

ADVICE UK

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

ADVICE UK

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Charity Registration No. 299342

Company No. 2023982

ADVICE UK

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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**Reference and administrative details
For the year ended 31 March 2018**

Trustees

S Azimi
B Badesha
K Burgess (resigned 31.12.2017)
H Kendall
J Silver (resigned 31.12.2017)
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

101E, Universal House
88 - 94 Wentworth Street
London
E1 6LS

Website

www.adviceuk.org.uk

Auditors

Kingston Smith LLP
Devonshire House
50 Aldersgate Street
London
EC1A 4AB

ADVICE UK

Report of the Trustees For the year ended 31 March 2018

The trustees are pleased to present their annual report together with the consolidated financial statements for the year ending 31 March 2018.

Structure and History

Legal structure

Advice UK is a company limited by guarantee and a registered charity. It is referred to throughout this report as "the Charity". Its governing documents were comprehensively reviewed during 2016, resulting in revised Articles being adopted in May 2017.

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 Advice UK was adopted in April 2003 and the company and charity name was changed to Advice UK in November 2004.

Membership structure

The Charity operates as a co-ordination and support network for organisations providing independent social welfare advice. Membership of the Advice UK 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 throughout this report as "the Members". Network Membership is separate from membership of the Charity itself. The members of the Charity are the Trustees.

Connected companies

The Charity has a number of Group subsidiaries and associated companies: "**Independent Advice Services Ltd**" is a private company limited by shares formed in 1998 to facilitate non primary-purpose trading activities. After several years of dormancy it was re-activated in April 2017 as an innovations, marketing and sales company with the purpose of generating additional income for AdviceUK. Advice UK is the only shareholder. "**VCS Insurance Company Limited**" based in Guernsey, is a private company limited by shares formed in 2006 as a specialist insurer for organisations working in and with the voluntary and community sector. Advice UK owns all but one of the shares. Since 2006 Advice UK has been sourcing some of the insurances it arranges for advice agencies from VCS Insurance Company Ltd. "**Advanced Case Management Solutions Ltd**", based in Glasgow, is a private company limited by shares formed in 2011 to continue provision of the AdvicePro case management software service to Network Members and other advice organisations. Advice UK owns 50% of the shares. "**Change Account Ltd**" is a company limited by shares set up in 2013 for the purpose of creating and operating a fair-banking transactional account to be of particular benefit to people who are relatively financially excluded. AdviceUK holds approximately 3% of the shares.

Purposes and Plans

Public Benefit

The Trustees have regard to the Charity Commission's public benefit guidance in all their decision-making. This Annual Report contains details of how they have carried out the Charity's purposes for the public benefit. Advice UK's charitable activities are focused on enabling people to access advice to help them resolve problems that are affecting their quality of life. Though this is done through support to advice-providing organisations, it is the general public who are the ultimate beneficiaries of the Charity's work. Research has demonstrated that timely access to advice can have benefits beyond the alleviation of specific financial or other problems. These include maintenance of physical and mental health and well-being; whereas an inability to access help and advice when it is needed can result in problems worsening and escalating at increasing cost to the individual and, often, to third parties and to the public purse.

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Report of the Trustees For the year ended 31 March 2018

Principal aims

The Charity's Objects, as defined in its Articles, 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."*

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. A new corporate strategy was adopted in 2014 recognising insufficient sustainable income (and in particular a decline in grant income) as the major threat to the Charity being effective in pursuit of its Objects. The new strategy emphasised a policy of raising more income from enterprise activities in order for the Charity to be financially sustainable and successful in pursuit of its Objects. This is to be achieved by further developing the business Group around the Charity to complement and provide funds for its work. The strategy identifies a set of fourteen areas for action under five key objectives. The strategy will next be reviewed in November 2018. Subsidiary annual plans reflecting the current strategy are made for each financial year in parallel with the setting of annual budgets.

Governance and Management

The Board of Trustees

The affairs of the Charity are governed by a Board of Trustees who are the members and 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 all volunteers. They are referred to collectively in this report as "the Trustees" or "the Board". The Trustees became the only members of the Charity in January 2015 when Network Membership for advice organisations became separate from membership of the Charity itself.

Trustee Appointment, Induction and Terms of Office

In accordance with decisions arising from a governance review undertaken during 2016, the maximum size of the Board is now 15, comprising a blend of independent and Network Member Trustees chosen to achieve an effective balance of skills and perspectives. Most new Trustees will already be familiar with the Charity, with its activities and with charitable operations in general. 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 Articles, staff and the staffing structure, current finances, future plans, the way the Charity and its members operate and their operating environments. Trustees normally serve for terms of three years and may serve more than one term but usually not more than three.

