

Treasurer's Report and
Annual Accounts
2019

Resolution¹ Treasurer's Report

Registered Number: 05234230

For the year ended 31st December 2019

Introduction

This report supports the audited Accounts of Resolution for the 12 month period to 31st December 2019 and provides more commentary on the statements contained in them. The Accounts conform to statutory requirements and this report is intended to provide further interpretation and explanation.

This should be read in conjunction with our annual review, which provides a full overview of the activity undertaken by the organisation on behalf of its members.

2019 Highlights

- Subscription fee rates were marginally increased versus their 2018 levels, which, combined with increased membership levels, saw total subscription income rising by 4% in 2019.
- Membership levels at the end of 2019 stood at 6,542 (5,648 Members & 894 Associates). This represents a 2% increase over 2018's figures of 6,431 (5,540 Full & 891 Associate). Given the continued challenging environment for our members, this represents a positive outcome for the year and slightly exceeds our short to medium term projections.
- In addition, members paying by Direct Debit continue to increase, with 2,092 choosing to pay through this method in 2019, compared to 1,871 in 2018.
- Turnover from seminars rose by 24%, reflecting our new onsite training and learning suite as well as strong performances in both our central and regional training and our National Conference.
- Our investment income is up 5%, and our investment portfolio increased in value by £104k during the year.
- Overall, our total income (including subscriptions) increased by 9%, and total expenditure increased by 4% reflecting our prudent approach to spending in the current market and acknowledging our commitment of £122K of reserves for project work.
- During 2019 we continued the careful investment of our reserves, in line with the strategic objectives and activity previously agreed by the Board – chiefly on the development and launch of our new website, as well as specific projects around membership, and training & learning. We ended the year with an overall surplus of £88.8k, chiefly due to a combination of strong trading performance, operational savings and careful cost control
- This careful financial control is particularly important in the context of our office merger and relocation in 2018, together with investment in a new training and learning suite. Both of these have led to greater efficiencies, as well as having more control over our training supply and costs, as we work to deliver further improvements to our training offer to members.

1. Resolution is the trading name of Solicitors Family Law Association, which is a company limited by guarantee.

Resolution¹ Treasurer's Report

For the year ended 31st December 2019

Registered Number: 05234230

Balance Sheet

The balance sheet shows a snapshot of Resolution's finances at the year end.

Fixed Assets

Additions this year related largely to the completion of the fitting out of our new offices, together with the purchase of some further computer equipment.

Investments

Rathbone Investment Management Limited are managing £599k of funds, which are held in a mixture of gilts and equities. The investments are shown at market value. These performed strongly during the year, with a full-year trading gain in value of £103.7k (£36.5k loss in 2018). The income from these investments was slightly higher this year, at £12.6k (£12.0k in 2018).

Trade and other debtors

Trade debtors comprise monies due for conferences and training. Other debtors include deposits relating to activities to be undertaken after the year end.

Prepayments

This comprises monies expended in the year relating to services and benefits that will arise after the year end.

Bank balances

Cash is always held in interest-bearing accounts and Treasury reserves.

Creditors

Trade creditors of £193.0k relate to supplier balances at the year end, arising from our ongoing business, together with our project expenditure. Other creditors of £124.8k relate primarily to customer deposits for courses being held in 2020, together with funds held on behalf of The John Cornwell Foundation. The accruals and deferred income of £342.8k relates to £212.1k of subscription revenue for 2020 received in advance of 1 January, together with costs incurred in 2019 but not invoiced to us by the year end and prudent provisions for other costs that may arise, attributable to 2019 and earlier.

Reserves

As at 31st December 2019 some £238k (20%) of our total reserves had been earmarked for project expenditure over the next two to three years. These projects are intended to develop new training and learning opportunities for our members; increase our profile with the public, professionals and policymakers; build on and strengthen our membership; overhaul our website; and to develop new services in line with membership feedback and the changing external environment.

