

**ADVICE UK**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

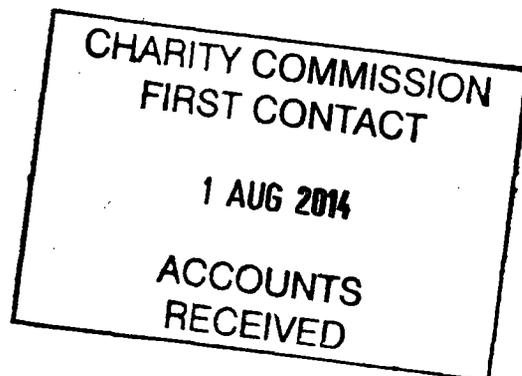
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**ADVICE UK**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**Charity Registration No. 299342**

**Company No. 2023982**



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**ADVICE UK**

**Reference and administrative details  
For the year ended 31 March 2014**

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**Trustees**

S Azimi  
B Badesha  
K Burgess  
H Kendall  
W McCormack  
D Pedder (resigned 21/11/2013)  
J Silver  
G Smith  
N Wayne  
A Wilton

Chair

N Wayne

Chief Executive and Company Secretary

S Johnson

Company Number

2023982 (England & Wales)

Charity Number

299342

Registered Office

150 Aldersgate Street  
London  
EC1A 4AB

Business address

1st Floor Sunley House Annexe  
Toynbee Hall  
28 Commercial Street  
London  
E1 6LS

Website

[www.adviceuk.org.uk](http://www.adviceuk.org.uk)

Auditors

Moore Stephens LLP  
150 Aldersgate Street  
London  
EC1A 4AB

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2014**

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The trustees present their report and the audited financial statements for the year ended 31 March 2014.

#### **Structure and History**

##### **Legal structure**

AdviceUK is a company limited by guarantee and a registered charity. It is referred to in this report as "the Charity". It is governed by Memorandum and Articles last updated in 2004.

##### **History**

The organisation was formed in 1979 as The Federation of Independent Advice Centres to act as a national co-ordinating body for community organisations providing free social welfare advice to members of the public. Originally constituted as an unincorporated association, it became a company limited by guarantee (as FIAC Ltd) in May 1986 and a registered charity in March 1988. The operating name of AdviceUK was adopted in April 2003 and the company and charity name were changed to AdviceUK in November 2004.

##### **Membership structure**

The Charity operates as a co-ordinating and support network for organisations providing free independent advice. Membership of the AdviceUK network is open to any organisation that satisfies the membership criteria decided by the Trustees. Network members are the principal beneficiaries and users of the Charity. They are referred to collectively in this report as "the Members".

##### **Connected companies**

A subsidiary, a private company limited by shares given the name "Independent Advice Services Ltd", was formed in 1998 to facilitate non primary-purpose trading activities. AdviceUK is the only shareholder. IAS Ltd gift aids the majority of its profits to the Charity. IAS Ltd is the majority shareholder in "VCS Insurance Company Limited (Guernsey)" a private company limited by shares formed in February 2006 as a specialist insurer for organisations working in and with the voluntary and community sector. From April 2006 AdviceUK began sourcing some of the insurances it arranges for advice agencies from VCS Ltd. In February 2011 AdviceUK became the majority shareholder in a new company limited by shares, ACMS Ltd based in Glasgow. The company was formed to continue provision of the AdvicePro case management software service to members and other advice organisations. In March 2014 AdviceUK became a minority shareholder (40%) in ACMS Ltd following a transfer of shares, as agreed at formation, to the other shareholders.

#### **Objectives and Activities**

##### **Principal aims and activities**

The Charity's objects, as defined in the Memorandum of Association, are to:

"promote...charitable purposes for the benefit of the public.....in particular by providing co-ordination and support to independent advice services and by assisting them to make better use of the resources available to them".

The Charity's vision and mission are:

##### *Vision:*

"A society wherein every individual, regardless of means, is able to access the advice they need in order to exercise their rights and deal with any legal and social welfare problems they may face."

##### *Mission:*

"To support advice organisations by helping them to be efficient, competent and effective and to campaign for a policy environment that supports advice agencies and people needing advice."

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2014**

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#### **Strategy & Plans**

The Trustees review the Charity's vision and mission periodically in the context of updating their strategy and plans. This is usually done annually with a complete review of strategy occurring at least every four years. After years of difficulty in making concrete plans due to the many uncertainties stemming from the 2008 financial crisis and emergent government policies, work began in the autumn of 2013 on the development of a new strategy and plans for 2014 and beyond.

#### **Governance and Management**

##### **The Board of Trustees**

The affairs of the Charity are governed by a Board of Trustees who are the directors of the company for the purposes of the Companies Act 2006 and the trustees of the Charity for the purposes of charity legislation. They are referred to collectively in this report as "the Trustees" or "the Board".

##### **Appointment & Terms of Office of Trustees**

A majority of the Trustees are nominated by the Members. Up to 12 places are reserved for members' nominees within a maximum of 20 trustees. The Trustees may fill up to 8 places by co-option from any source in order to achieve a balance of skills and perspectives on the Board. The Board may also fill casual vacancies among the members' places by co-option. Trustees normally serve for a term of three years. They may submit themselves for either re-election or re-appointment.