Governance

The Board usually meets 6 times per year. It meets quarterly to monitor financial and operational activity and 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 is usually at least one full day 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 operations of the Charity. The Chief Executive also currently serves as the Company Secretary.

Operations

The Chief Executive is responsible for the Charity's operations through a scheme of delegated authority. The scheme is reviewed annually. Within the delegations defined by the scheme the Chief Executive is

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Report of the Trustees For the year ended 31 March 2018

authorised to act. He/she may delegate areas of operation to senior managers and, through them, to the wider staff group. In relation to those matters within the scheme on which the Board holds decisions to itself, for example approval of plans and budgets, the Chief Executive will prepare reports and make recommendations for consideration by the Trustees.

Management and Staffing

Operations are co-ordinated by a Senior Management Team comprising the Chief Executive and the Executive Director. Total staffing at March 2018 was 12 (10.85 full time equivalents) comprising 11 employees and 1 secondee. Two employee posts were currently vacant. Total staffing thus remained at less than 50% of what it was at the time of the financial crisis in 2008. The Charity therefore has significantly less capacity than it once had with the result that employees are generally overstretched. In anticipation of several redundancies in March 2017 due to the expiry of a long-standing source of grant income, a significant re-organisation had been planned to come into effect from 1 April 2017 which included greater use of freelancers and the re-activation of the subsidiary company Independent Advice Services (IAS) Ltd in order to provide for a greater focus on generating non-grant income in accordance with the corporate strategy.

Key management personnel remuneration

Senior management remuneration is reviewed annually, in the same way as remuneration of all other employees, by a Committee of Trustees making recommendations to the Board. Non-salary terms and conditions for all employees are standard. Salary levels are reviewed with regard to market rates, inflation and affordability.

Staffing Policies

The Board reviews its personnel policies and procedures at least annually, including current salary levels and the salary structure.

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.

Health and Safety

A staff health and safety group is appointed to undertake an audit and review of risks. It takes any appropriate action covered by delegated authority and makes recommendations to the Chief Executive regarding any other necessary actions.

Environmental Policy

An environmental policy has been in place since 2006 leading to the organisation being 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.

Principal Risks and Uncertainties

The Trustees have a risk management strategy involving an annual review of the major risks to which the Charity is exposed and the approval of systems and actions for managing and mitigating them. A risk register is produced, updated at least annually and reviewed at each Board meeting. 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 and flexible systems depending on high degrees of delegation. This is a relatively high risk manner of operation. The known risks are continually monitored and actively managed by the Senior Management Team and the Trustees. 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.

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Report of the Trustees
For the year ended 31 March 2018

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.

Review of the Year

Summary

2017-18 was a watershed year for the Charity in terms of financial independence and sustainability. As anticipated, the amount of grant income in the annual budget fell to a new low of just 8% upon the expiry of some grant funding for activities mainly in London which it had been necessary to cross-subsidise from other income. This had been anticipated in the corporate strategy and been planned for so that in April 2017 we became free of grant dependency following nearly three years of preparation. Those preparations had included a comprehensive governance review; five-year business plans covering every strand of the Charity's activities; inter-linked improvements to IT systems and websites; re-structuring of staffing and the creation of capacity for a more proactive approach to income-generation through the trading subsidiary, IAS Ltd. During the year, as a result of the governance review, new articles and governance documents were adopted in May '17 and phased changes in Board membership were begun. Prospective new trustees with particular skills were recruited and the beginnings of a future pipeline created. To make way for new appointments, the first phased retirements began in December. These were the first steps in a three-year programme that will see the Board refreshed and strengthened to an agreed timetable that will also ensure continuity. The subsidiary business plans previously prepared began to guide actions during the year and will now become embedded in the annual cycle. Our revised staffing structure immediately enabled us to flex our costs according to our income as we strive to improve sustainability and impact. Also, the re-activation of IAS Ltd proceeded as planned and began to show the results of early groundwork towards the end of the year in the form of new marketing materials, two new marketing websites, improvements to other sites and the holding of a major event on new data protection regulation. Further investment in these areas and in our data-handling and communications systems, especially, will be necessary in coming years to improve our sustainability and increase the support we are able to offer to members. Encouragingly, the indications from this year are that we will gradually be able to afford more of such investment from annual surpluses because, alongside the changes and developments in the year, the Charity still managed to deliver on its service commitments *and* to achieve another operating surplus, mainly due to higher than budgeted income. Like almost all organisations of our type, across the charity sector, we have seen our annual income shrink significantly in the aftermath of the 2008 financial crisis. We have, therefore, had to reduce costs and what we have been able to do for beneficiaries. However, unlike many similar organisations, we have halted the decline in our income and we are embarked upon a plan to rebuild our capacity and become more effective from a stabilised base. We can therefore say that, at the close of 2017-18, the Charity was again in a more positive position than in previous years and better placed than many to pursue its objects in what remains a very challenging environment for the whole of the UK charity sector.