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Resolution Treasurer's Report

For the year ended 31st December 2019

Registered Number: 05234230

Income & Expenditure

Income

Income is made up as follows:

- **Subscriptions** – Total subscription income increased by 4.3%. This was due to a small increase in subscription fee rates versus their 2018 levels, together with increased membership numbers.
- **Interest** – This refers to monies earned on our cash balances.
- **Investment income** – Earned on our investments and dependent on the performance of the stock market.
- **Seminars** – This records the income from the following 96 seminars:
 - 13 central seminars (3 on skills and support, 7 on black letter law, 1 YRes conference, 1 DR Conference and 1 national conference).
 - 4 Code in Practice courses.
 - 12 mediation courses
 - 4 collaborative law courses
 - 63 regional seminars run by 22 regions.
- **Accreditation** – This fee income relates to rounds 43 and 44, for which there were 137 applicants, together with members renewing their accreditation status for the next three years. During the year we also held round 7 of our Financial Adviser accreditations.
- **Other** – This relates to commission income, together with Job Shop entries on our website and advertisements in *The Review*.
- **The Review** – We have a reciprocal arrangement with our printers, under which the printing and distribution cost of *The Review* is offset against the income that we would normally receive from inserts. This provides excellent value for money to our members, who continue to receive *The Review* free of charge. In order for the accounts to fully reflect this, the notional revenue of £36k (2018 £36k) is included in income, with a corresponding addition to stationery and printing costs (see below).

Expenditure

- **Secretariat and administration** – Establishment costs (i.e. rent, rates, repairs, heating and lighting) increased by £71.4k (95%). We moved to our new premises, with offices and training facilities under one roof, in late 2018. The 2019 results include the first full year of the increased costs. These were offset by the increase in margin from our training activities and savings in our committee costs.
- Secretariat costs fell by approximately £41k, offset by a related increase of £17.7k in our contractor costs, with the net reduction being attributable to delayed recruitment. Administration costs fell marginally, by £6.2k (2.7%).
- **AGM** – Costs for the 2019 AGM included elections for National Committee members and the associated ballot papers. Extending our use of online voting functionality, in order to encourage wider membership participation in elections, gave rise to a negligible increase in costs, of some £400.
- **Committee travel and work** – In order to support our active member volunteer base, and ensure Resolution continues to be a member-led organisation, the cost of supporting our committees was £82.4k in 2019. This reflects the continuing high level of activity, both within our committees and via the Direct Connect initiative. The saving of some £13.5k versus 2018 arose primarily from meetings being held at our new premises.
- **Stationery and printing** – This includes a notional £36k printing cost for *The Review* (2018 £36k), as part of an agreement with our printers (see above). Setting this aside, our underlying costs have fallen by 13% to £23.5k.
- **Audit** – The audit fee remained unchanged from 2018, at £9,000.
- **Accreditation** – These are setting, marking and administration costs for each round.
- **Taxation** – Some elements of our net income are subject to Corporation Tax. Tax is payable on investment income, the surplus on trading activities with non-members and chargeable gains on the sale of investments. Attributable costs offset against this income, leaving no tax payable.
- **VAT** – The partial exemption rules, under which Resolution operates, continue to affect our ability to recover VAT. Membership subscriptions are exempt from VAT. Resolution is therefore unable to reclaim any VAT relating to the cost of providing membership services. The overall effect is that we have to write off some of the VAT that we have paid out to suppliers as we are unable to reclaim it.
- **Donations** – In 2019 a donation of some £8k was made to our related charity, The John Cornwell Foundation. These funds came as a result of our agreement with Iceberg Client Credit.

Resolution Treasurer's Report

For the year ended 31st December 2019

Registered Number: 05234230

The Future

Membership continues to be at the heart of our organisation, in terms of the focus of our core activities, the promotion of our Code of Practice, and our financial performance, through subscriptions and training income. Our ongoing work means our member numbers remain strong and on an upward curve, which in turn means we are in a sound financial position, enabling us to constantly and consistently improve our service to members.

The National Committee is continuing its previously agreed strategy of investing our reserves in developing a range of initiatives designed to help our members. The investment in membership activity and training and learning have already shown to be successful, in terms of promoting our Code and supporting members. The launch of our new website in 2019 is already delivering benefits for members in terms of raising their profile, making it easier to book onto training, and providing a more streamlined online joining process for new members.

The investment in new premises has led directly to a better financial performance than expected for our training function, as we have more control over our costs as well as the format and frequency of professional development events. It has also enabled us to produce more learning content for members, and led to more efficient working among a staff team now working in one site, as opposed to across two separate locations.