##### **Trustee Induction**

Most new Trustees are already familiar with the Charity, with its activities and with charitable operations in general because most are drawn from member agencies, most of which are charities. However, all new trustees are offered a personalised programme of induction to enable them to be fully conversant with the organisation. This normally covers the operation of the Board, obligations under charity and company law, the Memorandum and Articles, staff and the staffing structure, current finances, future plans, the way the Charity and its members operate and their operating environments.

##### **Governance**

The Board usually meets at least 6 times per year. It meets quarterly to monitor financial and operational activity and usually on 2 or 3 other occasions during the year to approve an annual budget and plan, to review policies and services and to plan for the future. The planning session may be residential over a two day period and will also review governance. A Resources Committee, comprising the Chair and two Vice-Chairs usually meets twice annually to review staff terms and conditions and any budgetary implications and to make recommendations to the Board. The Board has rarely had resort to other committees or sub-committees. A Chief Executive is appointed by the Trustees to manage the operation of the Charity.

##### **Operations**

The Chief Executive is responsible for the charity's operations through a scheme of delegated authority. The Chief Executive, in turn, delegates areas of operation to members of a Senior Management Team and, through them, to the wider staff group. The Chief Executive also currently serves as the Company Secretary.

##### **Management and Staffing**

Operational management is co-ordinated by means of a Senior Management Team comprising the Chief Executive and section heads responsible for Finance & Services and Development & Policy. The Charity's employees work in teams within these sections. A re-structuring exercise reduced the staffing complement during 2013-14 from 20 people at the beginning of the year, comprising 16 employees and 4 contract posts (17.6 full time equivalents), to 16 people at the end of the year, comprising 15 employees and 1 contract post (15.6 full time equivalents). This means that total staffing has reduced by more than 50% in the five years since the economic downturn. The Charity therefore has significantly less capacity now than it has had in the recent past with the result that employees are generally overstretched.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2014**

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#### **Staffing Policies**

The Board reviews its personnel policies and procedures at least annually, including current salary levels and the salary structure. This is done in consultation with staff and their representatives. Salaries remained frozen in 2013-14 for the sixth successive year.

#### **Employee Involvement**

Advice UK seeks to fully engage its entire staff in pursuit of its objectives. An employee involvement policy and a communications plan set out the organisation's values and the routine communication methods which include management meetings, all-staff events, team meetings and internal e-mails. The recognised trade union is engaged in formal consultations as required.

#### **Health and Safety**

A staff health and safety group undertakes an annual audit and review of risks, takes any appropriate action covered by delegated authority and makes recommendations to the Senior Management Team regarding any other necessary actions.

#### **Environmental Policy**

An environmental policy was developed during summer 2006 and the organisation was awarded a business "Green Mark" which has been renewed at intervals since. All staff are active in reducing waste and recycling in line with the environmental policy and associated procedures.

#### **Risk Management**

The Trustees have a risk management strategy involving an annual review of the major risks to which the Charity is exposed and approval of systems and actions for managing and mitigating them. A risk register is produced and updated at least annually. The Charity has always operated at significant risk of failing to achieve adequate income to meet its commitments and pursue its objectives. None of its income sources can be regarded as secure. The Charity has also always been understaffed relative to the work that it wishes to do and so has sought to optimise external impact through lean, non-bureaucratic, flexible systems depending on high degrees of delegation. This is a relatively high risk manner of operation. These known risks are continually monitored and actively managed by the employees and Trustees of the Charity. The key elements in the management of the risk to income have been diversification of sources and the accumulation of free reserves in line with a reserves policy that is reviewed regularly by the Trustees. Day to day risks are relatively minor. Financial risks are minimised by the procedures in place for authorisation of expenditure and commitments. Insurance cover is in place where appropriate.

#### **Financial Control**

The Board monitors all aspects of financial performance and financial management through its quarterly meetings. It sets annual budgets and requires reporting against them at least quarterly. It reviews internal financial management and reporting arrangements at least annually. In terms of day to day financial control a comprehensive and robust set of financial procedures is in place.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2014**

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#### **Trustees' Responsibilities Statement**

The Trustees (who are also directors of Advice UK for purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the directors are required to:

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2014**

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#### **Review of the Year**

##### **Summary**

The Charity further stabilised its affairs during 2013-14 and continued its recovery from the multiple difficulties experienced since 2010. Financially, an operating surplus was achieved for the first time since 2009. This was due in part to savings delivered by the restructuring and redundancies programme commenced in the previous year and completed in the first quarter of 2013-14 and in part to better than expected income. Some sources of existing income that might have been lost or reduced were retained and some new or increased sources of income were gained. At the close of the year the Charity was in a much more positive position than for some years past.

During the year, we explored new partnerships with other organisations to address the heightened social and welfare needs being presented at advice centres and other helping agencies due to the continuing pressures on household incomes. Some of these initiatives resulted in new income to fund our work; others did not; others remain as opportunities for exploration.