Membership

The Network Membership year runs from January to December. Members join and leave at all points during the year. The peak number of Network Members during 2017-18 was at the end of December 2017 when total membership stood at 714, which was an expected increase on the number as at March 2017 (683) reported in the previous Annual Report. Though we continue to lose some members due to closures, mergers and non-renewals due to cuts in funding, there are always new members joining. New members included organisations 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. The highest concentration of members continues to be in Greater London where there were 217 organisations in December '17 (March '17: 204). Distribution of members across the four home countries was England 593 (566), Wales 21 (24), Scotland 50 (43) and Northern Ireland 50 (50). The profile of members remained very diverse in terms of types of advice offered and communities served. Members continue to work in some of the poorest locations in the UK serving some of the most vulnerable communities and excluded groups.

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Report of the Trustees For the year ended 31 March 2018

Main activities and achievements

The Annual Plan for 2017-18 prioritised a range of activities consistent with the declared strategy.

Implementation of the action plan arising from the earlier fundamental review of governance continued during the year. An open recruitment exercise to attract potential new trustees generated a great response resulting in six applicants being invited to join the Board in two phases extending into 2018-19 in accordance with the timetable for refreshing and developing the Board over a three-year period.

The Charity's trading company, IAS Ltd, was successfully re-activated with the Charity's Commercial Manager transferring over to become Managing Director of IAS and immediately moving to recruit to two additional posts. During the year, the IAS team reviewed all marketing materials and promotional channels, completely transforming the external presentation of our services.

Delivery of member services continued as usual in relation to learning and skills, insurances, software, events, membership renewal and representation of Members' interests in a wide variety of settings.

The Learning & Skills operation continued to improve its performance and the range of courses offered. The team provided 1,171 training course places in 2017-18 (2016-17 1,033). The number of new registrations for qualifications also rose compared with the previous year to 409 (2016-17 389) with more than 500 active learners across the country being supported towards vocational qualifications.

The Insurances operation began to see improvements arising from our brokering partnership with Access Insurance enabling us to offer different types of cover to meet members' diverse needs. Our own insurance subsidiary, VCS Insurance Co. Ltd (Guernsey), which continued to provide Professional Indemnity insurance and Trustees, Directors & Officers' insurance to our members and other advice agencies, conducted a market review of premiums resulting in price reductions for most customers. VCS made a trading surplus of £30,123 for the year, mainly due to low claims activity, while surpluses from previous years retained within the company ensured healthy liquidity. In every year since formation VCS has now been able to reduce or freeze premiums so helping to reduce a significant element of Members' running costs.

Our software operation, providing the AdvicePro on-line electronic case management system for advice agencies, continues to go from strength to strength. It had another successful year with another 40 organisations adopting the system during the year. Continued development of the product was very well received by users with customer satisfaction returns being excellent. The system offers many advantages including better client data security, anytime-anywhere working and improved quality-control. More than 3.5 million cases are now held on the system with more than 48,000 new ones being added each month. A significant data set is being accumulated so that the strategic goal of consistent data reporting across our membership is coming into view. Our associate company, ACMS Ltd, which develops and supports AdvicePro, had another successful year, reporting a year-end surplus before dividends of £168,500 (2017 £164,174), ensuring continued re-investment in development and support of the product.

A new consultancy team was put in place at the beginning of the year tasked with developing a self-financing Consultancy Unit and service over the next two years. In addition to undertaking some continuing grant-funded work the team was successful in attracting a small number of contracts, some of them with or for members, and beginning to enlist a number of freelance associates to provide capacity for a broadening range of projects in future years. The team's work consisted of projects such as evaluations, introducing management procedures or assisting organisations to achieve various standards and quality accreditations.

Our project working with university law schools developed further during the year. Expertise and co-ordination was provided to three universities placing 50 students in Advice UK member centres across London. There is strong interest amongst members in hosting placements from their local law schools and the potential for rolling out this activity in other parts of the country was investigated through contact with a number of institutions.

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Report of the Trustees For the year ended 31 March 2018

Funded Projects supporting members

We continued to work on projects supported by grants from Lankelly Chase Foundation and Trust for London and by City Bridge Trust to help us engage with funders on the future of civil society support as part of the 'The Way Ahead' programme.