The significant progress made on legislation to introduce no-fault divorce demonstrates the success of our campaigning work and the value we deliver for members in terms of giving them a voice in lobbying for improvements to the family justice system.

As your elected representatives, National Committee continues to work closely with the staff team to ensure that the activities carried out by the organisation reflect the needs of our members. This is evidenced in our most recent all-member survey which demonstrated a high level of satisfaction among our membership.

The results of this survey also help shape our future activity in the short, medium and long term. Through our annual planning cycle, involving members and the staff team, we structure our activity through seven areas of strategic intent, each of them encompassing a combination of 'business as usual' and new areas of work that we need to develop or respond to in order to support our members and their clients in the most effective ways possible.

These seven areas are:

- Changing Practices – supporting our members to deal with the constantly evolving family justice environment.
- Member Involvement – ensuring everything Resolution does is driven by members for members by improving the opportunities to get involved with- and feedback on – Resolution's work.
- Family Law Reform – positioning Resolution at the heart of the family justice debate, and shaping our products and services, as well as the policy agenda, in the interests of our members and the people they support.
- Membership – promoting a welcoming, multi-disciplinary organisation that reflects the family law and family justice environment within which our current and potential members work.
- Regional Development – promoting inclusive and varied activity across the organisation through the development and improvement of the support provided by and to regional groups.
- Code of Practice – setting and maintaining best practice standards, together with other work to make sure members can place the Code and related standards at the heart of their work.
- Training and Learning – providing members and potential members with access to high quality training, learning, information and knowledge opportunities, delivered by members for members.

We will continue to monitor our financial position closely to ensure continued support for members, structured through these seven areas of strategic intent. We have recruited new members of staff with particular skillsets in order to further enhance our Resolution membership experience, with 2020 earmarked for activity to make more family professionals aware of the benefits of Resolution membership.

Against the backdrop of a challenging external environment, we will continue to provide our members with products and services to help them in their day-to-day work, and to stand up for our members by continuing to campaign for changes to the family justice system, to ensure all Resolution members are equipped to deal with the changing environment in which they work.



S. Blain

Simon Blain
Treasurer

Audited Accounts 2019

Registered Number: 05234230

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Wilkins Kennedy Audit Services
Statutory Auditor
Greytown House
221- 227 High Street
Orpington
Kent
BR6 0NZ

Company Information

For the year ended 31st December 2019

Directors:

J D Emmerson
 N G Shepherd
 J C Edwards
 E Thomson
 S J Wilson
 S M Heathcote
 J R Harvey
 Z Fleetwood
 S E Green
 S R M Blain
 P D Burgess
 E L Cordock
 B Modi
 F Shahzady
 C A Blakemore
 M N Bataillard-Samuel
 C D Elliott
 J R Radcliff
 E W G Cooke
 A Bull (Appointed 5 April 2019)
 G Cameron (Appointed 5 April 2019)

Company Number:

05234230

Registered Office:

91-95 Southwark Bridge Road
 London
 SE1 0AX

Auditors:

Wilkins Kennedy Audit Services
 Greytown House
 221- 227 High Street
 Orpington
 Kent
 BR6 0NZ

Registered Number: 05234230

Directors Report

For the year ended 31st December 2019

Registered Number: 05234230

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal Activity

Resolution is a membership organisation of some 6,500 professionals engaged in divorce and separation. The principal activity of the company in the year under review was that of supporting its members in the promotion of a constructive, non-confrontational approach to family law matters.

Review Of Business

Despite continued external challenges in the family law environment, and increased general economic uncertainty, 2019 saw our membership continue to increase. This is a result of Resolution's continued development and improvements to our membership offer and the support and services we provide for members.

This, together with rigorous financial management and investing in services for members, means Resolution remains in a strong position to support members in new and different ways, to help them address current and future challenges.

2019 saw Resolution's first full year in our new office, bringing all staff together under one roof for the first time, leading to a more efficient service for members. It saw the first year of delivering training and other services in our own premises, reducing the level of dependence and expenditure on external venues and, crucially, bringing more members through our doors.