Disappointingly, the contract tender we won (through IAS Ltd) in June 2013 to supply advice to beneficiaries of the Royal British Legion throughout England & Wales from October (mentioned in last year's report) did not proceed because we were unable to agree on terms. The contract would have provided income to a number of sub-contracting members as well as IAS Ltd. There were abortive costs for all parties but valuable lessons were learnt in terms of future tendering – an area of activity that is likely to be increasingly necessary as the nature of available funding for advice services becomes more commercial.

The 'systems' improvement methodology remained central to our view of how advice services need to develop in the future and it was the basis upon which most of our approaches to and conversations with other helping agencies were conducted. We continued to argue that the greatest potential for helping more people with fewer resources lies in reducing waste demand and bureaucracy driven into helping services from outside – particularly by funders and government agencies. The ability of the systems methodology to focus on user-value, identify and remove waste and drive quality and improvement is something we continued to promote, with some success, alongside the need for all helping services to work together and focus on delivering 'whole person' solutions. Using funding secured from the LankellyChase Foundation in 2012-13, we began an exciting multi-disciplinary project in Bradford, embodying just this approach. That project will run on into 2014-15.

In London, we continued with programmes of work funded by London Councils to support advice agencies in Greater London, the overall purpose of which is to build stronger community organisations benefiting Londoners. We also continued our involvement in a project to develop a new form of fair-banking product aimed primarily at addressing the electronic payments and budgeting needs of low income households. We had taken a leading role in instigating this project, helping bring together a mutual partnership of organisations to own the product, develop the specification and distribution networks and raise investment. Investment was successfully secured in 2013 through a financial services partner and a product launch date set for mid 2014. We anticipate this product being of great help to many people seeking advice.

Our on-line electronic case management system for advice agencies, 'AdvicePro', was taken up by many more agencies during the year and it is fast becoming the leading product in the sector. By the close of the year, one new centre a week was adopting the system. It offers them many advantages including better client data security, anytime-anywhere working and improved quality-control. Over a million cases are now held on the system. With more than 6,000 new ones being added each week a significant data set is being accumulated so that the strategic goal of consistent data reporting across our membership is coming into view.

## ADVICE UK

### Report of the Trustees For the year ended 31 March 2014

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#### **Membership**

Membership of the network fell again during the year to 790 members throughout the UK (807 in 2012-13 and 820 in 2011-12). Membership is now at its lowest level for twenty years. However, the gradual fall in numbers in recent years has been less than expected, given the known falls in funding for advice work from both local and national sources. Moreover, the simple total hides a more complex picture with more than 76 new members replacing some of those lost due to closures, mergers and non-renewals. As in previous years, some new members were start-ups both large (e.g. housing association advice units) and small (voluntary community and self-help projects) illustrating the vibrancy of the voluntary sector in responding to need and emergent gaps in provision. Sadly, we expect the trend of closures and mergers to continue for at least another two to three years. We estimate that aggregate UK funding for advice has now fallen by around 30% compared with 2010 and we expect it to fall further. The severe cuts in local authority budgets expected in 2015-17 make this almost inevitable. The highest concentration of members continued to be in Greater London with 235 centres. Approximate distribution of members across the four home countries was England 86%, Wales 3%, Scotland 2% and Northern Ireland 9%. The profile of members remained very diverse in terms of types of advice offered and communities served. Over half of members continue to work in the 50 poorest locations in the UK with the most vulnerable communities and excluded groups.

#### **Income sources**

The charity's income is highly diversified across more than twenty income streams and more than a thousand sources including members, other advice organisations, grant funders, donors and contractual customers. Total income from all sources was £1,983,911. Within this, 33% was "restricted" income in the form of grants for specified activities. The restricted income total of £664,108 was £443,083 less than in the previous year, reflecting the reduced availability of this type of funding, especially for infrastructure organisations such as ours. No core support was received from central government despite increasingly high expectations of organisations such as ours, not least on the part of government itself. The Charity's high proportion of unrestricted income and very low proportion of government/public funding does at least serve to underwrite its flexibility and independence.

#### **Activities during the year**

##### **Plans and planned work**

During the year we continued to pursue the priorities identified in the Charity's 2010-13 Strategy:

- To work more closely in partnership with other advice organisations, particularly in making the case for improved access to affordable advice
- To increase the frequency and depth of our communications with members to know more about their needs, the demand for their services and the impact of their work
- To influence policy makers and the funders of advice to assure the future independence and diversity of advice services
- To seek to increase annual income to £5m by increasing generated income and securing some core support from government
- To improve support to members throughout the UK

We achieved some success on the first three of these fronts, despite the difficulties already described. We continued deeper engagement with members outside of London particularly in Wales and in the north and west of England through the efforts of two regional staff retained by the Trustees as a spending priority.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2014**

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#### **Funded Projects supporting members**

Among the projects funded by restricted income, the largest in monetary terms was that funded by London Councils to provide additional support to members in London (£253,816 in total). London local government has been the charity's most consistent funder, providing unbroken support ever since the former Greater London Council gave a grant in 1984. The London Councils grants contributed towards the costs of our London activities which are funded from ring-fenced regional grants and other locally generated income.

A grant of £70,224 from the Money Advice Trust paid for all costs associated with our National Money Advice Co-ordinator post. The Trust has supported this post for more than ten years with funding channelled from a variety of corporate donors but they had forewarned that this would be the last year of such support due to changes in their own remit. Work on replacing the funding from other sources was therefore begun during the year.

