which £87,949 was unrestricted and £237 was restricted.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

6. Analysis of expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Grant Making:				
Britain Yearly Meeting	20,000	7,904	27,904	27,043
General Meeting for Scotland	6,186	-	6,186	3,536
Northern Friends Peace Board	2,232	208	2,440	4,219
Refugee Survival Trust	-	-	-	1,750
Nepal Relief Fund	-	1,000	1,000	-
MAG International	-	1,000	1,000	1,750
Various grants < £1,000*	1,268	14,137	15,405	13,947
	<u>29,685</u>	<u>24,250</u>	<u>53,935</u>	<u>52,245</u>
Quaker Activities:				
Attendance at conferences & meetings	3,778	-	3,778	4,633
Bursary help (requested by overseers)	-	-	-	415
Committee expenses	745	120	865	690
Administration costs	495	273	768	279
Books, newsletters, publicity & outreach	3,411	604	4,015	4,439
Reg' & memb'ship of other org's	90	-	90	260
Activities within local meetings	498	5,177	5,675	3,100
Premises costs of local meetings	-	4,500	4,500	4,762
	<u>9,017</u>	<u>10,674</u>	<u>19,691</u>	<u>18,578</u>
Support costs (see note 7)	<u>55,038</u>	<u>7</u>	<u>55,045</u>	<u>53,628</u>
TOTAL	<u><u>93,740</u></u>	<u><u>34,931</u></u>	<u><u>128,671</u></u>	<u><u>124,451</u></u>

*All grants were made to organisations, with the exception of expenditure of £1,350 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 £7,737 (2014: £7,067) for various charitable purposes.

The expenditure on charitable activities in the previous year totalled £124,451 of which £100,340 was unrestricted and £24,111 was restricted.

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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.

	2015	2014
	£	£
<u>Meeting House expenses</u>		
Wages and salaries	47,912	44,530
Council tax and utilities	16,874	11,870
Repairs and maintenance	12,026	12,981
Building upgrades	1,097	-
Professional fees	-	5,817
Insurance	4,419	4,347
Cleaning	8,809	8,895
Office costs and minor purchases	4,095	4,881
Staff training and miscellaneous expenditure	2,801	1,824
 <u>Support of the Area Meeting</u>		
Accounting support	6,750	6,000
Independent examiner's fees (governance)	1,470	1,500
Computing support, postage	13	650
Depreciation of fixed assets	3,824	3,961
	<hr/>	<hr/>
	110,090	107,256
	<hr/>	<hr/>
 50% allocation to raising funds (based on time)	55,045	53,628
50% allocation to charitable activities (based on time)	55,045	53,628
	<hr/>	<hr/>
	110,090	107,256
	<hr/>	<hr/>

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	Grant Making £	Quaker Activities £	2015 Total £	2014 Total £
Costs	(53,935)	(74,736)	(128,671)	(124,451)
Income from Quaker activities	7,737	4,861	12,598	40,635
	<hr/>	<hr/>	<hr/>	<hr/>
Net cost funded from other income	(46,198)	(69,875)	(116,073)	(83,816)
	<hr/>	<hr/>	<hr/>	<hr/>

9. Net incoming resources for the year

This is stated after charging:

	2015 £	2014 £
Depreciation	3,824	3,961
Independent examination fee	1,500	1,500
	<hr/>	<hr/>

10. Staff Costs

	2015	2014
The average number of full time staff during the year was	2	2
	<hr/>	<hr/>
	2015 £	2014 £
<u>Staff costs comprise:</u>		
Salaries and wages	46,908	43,467
Employer's social security costs	-	148
Employer's pension costs	1,004	915
	<hr/>	<hr/>
	47,912	44,530
	<hr/>	<hr/>

No employee was paid a salary of more than £60,000 per annum in the current or previous years.

The office bearers were not paid remuneration, and one office bearer was reimbursed for postage totalling £241 (2014: postage £216).

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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 2015	845,500	89,142	934,642
Additions during year	-	2,214	2,214
Disposals	-		
	<hr/>	<hr/>	<hr/>
As at 31 December 2015	845,500	91,356	936,856
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
As at 1 January 2015	-	79,169	79,169
Charge for year	-	3,824	3,824
	<hr/>	<hr/>	<hr/>
Depreciation at 31 December 2015	-	82,993	82,993
	<hr/>	<hr/>	<hr/>
<u>Net Book Value</u>			
As at 31 December 2015	845,500	8,363	853,863
	<hr/>	<hr/>	<hr/>
As at 31 December 2014	845,500	9,973	855,473
	<hr/>	<hr/>	<hr/>

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

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. Debtors

	2015	2014
	£	£
Debtors	7,837	22,598
Prepayments	2,621	2,547
	<hr/>	<hr/>
Total	10,458	25,145
	<hr/>	<hr/>

14. Creditors: amounts falling due within one year

	2015	2014
	£	£
Creditors	21,434	9,176
Accruals	23,842	2,950
Loans: Loans from members	34,000	34,000
	<hr/>	<hr/>
Total	79,276	46,126
	<hr/>	<hr/>

Loans from members: At 31 December 2015, £34,000 was outstanding (2014: £34,000). All loans are interest free and repayable on request within one month. Included in the loans from members are loans of £12,000 from two of the trustees.

15. Unrestricted Funds

	Balance at 1 Jan 2015	Incoming	Outgoing	Transfers	Loss on revaluation	Balance at 31 Dec 2015
	£	£	£	£	£	£
General account	5,005	94,350	(47,811)	(31,006)	-	20,538
Property account	845,500	-	-	-	-	845,500
Capital account	24,683	-	-	-	-	24,683
Festival account	2,560	19,419	(11,167)	(9,009)	-	1,803
Victoria Terrace	12,383	69,840	(111,440)	40,504	-	11,287
Kelso Meeting House	1,220	4,349	(3,615)	(2,000)	-	(46)
Committee account	653	-	(777)	500	-	376
Fixtures and fittings	9,198	-	(3,630)	2,213	-	7,782
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	901,202	187,958	(178,440)	1,202	-	911,922
	<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.

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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.

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 2015 £	Incoming £	Outgoing £	Transfers £	Balance at 31 Dec 2015 £
John Wigham Trust	12,404	-	(1,350)	128	11,182
Local Quaker Meetings	26,022	29,566	(23,687)	(4,330)	27,571
Donations Fund	-	6,904	(9,904)	3,000	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	38,426	36,470	(34,941)	(1,202)	38,753
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16. Restricted Funds (cont'd)

Transfers between restricted and unrestricted funds:

Transfers: £4,330 was transferred from Local Quaker Meetings to the General Account for the purposes related to the running of 7 Victoria Terrace during 2015.

17. Analysis of funds

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Fixed assets	853,863	-	853,863	855,473
Current assets	123,077	53,011	176,088	130,279
Creditors	(65,018)	(14,258)	(79,276)	(46,126)
	<hr/>	<hr/>	<hr/>	<hr/>
	911,922	38,753	950,675	939,626
	<hr/>	<hr/>	<hr/>	<hr/>

18. Related party transactions

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