Our National Committee continues to have strategic oversight of operational activity delivered on a day-to-day basis by our talented staff team, working in conjunction with our membership via our committees. We invested staff and member time in further improving our support for Resolution regional groups across the country, as well as our YRes network, supporting members in the early stages of their careers.

In a time of political change, Resolution has invested in building strong relationships with lawmakers and policy influencers, responding to a series of government consultations; providing valuable member feedback to Ministers, MPs and officials on the state of the family court; and ensuring we are the main port of call for government in establishing the post-Brexit family law landscape.

Despite an uncertain and changing political climate, we secured commitments from successive governments and Prime Ministers to legislate to reform divorce law in order to introduce no-fault divorce. This was a significant policy success for Resolution, as we had been campaigning for this change for many years, and our former Chair, Nigel Shepherd, was recognised for his work in this area with the John Cornwell Award for Outstanding Achievement at the Family Law Awards.

Our healthy membership numbers are testament to our ongoing work to improve the member experience, including developing more products and services for members. Perhaps the biggest step forward in this respect was the launch of our new website, providing members with new and improved ways to access information and resources, as well as an enhanced member profile section, delivering a much-improved shop window to help members of the public find a Resolution member.

Our latest all-member survey, whilst identifying ways we can further improve our offer to members, also demonstrated that our existing members hold Resolution in high regard. Our Net Promoter Score – a standard marketing tool to measure user/customer satisfaction – was +64: one of the highest scores seen by Membership Matters, who work with a range of membership bodies and who ran the survey on our behalf.

In terms of our future plans, some £238k of our reserves (20%) has been earmarked over the next two to three years for projects to develop new training and learning opportunities for our members, increase our profile with the public, professionals and policymakers, and to develop new services in line with membership feedback and the changing external environment.

DIRECTORS

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J D Emmerson	S M Heathcote	P D Burgess	J R Radcliff
N G Shepherd	J R Harvey	E L Cordock	E W G Cooke
K T Fellowes (Resigned 5 April 2019)	Z Fleetwood	B Modi	A Bull (Appointed 5 April 2019)
J C Edwards	G S Fraser (Resigned 5 April 2019)	F Shahzady	G Cameron (Appointed 5 April 2019)
E Thomson	S E Green	C A Blakemore	
S J Wilson	S R M Blain	M N Bataillard-Samuel	
		C D Elliott	

Directors Report – continued

For the year ended 31st December 2019

Registered Number: 05234230

Financial Instruments

The company's financial instruments at the balance sheet date comprised cash and liquid resources. The main purpose of these financial instruments is to support the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate and liquidity risk:

Liquidity risk The company had net cash balances as at the balance sheet date.

Interest rate risk The company has a policy to manage any exposure to interest rate fluctuations so as to finance its **operations through retained profits**.

Financial assets The company has no financial assets other than short-term debtors and cash at bank.

Borrowing facilities The company has no undrawn committed borrowing facilities.

Auditor

In accordance with the company's articles, a resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

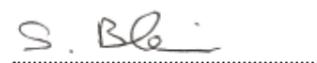
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

S Blain
Director

28/02/20



Directors' Responsibilities Statement

For the year ended 31st December 2019

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Responsibilities Statement

For the year ended 31st December 2019

Registered Number: 05234230

Opinion

We have audited the financial statements of Solicitors Family Law Association (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Directors' Responsibilities Statement – continued

Registered Number: 05234230

For the year ended 31st December 2019

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services**

Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ
5 March 2020

Statement of Comprehensive Income

Registered Number: 05234230

For the year ended 31st December 2019

	Notes	2019 £	2018 £
Turnover		2,198,092	2,008,054
Administrative expenses		<u>(2,237,197)</u>	<u>(2,141,811)</u>
Operating deficit	3	(39,105)	(133,757)
Interest receivable and similar income		24,159	23,494
Amounts written off investments	4	<u>103,718</u>	<u>(36,500)</u>
Surplus/(deficit) before taxation		88,772	(146,763)
Tax on surplus/(deficit)		<u>-</u>	<u>-</u>
Surplus/(deficit) for the financial year		<u>88,772</u>	<u>(146,763)</u>