£182,942 received from the Baring Foundation was funding for our work focussing on a systems approach to assisting advice agencies to work together to face the challenges presented by public sector service commissioning. Knowledge gained through this work supported our efforts to make such work self-sustaining in the longer term.

#### **Other activities**

Throughout the year, we engaged in a wide range of other activities including providing member centres with tailored organisational consultancy and support. Our Learning & Skills team continued to provide courses and qualifications assessment for advice centre staff and others. They continued to expand activities outside of London and to develop partnerships such as that with St Giles Trust to provide training and accreditation support for work with prisoners.

2013-14 was the eighth successful year of operation for our own insurance company, VCS Insurance Co. Ltd (Guernsey), as the provider of Professional Indemnity insurance and Trustees, Directors & Officers' insurance to our members and other advice agencies. VCS made a trading loss of £20,622 for the year, mainly due to one substantial claim. However, surpluses from previous years retained within the company ensure healthy liquidity. Premiums were frozen again at renewal meaning the company has been able to reduce or freeze premiums in every year of operation so helping to reduce a significant element of Members' running costs.

As already reported, 2013-14 was a very successful year in terms of greater take-up and development of our on-line case management software product - AdvicePro. The number of customer agencies grew to 224 and several existing customers increased their number of users or upgraded to a higher version of the product. Continued development of the product was also very well received by users with customer satisfaction returns being excellent. Our joint venture group company, ACMS Ltd, which develops and supports AdvicePro, itself had a successful year, taking on an additional employee and reporting a year-end surplus of £81,096.

#### **Future Plans**

During the second half of the year work began on preparing a new strategy and plans for 2014 and beyond. These were ready for approval at the commencement of 2014-15 alongside the 2014-15 budget. The revised strategy will be pursued through commitments in Annual Plans. In a hardening operating environment for all charities, the emphasis will be on achieving financial viability through enterprise activity to enable the Charity's continuing pursuit of its objects.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2014**

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#### **Financial Review**

##### **Financial result**

###### **The Group**

Total group income during the year was £1,983,911 – a decrease of £768,156 compared with £2,752,067 in the previous year. This is lower than the Charity's income due to elimination of inter-company transactions on group consolidation. Total resources expended during the year were £1,670,846 – a decrease of £1,133,348 compared with £2,804,194 in the previous year.

Overall, the group had net incoming resources on unrestricted funds, a surplus, of £286,291 for the year. Together with the accumulated surplus brought forward from previous years, the group now has an accumulated surplus on unrestricted funds of £644,901 (2013 £439,557). The Directors plan to continue applying surpluses to investment in staffing, equipment and product development in order to improve services to members.

Restricted funds carried forward at 31 March 2014 amounted to £94,301 (2013 £51,746). This is sufficient for the activities for which the funds were provided.

###### **The Charity**

Total incoming resources for the Charity during the year to 31 March 2014 were £2,050,058 - a decrease of £847,657 compared with £2,897,715 in the previous year. Of this total, £2,048,835 was operating income and the remaining £1,223 was bank interest. Total resources expended during the year were £1,796,867 - a decrease of £1,138,335 compared with £2,935,202 in the previous year. Expenditure on administering the Charity was only 1.3% of total expenditure despite increased costs.

###### **Fundraising**

Fundraising activity was restricted to project and core funding bids developed by employees. No public or other appeals were made. The charity does not use the services of professional fund-raisers neither does it have fund-raisers on staff.

###### **Trading**

The charity raises a substantial proportion of its income from trading activity. All of this activity is regarded as "primary purpose trading" i.e. provision of support services and products (e.g. training, consultancy and insurances) to the intended beneficiaries of the charity in accordance with the objects of the charity set out in the Memorandum.

###### **Reserves Policy**

The Board of Trustees has decided that it would be prudent to hold the equivalent of 6 months expenditure on staff and overheads in reserve. This would amount to approximately £900,000. However, the prevailing policy has been that this should not preclude investment from reserves in capacity required to raise income or facilitate growth. The charity's free reserve, i.e. the unrestricted funds carried forward less the unrestricted fixed assets in the charity, at the close of the year stood at £599,425 (2013: £391,078).

###### **Investment Policy**

Aside from retaining a prudent amount in reserves each year most of the charity's funds are to be spent in the short term so there are few funds for long term investment. The short term investment options for relatively small amounts are limited and the Board of Trustees considers that the return on balances obtained through annually negotiated terms with its principal bankers are the best that can be obtained in the circumstances.

**ADVICE UK**

**Report of the Trustees  
For the year ended 31 March 2014**

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**Events since the end of the year**

In the opinion of the trustees there have been no events since the balance sheet date having a significant effect on the Charity's financial position.

**Trustees' liability**

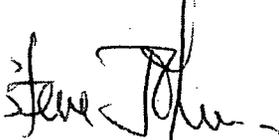
In the event of the charity being wound up the trustees are required to contribute an amount not exceeding £1.

Trustees indemnity insurance was in place during the year and the insurance provides cover up to £1,000,000 on any one claim.

**Appointment of Auditors**

Auditors for 2014-15 will be appointed in accordance with section 495 of the Companies Act 2006 at the Annual General Meeting on 9 October 2014.