Our National Money Advice Co-ordinator post, part funded by a mixture of direct grants, donations and income-generating activity, continued to represent and support the interests and concerns of those 300+ members providing a debt advice service. With the combined funding we were able to engage with the Financial Conduct Authority (FCA) on behalf of members and with the Money Advice Service which has statutory responsibility for the co-ordination of debt advice in the UK.

Financial Review

Financial result

The Group

Total group income during the year was £2,446,572 an increase of £263,821 compared with £2,182,751 in the previous year. Total expenditure during the year was £2,075,205 an increase of £41,655 compared with £2,033,550 in the previous year. Overall, the group had a surplus of £378,253 for the year (2017: a surplus of £81,872) after adding gains of £6,886 arising from its listed investments. At 31 March 2018, the group had unrestricted funds of £1,363,603 (2017: £980,854) and restricted funds of £44,284 (2017: £48,780). The Directors plan to continue applying some portion of surpluses to investment in staffing, equipment and product development in order to improve services to members.

The Charity

Total income for the Charity during the year to 31 March 2018 was £2,188,407, an increase of £211,089 compared with £1,977,318 in the previous year. Of this total £2,149,571 was operating income and of the remaining £13,836 was investment income and bank interest and £25,000 was other income. Total expenditure during the year was £1,924,197 a decrease of £1,069 compared with £1,925,266 in the previous year.

Expenditure on administering the Charity increased slightly but remains below 1% of total expenditure despite increased costs. The Charity's total unrestricted income during the year was £2,008,309. Associated expenditure was £1,735,309. After a transfer of £4,294 to restricted funds to cover the in- year deficit on restricted funds activity, there was a surplus of £275,592 on unrestricted funds.

The Charity's income sources

The Charity's income is highly diversified across more than twenty income streams and more than twelve hundred sources including members, other advice organisations, grant funders, donors and contractual customers. Total income from all sources was £2,188,407. Within this total, the amount of restricted income in the form of grants for specified activities was £180,098 (a decrease of £193,279 compared with £373,377 in the previous year) representing just 8.4% of total income. 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 low proportion of government / public funding does at least serve to underwrite its flexibility and independence.

Fundraising

Fundraising activity was restricted to project 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 large 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.

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Report of the Trustees For the year ended 31 March 2018

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 £450,000. 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, the unrestricted funds carried forward less the unrestricted fixed assets in the charity, at the close of the year stood at £746,538 (2017: £431,194). Of this figure, £184,642 (2017: £60,000) related to designated funds. In order to progress towards the target level of free reserves the Board considers that it should strive for at least balanced budgets in future years.

The reserves policy is reviewed annually and will next be reviewed in November 2018. The review will have regard to a range of factors including:

- Total funds that the Charity held at the last year end;
- The mix of unrestricted and restricted funds currently held;
- The mix of immediately liquid funds and those that could only be realised by disposals of assets or investments
- Emerging and possible calls upon reserves including transfers required to cover completion of any activities that are underfunded by restricted funds;
- Requirements for designated funds within reserves to cover costs of particular risks and future commitments
- Any gap between the reserves target and actual reserves and what steps might be necessary to reconcile that gap

Plans for future periods

The Charity's corporate strategy resulted from a review of the much altered operating environment affecting the Charity and its Members and having reached a number of conclusions. The strategy recognises the still diminishing availability of traditional sources of income and the emergence of new business models and new providers in a changing sector. The strategy emphasises a guiding policy of raising more income from enterprise activities in order for the Charity to be financially sustainable and independent in pursuit of its Objects. It was recognised that applying this policy was likely to be the work of several years and would involve, among other things, re-positioning the Charity as the co-ordinating body for *all* independent advice; changing the governance model; reviewing and strengthening the Charity's existing primary-purpose trading activities and Group businesses and developing new enterprises to provide value to Members and others. The Annual Plan for 2017-18 prioritised a coherent set of actions in these areas and significant progress was made. For the foreseeable future, annual plans are likely to contain similar priorities consistent with the strategy and the guiding policy.

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 available for long term investment. During the year, however, a portion of the reserves were on deposit with the CCLA (Churches, Charities & Local Authorities) fund managers. Short term investment options for relatively small amounts are very limited at the present time and the Board considers that the return on balances obtained from its principal bankers are the best that can be obtained in the circumstances.

Trustees' liability

In the event of the charity being wound up the trustees are required to contribute an amount not exceeding £10. 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 2018-19 will be appointed in accordance with section 495 of the Companies Act 2006 at a Board meeting to be held in November 2018.

ADVICE UK

**Report of the Trustees
For the year ended 31 March 2018**

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 Trustees 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.

The Trustees are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable 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

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.

