

Treasurer's report and audited accounts **2017**

INTRODUCTION

This report supports the audited Accounts of Resolution for the 12 month period to 31st December 2017 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 the forthcoming Annual Report, which provides a full overview of the activity undertaken by the organisation on behalf of its members.

2017 HIGHLIGHTS

- Subscription fee rates were marginally increased versus their 2016 levels, with total subscription income rising by 2.5% in 2017.
- Membership levels at the end of 2017 stood at 6,254 (5,160 Members & 1,094 Associate Members), of which 1,627 were DR members. This represents a 6% increase over 2016's figures of 5,897 (4,982 Members & 915 Associate Members), of which 1,671 were DR members. Given the continued challenging environment for our members, this represents a good outcome for the year and exceeds our predicted membership levels to this point.
- In addition, members paying by Direct Debit continue to increase, with 1,690 paying through this method in 2017, compared to 1,672 in 2016.
- Income from seminars rose by 18%, continuing the trend of previous years despite the challenging and competitive training market.
- Mediation and collaborative law training income is down 13% on 2016, reflecting the current uncertainty within the mediation sector and the fact that a degree of saturation may have been reached after high levels of DR training numbers when MIAMs were first introduced.
- Our interest income fell during the year, reflecting the reduced interest rates available on cash deposits. Our investment income remained at a similar level year on year, whilst our investment portfolio increased in value by £45k during the year.
- Total income (including subscriptions) was almost unchanged during the year. After adjusting for the reduction of £30k in the value attributed to our printing arrangement for *The Review*, there was an underlying increase of some 1%.
- Similarly, allowing for the corresponding reduction of £30k allocated to *The Review*, total expenditure was virtually unchanged.
- During 2017 we continued the careful investment of our reserves, in line with the strategic objectives and activity previously agreed by the Board – chiefly in specific projects around membership, training and learning, and our website. We ended the year with a deficit of £144.6k, representing 7.5% of turnover. Due to careful cost control, this was some £121k lower than budgeted.

BALANCE SHEET

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

Fixed assets

Additions this year related to the replacement of and additional computer equipment at both offices.

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

Investments

Rathbone Investment Management Limited are managing £537k of funds, which are held in a mixture of gilts and equities. The investments are shown at market value. We made a full-year trading profit of £44.9k (52.8k in 2016). The income from these investments was slightly lower this year, at £10.3k (£10.5k in 2016).

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 £48.9k relate to supplier balances at the year end, arising from our ongoing business, together with our project expenditure. Other creditors of £94.4k relate primarily to customer deposits for courses being held in 2018, together with funds held on behalf of The John Cornwell Foundation. The accruals and deferred income of £311.1k relates to £151.9k of subscription revenue for 2018 received in advance of 1 January, together with costs incurred in 2017 but not invoiced to us by the year end and prudent provisions for other costs that may arise, attributable to 2017 and earlier.

Reserves

As at 31st December 2017 £261,454 (22%) 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.

INCOME AND EXPENDITURE**Income**

Income is made up as follows:

- **Subscriptions** – In 2017 subscription fee rates were slightly increased versus their 2016 levels, with total subscription income increasing by 2.5%.
- **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 105 seminars:
 - 17 central seminars (2 on skills and support, 6 on black letter law, 1 YRes conference and 1 national conference).
 - 7 Code in Practice courses.
 - 88 regional seminars run by 24 regions.

A number of the regions continue to use surplus funds to make donations to local contact centres, children's charities and law student prizes. In 2017, we estimate that over £10k was donated to charities and other good causes by our regions.

- **Mediation and Collaborative Law training** – Despite the uncertainty surrounding mediation and its regulation, our mediation training remained popular. Resolution ran a total of 6 mediation courses and 4 collaborative law courses, together with the DR conference in October 2017. This total of 11 courses is unchanged from 2016.
- **Accreditation** – This fee income relates to rounds 39 and 40, for which there were 154 applicants, together with members renewing their accreditation status for the next three years. During the year we also held round 5 of our Financial Adviser accreditations.
- **Publications** – Publications revenue, in line with previous years, represented approximately 1% of our total turnover.
- **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 £20k (2016 £50k) 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 £3k (3%). Secretariat costs rose by approximately £18k, offset by a related reduction of £19k in our contractor costs. Administration costs reduced by £25k, due principally to a reduction in the amount of irrecoverable VAT (see below).
- **AGM** – Costs for the 2017 AGM included elections for National Committee members and the associated ballot papers. The use of online voting in 2017 yielded a reduction in costs of some £4k.
- **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 £101k in 2017. This is broadly in line with the £106k spent in 2016, reflecting the continuing high level of activity, both within our committees and via the Direct Connect initiative.
- **Stationery and printing** – This includes a notional £20k printing cost for *The Review* (2016 £50k), as part of an agreement with our printers (see above). Setting this aside, our underlying costs have risen by 7% to £26k.
- **Audit** – The audit fee increased marginally, to £9,200, from £8,900 in 2016.
- **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.
- **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 2017 a donation of some £15k was made to our related charity, The John Cornwell Foundation. These funds came as a result of our agreement with Iceberg Client Credit LLP.