This report was approved by the Board on 17 July 2014 and signed on its behalf by:



**S Johnson**  
Secretary

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF ADVICE UK**

We have audited the financial statements of Advice UK for the year ended Year End which are set out on pages 13 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014 and of the groups incoming resources and application of resources, including its income and expenditure, 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 and the Charities Act 2011.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Thomas Ward*

**Thomas Ward, Senior Statutory Auditor**

For and on behalf of Moore Stephens LLP, Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB

*30 July 2014*

ADVICE UK

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME & EXPENDITURE ACCOUNT)

For the year ended 31 March 2014

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2014	Total Funds 2013
		£	£	£	£
<b>INCOMING RESOURCES</b>					
Incoming resources from charitable activities	3	1,316,307	664,108	1,980,415	2,749,221
<b>Incoming resources from generated funds</b>					
Investment income	5	3,496	-	3,496	2,846
<b>Total incoming resources</b>		<u>1,319,803</u>	<u>664,108</u>	<u>1,983,911</u>	<u>2,752,067</u>
<b>RESOURCES EXPENDED</b>					
Charitable activities	6	954,872	637,334	1,592,206	2,720,777
Costs of generating funds	7	18,450	-	18,450	45,124
Governance costs	8	40,065	-	40,065	28,556
Taxation	11	20,125	-	20,125	9,737
<b>Total resources expended</b>		<u>1,033,512</u>	<u>637,334</u>	<u>1,670,846</u>	<u>2,804,194</u>
<b>Net incoming/(outgoing) resources before transfers</b>		286,291	26,774	313,065	(52,127)
<b>Transfer between funds</b>		(16,321)	16,321	-	-
<b>Net (outgoing)/ incoming For the year</b>		269,970	43,095	313,065	(52,127)
Minority interest		(51,343)	-	(51,343)	(22,664)
<b>Other recognised gains and losses</b>					
Loss on disposal of shares in subsidiary		(13,283)	-	(13,283)	-
<b>Net movement in funds</b>		<b>205,344</b>	<b>43,095</b>	<b>248,439</b>	<b>(74,791)</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Fund balances brought forward</b>		<u>439,557</u>	<u>51,206</u>	<u>490,763</u>	<u>565,554</u>
<b>Fund balances carried forward</b>		<u>644,901</u>	<u>94,301</u>	<u>739,202</u>	<u>490,763</u>

There were no recognised gains and losses for 2014 or 2013 other than those included in the statement financial activities. All the company's activities are classified as continuing. The notes on pages 15 to 29 form part of these accounts.

## BALANCE SHEET

For the year ended 31 March 2014

	Notes	Group	Group	Charity	Charity
		2014	2013	2014	2013
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	12	6,290	9,322	6,290	3,986
Investments	13	45,462	10,000	11,040	11,055
		<u>51,752</u>	<u>19,322</u>	<u>17,330</u>	<u>15,041</u>
<b>Current assets</b>					
Debtors	14	401,578	554,858	631,428	846,612
Cash at bank		999,862	1,121,637	577,330	516,886
		<u>1,401,440</u>	<u>1,676,495</u>	<u>1,208,758</u>	<u>1,363,498</u>
<b>Creditors- amounts falling due within one year</b>	15	(713,990)	(1,189,502)	(515,032)	(920,674)
Net current assets		<u>687,450</u>	<u>468,993</u>	<u>693,726</u>	<u>442,824</u>
<b>Net assets</b>		<u>739,202</u>	<u>506,315</u>	<u>711,056</u>	<u>457,865</u>
<b>Funds</b>					
<b>Restricted funds</b>	17	94,301	51,206	94,301	51,746
<b>Unrestricted funds</b>					
Designated funds		150,000	250,000	150,000	250,000
General funds		494,901	189,557	466,755	156,119
Total unrestricted funds	17	<u>644,901</u>	<u>439,557</u>	<u>616,755</u>	<u>406,119</u>
Total Charity Funds		<u>739,202</u>	<u>490,763</u>	<u>711,056</u>	<u>457,865</u>
Minority interest		-	15,552		
	18	<u>739,202</u>	<u>506,315</u>		

Approved and authorised for issue by the Trustees on 17 July 2014 and signed on its behalf.

**N. WAYNE**

Director



The notes on pages 15 to 28 form part of these accounts.

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

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#### 1. ACCOUNTING POLICIES

##### a) Accounting Convention

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Financial Reporting Standard for Smaller Entities (effective April 2008), applicable UK Accounting Standards and the Companies Act 2006. The financial statements include the results of the company's operations which are described in the Trustees' Report and all of which are continuing.

##### b) Group Financial Statements

These financial statements consolidate the results and balance sheets of the Charity and its subsidiary undertakings, on a line by line basis from the date of acquisition to the date of disposal. Associated undertakings are accounted for under the equity method and included within investments at cost plus the group's share of accumulated reserves. A separate statement of financial activities for the Charity itself is not presented because the Charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

##### c) Fund accounting

*General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.*

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

*The aim and use of each designated fund is set out in the notes to the financial statements*

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

##### d) Incoming Resources

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support advice/performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Training and subscription income is deferred when received in advance of the training taking place or the subscription being used.