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

The notes form part of these financial statements

Balance Sheet

Registered Number: 05234230

For the year ended 31st December 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Goodwill	5		1		1
Tangible assets	6		190,658		220,884
			<u>190,659</u>		<u>220,885</u>
Current assets					
Debtors	7	205,469		176,736	
Investments	8	598,933		496,916	
Cash at bank and in hand		<u>843,593</u>		<u>699,516</u>	
		1,647,995		1,373,168	
Creditors					
Amounts falling due within one year	9	<u>(691,471)</u>		<u>(535,642)</u>	
Net current assets					
		<u>956,524</u>		<u>837,526</u>	
Total assets less current liabilities					
		<u>1,147,183</u>		<u>1,058,411</u>	
Reserves					
Other reserves		762,539		762,539	
Income and expenditure account		<u>384,644</u>		<u>295,872</u>	
Members' funds					
		<u>1,147,183</u>		<u>1,058,411</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28 February 2020 and are signed on its behalf by:

S Blain
Director


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Company Registration No. 05234230

Statement of Changes in Equity

Registered Number: 05234230

For the year ended 31st December 2019

	Other reserves £	Income and expenditure £	Total £
Balance at 1 January 2018	762,539	442,635	1,205,174
Year ended 31 December 2018:			
Loss and total comprehensive income for the year	-	(146,763)	(146,763)
Balance at 31 December 2018	<u>762,539</u>	<u>295,872</u>	<u>1,058,411</u>
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	88,772	88,772
Balance at 31 December 2019	<u>762,539</u>	<u>384,644</u>	<u>1,147,183</u>

The notes form part of these financial statements

Notes to the Financial Statements

For the year ended 31st December 2019

Registered Number: 05234230

1 Accounting policies

Company information

Solicitors Family Law Association is a private company limited by guarantee incorporated in England and Wales and the registered office is 91-95 Southwark Road, London, SE1 0AX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Disclosure exemption

Exemption has been taken from preparing a cash flow statement on the grounds that the company is considered to be small under the provisions of the Companies Act 2006.

1.2 Going concern

After reviewing the Company's forecasts and projections and taking into account the economic conditions and possible changes in trading performance, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Interest income

Interest income is recognised using the effective interest method.

Investment income

Investment income is recognised when the right to receive payment is established.

1.4 Intangible fixed assets - goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	7 years straight line
Office equipment	3-5 years straight line

Notes to the Financial Statements – continued

For the year ended 31st December 2019

Registered Number: 05234230

1.6 Impairment of fixed assets

At each reporting date, tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in the statement of comprehensive income.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in surplus or deficit in the period in which it arises.

Notes to the Financial Statements – continued

Registered Number: 05234230

For the year ended 31st December 2019

1.10 Employee benefits

The company recognises an accrual for accumulated annual leave accrued by employees as a result of services rendered in the current period for which employees can carry forward and use within the next year. The accrual is measured at the salary cost of the respective employee in relation to the period of absence

1.11 Retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

1.12 Current asset investments

All funds for investment are managed by an investment manager and are stated at market value as at the balance sheet data. Any gain or loss on revaluation is taken to the Profit and Loss Account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Income recognition

Accreditation income is recognised in the period in which it is earned, deemed as the release date of results.

Tangible fixed assets

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Provisions and contingencies

Pension provision – pensions are provided for at the agreed contribution rates until the employees formally opt out of the pension.

Dilapidations provision – a provision is recognised at the estimated costs of dilapidations costs to be incurred on termination of the lease.

Notes to the Financial Statements – continued

Registered Number: 05234230

For the year ended 31st December 2019

3 Operating deficit

	2019	2018
	£	£
Operating deficit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	9,000
Depreciation of owned tangible fixed assets	50,647	14,728
(Profit)/loss on disposal of tangible fixed assets	-	2,982
	<u>-</u>	<u>2,982</u>

4 Amounts written off investments fixed asset investments

	2019	2018
	£	£
Gain on disposal of current asset investments	10,080	5,630
Changes in fair value of current asset investments	93,638	(42,130)
	<u>103,718</u>	<u>(36,500)</u>

5 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2019	1
and 31 December 2019	<u>1</u>
Amortisation and impairment	
At 1 January 2019 and 31 December 2019	<u>-</u>
Carrying amount	
At 31 December 2019	<u>1</u>
At 31 December 2018	<u>1</u>