Simon Blain - Treasurer

THE FUTURE

Membership continues to be the lifeblood of our organisation, both for the promotion of the Code in Practice and in terms of our finances through subscriptions and training income.

The National Committee is continuing with its previously agreed strategy of investing reserves to develop a range of initiatives to support members, in order to meet their needs. This is already paying dividends: membership numbers and income from seminars both increased in 2017.

In 2018 and beyond we will be looking to consolidate this work, continuing the improvements we have made in the service we provide to members, as well as new initiatives and campaigns to make more members – and potential new members – aware of the benefits Resolution membership can bring to them and their firms.

As 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.

Through our annual planning cycle, 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 objectives 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.

Although the signs are positive from 2017, it is impossible to predict precisely the shape and size of our membership over the short-to-medium term. The family law community continues to face considerable pressures, particularly among legal aid practitioners, and this could potentially have an impact on our numbers and membership income in the future.

That is why we are investing in work to support our members through training and learning, as well as increasing our work on membership recruitment and retention, so that more family justice professionals are aware of the benefits of Resolution membership. 2017 saw nearly 800 new members join, and we want to continue this trend.

We will continue to monitor our financial position closely to ensure continued support for members. In response to member feedback, 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 campaigning for changes to the family justice system, to ensure Resolution members remain first for family law.

Audited Accounts 2017

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Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
Bridge House
London Bridge
London
SE1 9QR

Company information

Registered number: 05234230

for the year ended 31 December 2017

DIRECTORS:

J D Emmerson
N Shepherd
K T Fellowes
J Edwards
E Thomson
J Wilson
G A C Cameron
S M Heathcote
J R Harvey
Z Fleetwood
G Fraser
S Blain
S Green
P Burgess
E Cooke
E Cordock
B Modi

REGISTERED OFFICE:

PO Box 302
Vinson Close
Orpington
Kent
BR6 0PJ

REGISTERED NUMBER:

05234230 (England and Wales)

AUDITORS:

Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
Bridge House
London Bridge
London
SE1 9QR

Report of the Directors

for the year ended 31 December 2017

Registered number: 05234230

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

Resolution is a membership organisation of some 6,500 professionals working in the family justice sector. 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, 2017 saw a marked increase in membership numbers. This came as a result of significant efforts on membership services and retention, both of which paid dividends and reversed a small - anticipated - decline in members in previous years. 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 these challenges.

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've invested staff and member time in further improving our support for Resolution regional groups. As regional committees strengthen, our members have better access to local networks and connections. Local YRes groups, which support members in the early stages of their careers, are also growing in number, and 2017 saw our first-ever national YRes conference.

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; standing up for vulnerable members of society; and shaping the path of Brexit to ensure family law is not forgotten. This year's annual awareness-raising week focused on cohabitation, both stressing the need for a change in the law and raising public awareness of the current lack of rights, with over 250,000 people viewing our informational video. Crucially, it gave members a platform on which to build their own profile with local politicians, members of the public and potential clients.

Our campaign for no fault divorce gathers pace, with a number of high-profile media appearances, supporting the launch of an academic research report and supporting Mrs Owens' case as it progresses to the Supreme Court. This activity has not only helped progress the debate over divorce reform, but firmly established Resolution as the go-to organisation for members of the public and the media on any issue related to family law.

Our healthy membership numbers are testament to our targeted campaigns to communicate the tangible benefits of membership more widely. We have also increased our outreach, encouraging more professionals working with separating families to join Resolution. Successes to date demonstrate our growing reputation and the robust foundation we have built for the future.

In terms of our future plans, £261,454, of our reserves (22%) 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 shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

J D Emmerson	E Thomson	J R Harvey	S Green
N Shepherd	J Wilson	Z Fleetwood	
K T Fellowes	G A C Cameron	G Fraser	
J Edwards	S M Heathcote	S Blain	

Other changes in directors holding office are as follows:

J Pirrie - resigned 31 March 2017	P Barnsley - resigned 31 March 2017
L Loizou - resigned 31 March 2017	P Burgess - appointed 31 March 2017
K A Taylor - resigned 12 July 2017	E Cooke - appointed 31 March 2017
D S Bennett - resigned 24 May 2017	E Cordock - appointed 31 March 2017
K Walker - resigned 29 November 2017	B Modi - appointed 31 March 2017

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:

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.