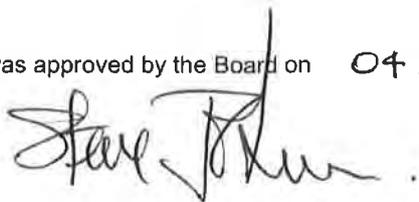
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Small Companies Regime

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

This report was approved by the Board on 04.10.2018 and signed on its behalf by:

S Johnson
Secretary



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

Opinion

We have audited the financial statements of Advice UK (the 'company') for the year ended 31 March 2018 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions 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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require 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's 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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, in respect of the consolidated financial statements, to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Neil Finlayson
Neil Finlayson, Senior Statutory Auditor
 For and on behalf of Kingston Smith LLP, Statutory Auditor

Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

8/11/2018

Advice UK
Consolidated Statement of Financial Activities
(INCLUDING AN INCOME EXPENDITURE ACCOUNT)
For the year ended 31 March 2018

	2018 Unrestricted Note Funds	2018 Restricted Funds	2018 Total Funds	2017 Total Funds
	£	£	£	£
Income and endowments from:				
Donations	3 199,192	-	199,192	5,058
Charitable activities	3 1,944,196	180,098	2,124,294	2,115,315
Investments	5 13,836	-	13,836	12,791
Share of profits of associate	84,250	-	84,250	49,587
Other income	25,000	-	25,000	-
Total Income	<u>2,266,474</u>	<u>180,098</u>	<u>2,446,572</u>	<u>2,182,751</u>
Expenditure on:				
Raising Funds	6 13,240	-	13,240	19,406
Charitable activities	7 1,873,077	188,888	2,061,965	2,014,144
Total Expenditure	<u>1,886,317</u>	<u>188,888</u>	<u>2,075,205</u>	<u>2,033,550</u>
Net gain/(loss) on investments	13 6,886	-	6,886	(5,709)
Loss arising on purchases of own shares by associates	14 -	-	-	(61,620)
Net income	<u>387,043</u>	<u>(8,790)</u>	<u>378,253</u>	<u>81,872</u>
Transfers between funds	19 (4,294)	4,294	-	-
Net movement in funds	<u>382,749</u>	<u>(4,496)</u>	<u>378,253</u>	<u>81,872</u>
Reconciliation of funds:				
Fund balances brought forward	980,854	48,780	1,029,634	947,762
Fund balances carried forward	<u>1,363,603</u>	<u>44,284</u>	<u>1,407,887</u>	<u>1,029,634</u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 17 to 37 form part of these accounts.

Advice UK
Consolidated Statement of Financial Activities
(INCLUDING AN INCOME EXPENDITURE ACCOUNT)
For the year ended 31 March 2017

	2017 Unrestricted Note Funds	2017 Restricted Funds	2017 Total Funds
	£	£	£
Income and endowments from:			
Donations	5,058	-	5,058
Charitable activities	3 1,741,938	373,377	2,115,315
Investments	5 12,791	-	12,791
Share of profits of associate	49,587	-	49,587
Total Income	<u>1,809,374</u>	<u>373,377</u>	<u>2,182,751</u>
Expenditure on:			
Raising Funds	6 19,406	-	19,406
Charitable activities	7 1,632,697	381,447	2,014,144
Total Expenditure	<u>1,652,103</u>	<u>381,447</u>	<u>2,033,550</u>
Net loss on investments	13 (5,709)	-	(5,709)
Loss arising on purchases of own shares by associates	14 (61,620)	-	(61,620)
Net income/ (expenditure)	<u>89,942</u>	<u>(8,070)</u>	<u>81,872</u>
Transfers between funds	19 (56,850)	56,850	-
Net movement in funds	<u>33,092</u>	<u>48,780</u>	<u>81,872</u>
Reconciliation of funds:			
Fund balance brought forward	947,762	-	947,762
Fund balance carried forward	<u>980,854</u>	<u>48,780</u>	<u>1,029,634</u>