Insurance income is recognised at the time that the policy is commenced or renewed by the insured at the amount received from the insured (the premium plus Insurance Premium Tax).

Voluntary income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income and other incoming resources are recognised on a receivable basis.

**ADVICE UK**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**

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**1. ACCOUNTING POLICIES (CONT'D)**

**e) Resources Expended**

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable

- Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds
- Charitable activities include both the direct and support costs relating to these activities
- Governance costs include the cost of the preparation and audit of the statutory accounts, the costs of trustees meetings and the cost of any legal advice to trustees on governance or constitutional matters
- Support costs include central functions and have been allocated to activity cost categories on the basis of staff involved in the activity
- Where any Value Added Input Tax is unrecoverable based on partial exemption calculations, the amount unrecoverable is charged to support costs.

**f) Tangible Fixed Assets**

Tangible fixed assets are stated at cost less depreciation. Fixed assets costing more than £100 are capitalised. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	15%	Straight line basis
Computer equipment	33% to 100%	Straight line basis
Furniture and equipment	20%	Straight line basis

**g) Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities as incurred.

**h) Pensions**

The Charity has arranged a defined contribution pension scheme for those employees who wish to join it. The assets of this scheme are held separately from those of the Charity, being invested with insurance companies. Pension costs charged in the Statement of Financial Activities represent the contributions payable during the year.

**i) Deferred income**

Deferred income comprises fees, subscriptions and premiums received in advance. Grants received in advance for expenditure that will take place in future accounting periods are recognised as deferred income.

**j) Comparatives**

Comparative figures have been restated for presentation to be consistent with the current year.

**ADVICE UK**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**

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**9. NET (OUTGOING)/INCOMING RESOURCES**

This is stated after charging:	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	5,272	6,269
Audit fees		
- audit and accountancy fee	15,000	20,150
Operating leases:		
- land and buildings	-	44,397
	<u>          </u>	<u>          </u>

**10. TAXATION**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
UK Corporation Tax charge for the year	<u>20,125</u>	<u>9,737</u>

The company is a charity and is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

Taxation in the consolidated accounts relates to Advanced Case Management Solutions. Other than capital allowances and expenses not deductible there were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 20% (2013 - 20%).

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2014

11. STAFF COSTS

The Trustees received no remuneration or benefits in kind for their services to the charity during the year (2013 - £Nil). Travel and subsistence expenses totalling £1,122 (2013 - £2,256) were reimbursed to 6 (2013: 13) trustees.

Staff costs were as follows:

	<u>Group</u>		<u>Charity</u>	
	2014 £	2013 £	2014 £	2013 £
Wages and salaries	658,867	686,355	503,894	583,855
Social security costs	72,187	75,250	55,050	64,202
Other pension costs	46,380	41,580	41,580	41,580
Other staff costs	11,606	-	11,606	-
	<u>789,040</u>	<u>803,185</u>	<u>612,130</u>	<u>689,637</u>

During the year one employee received emoluments between £60,000 and £70,000 (2013: one employee) including taxable benefits but excluding employers' pension contributions. This employee participated in an individual defined contribution scheme, pension contributions amounted to £3,644 (2013: Nil). In addition in 2013 this employee was granted an ex-gratia pension of £41,000, to be spread over 3 years, in recognition of non-pensionable service provided over the previous 17 years. The charge in the accounts is £13,667 (2013 £13,667).

The full time equivalent average monthly number of employees, during the year was as follows;

	<u>Group</u>	
	2014	2013
Projects and activities	16	15
Administration	<u>2</u>	<u>4</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2014

12. TANGIBLE FIXED ASSETS

GROUP

	Computer Equipment £	Furniture & Equipment £	Total £
<b>Cost</b>			
At 1 April 2013	34,334	46,480	80,814
Additions	7,576	3,235	10,811
Disposal of subsidiary	-	(10,420)	(10,420)
At 31 March 2014	<u>41,910</u>	<u>39,295</u>	<u>81,205</u>
<b>Depreciation</b>			
At 1 April 2013	33,010	38,482	71,492
Charge for the Year	2,994	4,674	7,668
Disposals of subsidiary	-	(4,245)	(4,245)
	<u>36,004</u>	<u>38,911</u>	<u>74,915</u>
<b>NBV at 31 March 2014</b>	<u><u>5,906</u></u>	<u><u>384</u></u>	<u><u>6,290</u></u>
NBV at 31 March 2013	<u><u>1,324</u></u>	<u><u>7,998</u></u>	<u><u>9,322</u></u>

CHARITY

	Computer Equipment £	Furniture & Equipment £	Total £
<b>Cost</b>			
At 1 April 2013	34,334	39,295	73,629
Additions	7,576	-	7,576
At 31 March 2014	<u>41,910</u>	<u>39,295</u>	<u>81,205</u>
<b>Depreciation</b>			
At 1 April 2013	33,010	36,633	69,643
Charge for the Year	2,994	2,278	5,272
	<u>36,004</u>	<u>38,911</u>	<u>74,915</u>
<b>NBV at 31 March 2014</b>	<u><u>5,906</u></u>	<u><u>384</u></u>	<u><u>6,290</u></u>
NBV at 31 March 2013	<u><u>1,324</u></u>	<u><u>2,662</u></u>	<u><u>3,986</u></u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2014

13. FIXED ASSET INVESTMENTS

CHARITY

Cost

	Subsidiaries	Associates	Other	Total
	£	£	£	£
At 1 April 2013	1,055	-	10,000	11,055
Disposals	(15)	-	-	(15)
Reclassification	(40)	40	-	-
At 31 March 2014	1,000	40	10,000	11,040

The Charity's subsidiaries are:

	Country of <u>Incorporation</u>	<u>Activity</u>	Proportion of Ordinary Shares Held and <u>Voting rights</u>
Independent Advice Services Limited	UK	Investment holding and member services	100%
VCS Insurance Company Limited*	Guernsey	Insurance	100%

\* Held indirectly by Independent Advice Services Limited.