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

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 profit or loss 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Wilkins Kennedy LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

S Blain - Director
26/2/2018

Opinion

We have audited the financial statements of Solicitors Family Law Association (the 'company') for the year ended 31 December 2017 on pages seven to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2017 and of its loss 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 Auditors' 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 authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon. Our opinion on the financial statements does not cover the other information and 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, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

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 Report of the Directors.

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 from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

Our 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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.

C Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
Bridge House
London Bridge
London
SE1 9QR

Date: 16 March 2018

Statement of Comprehensive Income

for the year ended 31 December 2017

Registered number: 05234230

	Notes	2017 £	2016 £
TURNOVER		1,906,995	1,907,000
Administrative expenses		2,115,208	2,149,289
OPERATING LOSS	4	(208,213)	(242,289)
Interest receivable and similar income		18,659	26,465
		(189,554)	(215,824)
Movement in investments		(44,936)	(52,761)
LOSS BEFORE TAXATION		(144,618)	(163,063)
Tax on loss		(2,153)	-
LOSS FOR THE FINANCIAL YEAR		(142,465)	(163,063)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(142,465)	(163,063)

The notes form part of these financial statements

Balance Sheet

As at 31 December 2017

Registered number: 05234230

	Notes	2017		2016	
		£	£	£	£
FIXED ASSETS					
Intangible assets	6		1		1
Tangible assets	7		<u>13,577</u>		<u>28,663</u>
			13,578		28,664
CURRENT ASSETS					
Debtors	8	97,689		150,426	
Investments	9	537,353		443,968	
Cash at bank		<u>1,041,474</u>		<u>1,326,638</u>	
		1,676,516		1,921,032	
CREDITORS					
Amounts falling due within one year	10	<u>484,920</u>		<u>602,057</u>	
NET CURRENT ASSETS			<u>1,191,596</u>		<u>1,318,975</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,205,174</u>		<u>1,347,639</u>
RESERVES					
Pre incorporation reserves		762,539		762,539	
Retained earnings		<u>442,635</u>		<u>585,100</u>	
		1,205,174		1,347,639	

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 26/2/2018 and were signed on its behalf by:



.....
S Blain - Director

The notes form part of these financial statements

Statement of Changes in Equity

for the year ended 31 December 2017

Registered number: 05234230

	Retained earnings £	Pre incorporation reserves £	Total Equity £
Balance at 1 January 2016	<u>748,163</u>	<u>762,539</u>	<u>1,510,702</u>
Changes in equity			
Total comprehensive income	<u>(163,063)</u>	<u>-</u>	<u>(163,063)</u>
Balance at 31 December 2016	<u>585,100</u>	<u>762,539</u>	<u>1,347,639</u>
Changes in equity			
Total comprehensive income	<u>(142,465)</u>	<u>-</u>	<u>(142,465)</u>
Balance at 31 December 2017	<u><u>442,635</u></u>	<u><u>762,539</u></u>	<u><u>1,205,174</u></u>

The notes form part of these financial statements

1. STATUTORY INFORMATION

Solicitors Family Law Association is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling (£) which is also the functional currency for the company.

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.

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.

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.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against future taxable profits or against the reversal of deferred tax liabilities.

Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Pension costs and other post-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.

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

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.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Office equipment	3 years straight line
Computer equipment	3 years straight line
Fixtures and fittings	5 years straight line

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.

Trade and other debtors

Trade and other debtors are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

Trade and other creditors

Trade and other creditors are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Provisions

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

Where the effect of the time value of money is material, the obligation is recognised at the present value adopting a pre-tax discount rate. The unwinding of the discount is treated as a finance cost in the income statement in the period in which it arises.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

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

for the year ended 31 December 2017

Registered number: 05234230

4. OPERATING LOSS

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation - owned assets	18,008	20,575
Auditors' remuneration	9,200	8,900
	<u>27,208</u>	<u>29,475</u>

5. MOVEMENT IN INVESTMENTS

	2017 £	2016 £
Movement in investments	(43,568)	(53,059)
Loss/(gain) on investments	(1,368)	298
	<u>(44,936)</u>	<u>(52,761)</u>