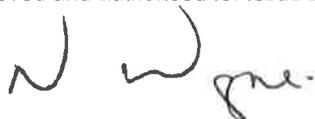
Advice UK

BALANCE SHEET
For the year ended 31 March 2018

		Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Fixed assets					
Intangible asset	11	-	31,450	-	31,450
Tangible assets	12	38,591	57,876	38,591	57,876
Investments	13	355,541	260,309	310,845	299,863
Total fixed assets		<u>394,132</u>	<u>349,635</u>	<u>349,436</u>	<u>389,189</u>
Current assets					
Debtors	14	609,633	490,840	783,513	624,288
Cash at bank and in hand		1,060,937	787,571	675,994	455,610
Total current assets		<u>1,670,570</u>	<u>1,278,411</u>	<u>1,459,507</u>	<u>1,079,898</u>
Liabilities					
Creditors: Amounts falling due within one year	15	(600,153)	(514,898)	(668,685)	(599,925)
Net current assets		1,070,417	763,513	790,822	479,973
Total assets less current liabilities		1,464,549	1,113,148	1,140,258	869,162
Provision for liabilities	17	(56,662)	(83,514)	-	-
Total net assets		<u>1,407,887</u>	<u>1,029,634</u>	<u>1,140,258</u>	<u>869,162</u>
Funds					
Restricted funds	19	44,284	48,780	44,284	48,780
Unrestricted funds					
Designated funds	19	184,642	60,000	184,642	60,000
General funds	19	1,178,961	920,854	911,332	760,382
Total unrestricted funds	19	<u>1,363,603</u>	<u>980,854</u>	<u>1,095,974</u>	<u>820,382</u>
Total charity funds		<u>1,407,887</u>	<u>1,029,634</u>	<u>1,140,258</u>	<u>869,162</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved and authorised for issue by the Trustees on 04.10.2018 and signed on its behalf.



N.Wayne - Director

The notes on pages 17 to 37 form part of these accounts.

Advice UK

STATEMENT OF CASHFLOW
For the year ended 31 March 2018

	Notes	Total 2018 £	Total 2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities (see below)	21	262,131	8,686
Cash flows from investing activities			
Interest received		13,836	12,791
Purchase of property, plant and equipment		(2,601)	(417)
Purchase of intangible asset		-	(1,950)
Change in cash and cash equivalents in the reporting period		<u>273,366</u>	<u>19,110</u>
Cash and cash equivalents at the beginning of the reporting period		<u>787,571</u>	<u>768,461</u>
Cash and cash equivalents at the end of the reporting period	22	<u>1,060,937</u>	<u>787,571</u>

The notes on pages 17 to 36 form part of these financial statements.

Advice UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General information

Advice UK is a public benefit entity and a company limited by guarantee company number 2023982 registered in England. Advice UK is also a charity registered with the Charity Commission (charity registration number 299342). The registered office and its principal place of business is 101E, Universal House, 88 - 94 Wentworth Street, London, E1 6LS.

Advice UK operates as a co-ordination and support network for organisations that provide social welfare law advice to the public.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently, unless otherwise stated:

1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy notes and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Financial Reporting Standard 103 – 'Insurance Contracts' (FRS 103) with the Companies Act 2006, and with the Charities Act 2011.

The principal accounting policies that have been applied to all periods presented in these financial statements are set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

1.3 Going Concern

The Trustees confirm that at the time of approving the financial statements, there are no material uncertainties regarding the Charity's ability to continue in operational existence for the foreseeable future. In arriving at this conclusion the Trustees have taken account of current and anticipated financial performance in the current economic conditions, its Corporate Plan and its reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Charity's financial statements.

1.4 Consolidation

The group accounts incorporate the financial statements of Advice UK and its wholly owned subsidiaries, VCS Insurance Company Limited and Independent Advice Services Limited on a line-by-line basis using the standard Group accounting policies. The subsidiary companies have the same reporting date of 31 March.

Advice UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates have been accounted for under the equity method and included within investments.

A separate statement of financial activities for the Charity has not been presented because the Charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

1.5 Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

- Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- Training and membership 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, probability of receipt and the amount can be measured with sufficient reliability.
- Investment income and other incoming resources are recognised on a receivable basis.

1.6 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.

1.7 Expenditure

Expenditure including termination payments, are recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

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

- Costs of raising 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Expenditure

- 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 irrecoverable based on partial exemption calculations, the amount irrecoverable is charged to support costs.

1.8 Claims and technical reserves

Provisions are made at the year end for the estimated cost of claims incurred but not settled at the balance sheet date. The estimated cost of claims includes expenses to be incurred in settling claims. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may prove to be different from the original estimated liability.

The claims arising are on policies which are written on a claims made basis, i.e. within the defined period covered by the policy. Each time a claim is notified, a reserve is established. However, outstanding claims reserves may increase from the time a claim is made as decisions are made regarding legal proceedings until the date the claim is settled. This provision is the directors' estimate of the additional costs that may be incurred in order to settle all outstanding claims at the balance sheet date.

The methods used, and estimates made, by the directors to assess the company's claims provisions are continually reviewed and any resulting adjustments are reported in the underwriting account in the financial year in which they are made. In addition, the Charity has a stop-loss policy to meet total claims in each policy year in excess of £125,000.

The basis of estimation for the claims incurred but not enough reported ('IBNER') is calculated based on net earned premium less claims paid, less specific reserves by an agreed stepped reducing percentage for each year, 100% in year one, 60% in year two, 40% in year three and 0% in year four. The directors believe four years to be sufficient as almost all claims are finalised over this term. If there is negative IBNER this would not be allowable and would be maintained at nil.