At 31 March 2014 the Charity sold 15% of its holding in Advanced Case Management Solutions Limited, reducing its holding to 40% and as a result this company is now viewed as an associated undertaking. Advanced Case Management Solutions Limited is a software trading company.

The charity hold one sixth share in The Change Account Mutual Partnership, an unincorporated mutual association. The partnership incorporated on 27<sup>th</sup> November 2013 to form The Change Account Partnership LLP.

GROUP

Cost

	Associates	Other	Total
	£	£	£
At 1 April 2013	-	10,000	10,000
Shares in associate	40	-	40
Share of post-acquisition reserves	35,422	-	35,422
At 31 March 2014	35,462	10,000	45,462

**ADVICE UK****NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**

The following is a summary of trading results and the aggregate of its assets, liabilities, share capital and reserves at the end of the year of each entity within the group:

**Independent Advice Services Limited****Profit and loss account**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Income	-	-
Direct costs	-	-
<b>Gross Profit</b>	<u>-</u>	<u>-</u>
Administrative expenses	(2,716)	(3,000)
<b>Operating profit/(loss)</b>	(2,716)	(3,000)
Interest receivable	2,117	2,119
<b>Taxation</b>	<u>-</u>	<u>-</u>
<b>Deficit on ordinary activities</b>	(599)	(881)
	<u>-</u>	<u>-</u>
<b>Deficit for the year</b>	<u>(599)</u>	<u>(881)</u>

**Balance Sheet – Assets, liabilities and funds**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Investments in subsidiaries	100,000	100,000
Current assets	153,238	151,120
Creditors amounts falling due within one year	(246,355)	(243,638)
	<u>6,883</u>	<u>7,482</u>
Represented by		
Share capital and reserves	<u>6,883</u>	<u>7,482</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2014

13. FIXED ASSET INVESTMENTS (CONT'D)

VCS Insurance Company Limited

Profit and loss account

	2014 £	2013 £
<b>Earned Premiums, Net of Insurance</b>		
Gross premiums written	315,075	318,867
Outward reinsurance premiums	<u>(107,200)</u>	<u>(113,000)</u>
<b>Net premiums written</b>	<b>207,875</b>	<b>205,867</b>
<b>Claims incurred</b>		
Claims paid	(56,233)	(1,200)
Movement on outstanding claims reserve	67,100	(59,900)
Movement on IBNER provision	(47,750)	(2,616)
Legal expenses	(16,012)	-
Administration fee	(42,000)	(42,000)
Brokerage fee	(3,000)	(3,000)
Commission payable	<u>(78,769)</u>	<u>(79,717)</u>
	<b>(176,664)</b>	<b>(188,433)</b>
<b>Technical account profit for the year</b>	<b>31,211</b>	<b>17,434</b>
Interest income	2,137	1,767
Administration expenses	<u>(53,970)</u>	<u>(53,251)</u>
<b>(Loss) on ordinary activities</b>	<b>(20,622)</b>	<b>(34,050)</b>

Balance Sheet – Assets, liabilities and funds

	2014 £	2013 £
Current assets	442,893	536,700
Creditors amounts falling due within one year	(16,486)	(70,321)
Technical reserves	(198,366)	(217,716)
Creditors amounts falling due after one year	(141,195)	(141,195)
	<u>86,846</u>	<u>107,468</u>
Represented by		
Share capital and reserves	<u>86,846</u>	<u>107,468</u>

**ADVICE UK**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2014**

**13. FIXED ASSET INVESTMENTS (CONT'D)**

**Advanced Case Management Solutions Limited**

The aggregate of the share capital and reserves as at 31 March 2014 were £88,655 and the profit for the year ended on that date is £81,096.