Notes to the Financial Statements – continued

Registered Number: 05234230

For the year ended 31st December 2019

6 Tangible fixed assets

	Long leasehold £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2019	101,847	94,105	71,062	267,014
Additions	<u>3,233</u>	<u>8,355</u>	<u>8,833</u>	<u>20,421</u>
At 31 December 2019	<u>105,080</u>	<u>102,460</u>	<u>79,895</u>	<u>287,435</u>
Depreciation				
At 1 January 2019	3,637	21,478	21,015	46,130
Depreciation charged in the year	<u>14,968</u>	<u>16,137</u>	<u>19,542</u>	<u>50,647</u>
At 31 December 2019	<u>18,605</u>	<u>37,615</u>	<u>40,557</u>	<u>96,777</u>
Carrying amount				
At 31 December 2019	<u>86,475</u>	<u>64,845</u>	<u>39,338</u>	<u>190,658</u>
At 31 December 2018	<u>98,210</u>	<u>72,627</u>	<u>50,047</u>	<u>220,884</u>

7 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Service charges due	35,073	20,417
Other debtors	61,425	70,905
Prepayments and accrued income	<u>108,971</u>	<u>85,414</u>
	<u>205,469</u>	<u>176,736</u>

8 Current asset investments

	2019 £	2018 £
Listed investments	<u>598,933</u>	<u>496,916</u>

At the balance sheet date the cost of these investments was £396,679 (2018: £373,076).

9 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	193,048	196,541
Corporation tax	1,415	1,415
Other taxation and social security	29,482	23,129
Other creditors	124,753	90,136
Accruals and deferred income	<u>342,773</u>	<u>224,421</u>
	<u>691,471</u>	<u>535,642</u>

Included within accruals is £54,256 (2018: £39,417) of unpaid pensions.

Notes to the Financial Statements – continued

Registered Number: 05234230

For the year ended 31st December 2019

10 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

11 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	88,339	88,339
Between two and five years	353,357	353,357
In over five years	<u>88,339</u>	<u>176,677</u>
	<u>530,035</u>	<u>618,373</u>

12 Related party transactions

During the year the company paid £8,254 (2018: £12,563) to The John Cornwell Foundation Limited (JCF) and paid costs of £2,100 (2018: £1,990) on behalf of the JCF, a charity whereby Ms S Heathcote is a Trustee. At the year end, the company owed the charity £57,968 (2018: £51,815).

Detailed Trading And Profit And Loss Account

For the year ended 31st December 2019

	2019		2018	
	£	£	£	£
Turnover				
Subscriptions	1,391,286		1,333,377	
Seminars	672,797		358,550	
Mediation and collaborative law training	-		183,669	
Accreditation and publications	61,880		65,396	
Other	36,129		31,062	
The Review	36,000		36,000	
		2,198,092		2,008,054
Administrative expenses				
Establishment	146,609		75,244	
Secretariat	860,722		901,272	
Administration	222,501		228,659	
Committee travel and work	82,397		95,855	
Membership publications	29,572		31,947	
Legal and professional fees	9,432		25,941	
Consultancy fees	4,679		4,120	
Audit fees	9,000		9,000	
Charitable donations	8,254		12,563	
Bank charges	6,233		4,529	
Printing and stationery	59,450		62,939	
Seminars (incl mentoring)	412,852		242,453	
Mediation	32,645		148,071	
Public relations	29,537		38,615	
Accreditation	28,633		30,428	
Online consent orders	21,255		9,606	
Projects	122,606		120,248	
Contractors	85,926		68,218	
Investment fees	6,201		6,747	
Depreciation	50,647		14,728	
Profit or loss on sale of tangible assets	-		2,982	
Annual General Meeting	8,046		7,646	
		(2,237,197)		(2,141,811)
Operating deficit		(39,105)		(133,757)
Interest receivable and similar income				
Bank interest received	11,559		11,514	
Dividends from investments measured at fair value	12,600		11,980	
		24,159		23,494
Other gains and losses				
Gains on sale of current asset investments	10,080		5,630	
Change in fair value of current asset investments	93,638		(42,130)	
		103,718		(36,500)
Surplus/(deficit) before taxation		<u>88,772</u>		<u>(146,763)</u>



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