6. INTANGIBLE FIXED ASSETS

COST

At 1 January 2017
and 31 December 2017

NET BOOK VALUE

At 31 December 2017

At 31 December 2016

Goodwill
£

1

1

1

7. TANGIBLE FIXED ASSETS

	Office equipment £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2017	21,764	28,972	88,859	139,595
Additions	-	-	2,922	2,922
Disposals	-	-	(4,992)	(4,992)
	<u>21,764</u>	<u>28,972</u>	<u>86,789</u>	<u>137,525</u>
At 31 December 2017	21,764	28,972	86,789	137,525
DEPRECIATION				
At 1 January 2017	9,765	28,799	72,368	110,932
Charge for year	6,763	160	11,085	18,008
Eliminated on disposal	-	-	(4,992)	(4,992)
	<u>16,528</u>	<u>28,959</u>	<u>78,461</u>	<u>123,948</u>
At 31 December 2017	16,528	28,959	78,461	123,948
NET BOOK VALUE				
At 31 December 2017	<u>5,236</u>	<u>13</u>	<u>8,328</u>	<u>13,577</u>
At 31 December 2016	<u>11,999</u>	<u>173</u>	<u>16,491</u>	<u>28,663</u>

Notes to the Financial Statements

for the year ended 31 December 2017

Registered number: 05234230

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017	2016
	£	£
Trade debtors	10,141	-
Other debtors	20,279	63,324
VAT	-	3,322
Prepayments and accrued income	67,269	83,780
	<u>97,689</u>	<u>150,426</u>

9. CURRENT ASSET INVESTMENTS	2017	2016
	£	£
Listed investments at Market value	537,353	443,968

At the balance sheet date the cost of these investments was £373,109 (2016: £303,016).

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017	2016
	£	£
Trade creditors	48,938	69,806
Tax	1,415	1,415
Social security and other taxes	23,146	22,660
VAT	5,931	-
Other creditors	94,429	53,945
Accruals and deferred income	311,061	454,231
	<u>484,920</u>	<u>602,057</u>

Included within other creditors is £2,977 (2016: £2,539) of unpaid pensions.

11. RELATED PARTY DISCLOSURES

During the year the company paid £15,299 (2016: £34,681) to The John Cornwell Foundation Limited (JCF) and paid costs of £2,198 (2016: £nil) on behalf of the JCF, a charity whereby Mr D Bennett and Ms S Heathcote are Trustees. At the year end, the company owed the charity £41,242 (2016: £29,681).

12. STATUS

The company is limited by guarantee of the members, not having a share capital. Each member's liability is limited to £1.

Profit and Loss Account

for the year ended 31 December 2017

Registered number: 05234230

	2017		2016	
	£	£	£	£
Turnover				
Subscriptions	1,241,316		1,211,409	
Seminars	412,211		349,227	
Mediation and collaborative law training	138,256		159,250	
Accreditation	61,532		71,193	
Publications	13,655		26,629	
Other	20,025		39,292	
The Review	20,000		50,000	
	<u>1,906,995</u>		<u>1,907,000</u>	
Other income				
Interest income	8,370		15,921	
Investment income	10,289		10,544	
	<u>18,659</u>		<u>26,465</u>	
	<u>1,925,654</u>		<u>1,933,465</u>	
Expenditure				
Establishment	94,070		91,174	
Administration	198,900		223,857	
Secretariat	843,656		825,189	
Contractors	108,018		127,087	
Investment fees	5,784		4,776	
Annual General Meeting	6,372		10,080	
Committee travel and work	101,342		105,999	
Parliamentary, public relations and campaigns	42,282		38,283	
Stationery and printing	46,045		74,339	
Membership publications and notices	21,678		28,457	
Consultancy fees	4,405		6,736	
Legal and professional fees	9,385		14,234	
Auditors' remuneration	9,200		8,900	
Depreciation of tangible fixed assets	18,008		20,575	
Seminars (incl mentoring)	338,836		274,932	
Mediation and collaborative law training	126,604		136,364	
Accreditation	27,164		44,555	
Publications	-		2,054	
Online consent orders	5,810		12,566	
Projects	88,417		57,809	
Donations	15,299		37,651	
	<u>2,111,275</u>		<u>2,145,617</u>	
	<u>(185,621)</u>		<u>(212,152)</u>	
Finance costs				
Bank charges	3,933		3,672	
Carried forward	<u>(189,554)</u>		<u>(215,824)</u>	

This page does not form part of the statutory financial statements

Continued...

Profit and Loss Account

for the year ended 31 December 2017

Registered number: 05234230

	2017		2016	
	£	£	£	£
Brought forward		(189,554)		(215,824)
Movement in investments				
Movement in investments	(43,568)		(53,059)	
(Gain)/loss on investments	<u>(1,368)</u>		<u>298</u>	
		<u>(44,936)</u>		<u>(52,761)</u>
NET LOSS		<u><u>(144,618)</u></u>		<u><u>(163,063)</u></u>

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