**Advice UK results excluding subsidiary companies**

	2014 £	2013 £
Total incoming resources	2,050,058	2,897,715
Total resources expended	<u>(1,796,867)</u>	<u>(2,935,202)</u>
<b>Net outgoing resources</b>	253,191	(37,487)
Fund balances brought forward at 1 April 2013	<u>457,865</u>	<u>495,352</u>
<b>Fund balances carried forward at 31 March 2014</b>	<b><u>711,056</u></b>	<b><u>457,865</u></b>

**14. DEBTORS**

	<u>Group</u>		<u>Charity</u>	
	2014 £	2013 £	2014 £	2013 £
Due within one year				
Trade debtors	284,361	253,148	284,361	205,491
Grants in arrears	-	174,381	-	174,381
Other debtors	85,473	75,470	85,290	107,659
Prepayments and accrued income	31,744	51,859	15,420	51,002
Amounts owed by subsidiary undertakings	-	-	246,357	308,079
	<u>401,578</u>	<u>554,858</u>	<u>631,428</u>	<u>846,612</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2014

15. CREDITORS

	<u>Group</u>		<u>Charity</u>	
	2014	2013	2014	2013
	£	£	£	£
Due within one year				
Trade creditors	109,337	407,488	108,770	188,066
Corporation tax	-	11,417	-	-
Social security and other taxes	22,497	38,854	22,497	17,322
Deferred income	307,671	477,957	307,671	477,957
Other creditors	228,612	76,502	30,246	58,107
Accruals	45,873	177,284	42,472	146,395
Amounts owed to subsidiary Undertakings	-	-	3,376	32,827
	<u>713,990</u>	<u>1,189,502</u>	<u>515,032</u>	<u>920,674</u>

Included within other creditors is an amount of £1,552 in respect of pension contributions (2013: £5,503).

16. DEFERRED INCOME

	2014	2013
	£	£
At 1 April 2013	477,957	421,990
Incoming resources deferred in the current year	307,671	477,957
Amounts released from previous years	<u>(477,957)</u>	<u>(421,990)</u>
At 31 March 2014	<u>307,671</u>	<u>477,957</u>

Deferred income comprises fees, subscriptions and premiums received in advance and grants received for the next year.

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2014

17. STATEMENT OF FUNDS

	Restated Opening Balance	Incoming Resources	Outgoing Resources	Transfer between Fund	Other recognised gains & losses	Minority interest	Closing Balance
	£	£	£	£	£	£	£
<b>RESTRICTED FUNDS</b>							
Members Services	7,356	85,350	(105,979)	13,273	-	-	-
Projects on behalf of members	43,850	324,942	(274,491)	-	-	-	94,301
London activities	-	253,816	(256,846)	3,048	-	-	-
<b>Total Restricted funds</b>	<b>51,206</b>	<b>664,108</b>	<b>(637,334)</b>	<b>16,321</b>	<b>-</b>	<b>-</b>	<b>94,301</b>
<b>UNRESTRICTED FUNDS</b>							
General Fund	189,557	1,319,803	(1,033,512)	83,679	(13,283)	(51,343)	494,901
<b>Designated funds</b>							
Wind-down fund	150,000	-	-	(150,000)	-	-	-
Premises fund	100,000	-	-	50,000	-	-	150,000
<b>Total Unrestricted funds</b>	<b>439,557</b>	<b>1,319,803</b>	<b>(1,033,512)</b>	<b>(16,321)</b>	<b>(13,283)</b>	<b>(51,343)</b>	<b>644,901</b>
<b>TOTAL FUNDS</b>	<b>490,763</b>	<b>1,983,911</b>	<b>(1,670,846)</b>	<b>-</b>	<b>(13,283)</b>	<b>(51,343)</b>	<b>739,202</b>

**Designated funds**

The wind-down fund was set up to finance the costs of potential redundancies and other measures arising from restructuring in the context of gross uncertainty about future income. The Trustees have agreed that this fund is no longer necessary. The premises fund was set up to meet the costs of moving to other office premises in 2014/15. It has been decided to increase this fund by £50,000 to £150,000 as the Charity will need to move during 2014/15 to short-term premises before it moves to a more permanent home, likely in 2017/18.

**Restricted funds**

Restricted funds were used on three categories of activity: Members' services, projects on behalf of members and London activities.

With regard to members' services, we received a grant of £70,224 from the Money Advice Trust towards all costs associated with the post of National Money Advice Co-ordinator. The post enables us to provide specialised support to those members that provide money advice, including by engaging with government and the credit industry on their behalf. The Trust has supported this post for more than ten years with funding channelled from a variety of corporate donors, most recently with earmarked funding from HSBC.

With regard to projects on behalf of members, we received grants from several donors, including the Barings Foundation and the LankellyChase Foundation, totalling £284,942 to help us support members in their work.

With regard to London activities, grants receivable during the year from London Councils totalled £253,816. Most London activities are projects on behalf of members but are categorised separately because of a geographical restriction on funds received stating they must be applied only within greater London.

**ADVICE UK**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2014**

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 March 2014 are represented by

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2014 £</b>
Fixed assets	51,752	-	51,752
Current Assets	1,288,990	112,450	1,401,440
Current liabilities	(695,841)	(18,149)	(713,990)
	<u>644,901</u>	<u>94,301</u>	<u>739,202</u>

**19. CAPITAL COMMITMENTS**

At the end of the year there were no capital commitments for which full provision has not been made in these financial statements (2013: £Nil).

**20. OTHER COMMITMENTS**

At the end of the year there were no annual commitments under non-cancellable operating leases.

**21. RELATED PARTY TRANSACTIONS**

The charity was charged £378,277 (2013 - £265,725) for the provision of AdvicePro software by Advanced Case Management Solutions. A balance of £63,997 (2013 - £32,376) was still due as at 31 March 2014.

The charity received a management fee from Advanced Case Management Solutions, of £36,000 (2013 - £24,000) during the year which was still outstanding as at 31 March 2014.