1.9 Investments in associated entities

Investments in associates are initially recorded at cost and the carrying amount is increased or decreased to recognise the charity's share of the profits or losses, other comprehensive income and equity of the associate after acquisition.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1 ACCOUNTING POLICIES (CONTINUED)

1.10 Investments in securities

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the closing quoted market price.

All gains and losses are taken to the Statement of Financial Activities as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the year of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

1.11 Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

In the prior year a CRM system was purchased. However, during the year it was agreed that this system was not fit for purpose and consequently has been fully impaired and expensed.

1.12 Tangible 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

1.13 Cash and cash equivalents

Cash at bank and in hand includes deposits which can be withdrawn within 24 hours without penalty and short term deposits which have a maturity period of 3 months or less and are not subject to significant risk of changes in value.

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1 Accounting policies continued

1.14 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.

1.15 Financial instruments

The only financial instruments held by Advice UK are debtors, creditors, loans and investments. Investments are referred to in Note 1.10 above and, the remaining are categorised as 'basic' in accordance with Section 11 of FRS 102 and are initially recognised at transaction price. These are subsequently measured at transaction price less any impairment.

1.16 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.

1.17 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.

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

2 SIGNIFICANT JUDGEMENTS AND ESTIMATES

Critical judgements in applying the Group's policies:

In preparing these financial statements, the Trustees have made the following judgement and estimates:

Technical provisions

Provision is made for the estimated cost of settling all known claims at the balance sheet date. Judgement is applied as outlined in the accounting policy, in determining the appropriate level of provision because the actual outcome of the claim can be uncertain until the case is determined and an agreement to settle has been made.

Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the statement of financial position date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the company uses estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments.

Subsequent information and events may result in the ultimate liability being greater or less than the amount provided. The carrying amount for insurance contract liabilities in the statement of financial position is £83,514 (2017: £139,159).

3 INCOME FROM DONATIONS AND CHARITABLE ACTIVITIES

	Grants	Fees for services	Total Funds 2018	Total Funds 2017
	£	£	£	£
Member Services	-	1,926,582	1,926,582	1,494,040
Policies and campaigns	30,000	16,580	46,580	-
Projects on behalf of members	90,077	-	90,077	361,308
London regional activities	60,021	-	60,021	259,967
Corporate/other income (Foundation Fund)	199,192	1,034	200,226	-
	<u>379,290</u>	<u>1,944,196</u>	<u>2,323,486</u>	<u>2,115,315</u>

4 GRANT INCOME

	Total Funds 2018	Total Funds 2017
	£	£
London Councils	-	253,816
Lankelly Chase	66,855	66,410
Provident Financial	30,000	30,000
City Bridge Trust	50,000	-
Other grants	33,243	23,151
Other donations	199,192	-
	<u>379,290</u>	<u>373,377</u>

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

5 INVESTMENT INCOME	Total Funds 2018 £	Total Funds 2017 £
Bank interest receivable	<u>13,836</u>	<u>12,791</u>

6 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Staff Costs	13,240	-	13,240	19,406
	<u>13,240</u>	<u>-</u>	<u>13,240</u>	<u>19,406</u>

7 EXPENDITURE ON CHARITABLE ACTIVITIES

Year to 31 March 2018

	Project and activity staff costs £	Project and activity other costs £	Support costs £	Total Funds 2018 £
Members Services	334,527	1,292,573	201,839	1,828,939
Policy and Campaigns	62,008	2,306	37,938	102,252
Projects on behalf of members	17,258	41,192	10,559	69,009
London regional activities	38,034	461	23,270	61,765
	<u>451,827</u>	<u>1,336,532</u>	<u>273,606</u>	<u>2,061,965</u>

Year to 31 March 2017

	Project and activity staff costs £	Project and activity other costs £	Support costs £	Total Funds 2017 £
Members Services	297,648	914,544	179,010	1,391,202
Projects on behalf of members	228,795	11,537	75,060	315,392
London regional activities	153,927	103,124	50,499	307,550
	<u>680,370</u>	<u>1,029,205</u>	<u>304,569</u>	<u>2,014,144</u>

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

SUPPORT COSTS

Year to 31 March 2018	Staff costs	Premises	Governance cost	Other	Total Funds 2018
	£	£	£	£	£
Members Services	83,917	50,083	25,900	41,939	201,839
Policy and Campaigns	18,095	10,800	-	9,043	37,938
Projects on behalf of members	5,036	3,006	-	2,517	10,559
London regional activities	11,099	6,624	-	5,547	23,270
	<u>118,147</u>	<u>70,513</u>	<u>25,900</u>	<u>59,046</u>	<u>273,606</u>
Year to 31 March 2017					
	Staff costs	Premises	Governance	Other	Total Funds 2017
	£	£	£	£	£
Members Services	39,179	31,146	25,167	83,518	179,010
Projects on behalf of members	30,117	23,941	-	21,002	75,060
London regional activities	20,262	16,107	-	14,130	50,499
	<u>89,558</u>	<u>71,194</u>	<u>25,167</u>	<u>118,650</u>	<u>304,569</u>

8 NET INCOME/(EXPENDITURE) FOR THE YEAR

	2018	2017
This is stated after charging:		
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	13,355	26,211
Amortisation of intangible assets:		
- impairment charge	31,450	-
Auditor's remuneration		
- Audit fees	13,000	13,000
- Accountancy fees	2,000	2,000
- other services	1,000	1,000
- Subsidiary auditor's fees	4,000	4,750
Operating leases:		
- land and buildings	53,680	46,056

9 TAXATION

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.

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

10 STAFF COSTS

Staff costs were as follows

	2018	2017
	£	£
Wages and Salaries	500,549	605,685
Social security costs	45,559	58,684
Employer's contribution to defined contribution pension scheme	27,961	36,821
Other employee benefits	18,262	52,867
Termination payments	-	35,277
	<u>592,331</u>	<u>789,334</u>

The number of employees whose emoluments exceeded £60,000 during the year (including taxable benefits but excluding employers' pension contributions) were:

	2018	2017
£60,001 - £70,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

Pension costs paid for employees earning above £60,000 were £8,753 (2017: £8,496). These employees participated in a defined contribution scheme.

The average number of employees, during the year was as follows:

	<u>Group & Charity</u>	
	2018	2017
Projects and activities	11	14
Administration	<u>2</u>	<u>2</u>

Key management personnel

Advice UK considers the key management personnel of the organisation to comprise the Trustees, together with the Chief Executive and the head of Development and Policies. The aggregate remuneration including employer pension contributions of those personnel for services to the Charity and Group, in the year amounted to £172,811 (2017: £143,020). Of these amounts £nil (2017: £nil) related to the Trustees.

During the year, travelling and subsistence expenses totalling £4,176 (2017 - £1,225) were incurred by five (2017: three) trustees. Within this year's figures, £2,122 relates to recruitment costs.

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

11 INTANGIBLE ASSETS

GROUP AND CHARITY	Computer Software £	Total £
Cost		
At 1 April 2017	31,450	31,450
Additions	-	-
At 31 March 2018	<u>31,450</u>	<u>31,450</u>
Amortisation		
At 1 April 2017	-	-
Amount impaired in the year	(31,450)	(31,450)
At 31 March 2018	<u>(31,450)</u>	<u>(31,450)</u>
NBV at 31 March 2018	<u>-</u>	<u>-</u>
NBV at 31 March 2017	<u>31,450</u>	<u>31,450</u>

12 TANGIBLE ASSETS

GROUP AND CHARITY	Leasehold Buildings Improvements £	Computer Equipment £	Furniture & Equipment £	Total £
Cost				
At 1 April 2017	66,773	38,135	25,734	130,642
Additions	-	2,218	383	2,601
Disposals	-	(722)	-	(722)
At 31 March 2018	<u>66,773</u>	<u>39,631</u>	<u>26,117</u>	<u>132,521</u>
Depreciation				
At 1 April 2017	26,709	35,261	10,796	72,766
Charge for the year	13,355	3,475	5,056	21,886
Removed upon disposal	-	(722)	-	(722)
At 31 March 2018	<u>40,064</u>	<u>38,014</u>	<u>15,852</u>	<u>93,930</u>
NBV at 31 March 2018	<u>26,709</u>	<u>1,617</u>	<u>10,265</u>	<u>38,591</u>
NBV at 31 March 2017	<u>40,064</u>	<u>2,874</u>	<u>14,938</u>	<u>57,876</u>

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 FIXED ASSET INVESTMENTS

CHARITY

Cost

	Subsidiaries	Associates	Other	Listed Investment	Total
	£	£	£	£	£
At 1 April 2017	101,000	40	88	198,735	299,863
Rights issue in the year	-	-	4,096	-	4,096
Net gains/(losses)	-	-	-	6,886	6,886
At 31 March 2018	101,000	40	4,184	205,621	310,845

The Charity's subsidiaries are:

	Country of Incorporation	Activity	Proportion of Ordinary Shares Held and voting rights
Independent Advice Services Limited (Company number: 03583609)	UK	Investment holding and member services	100%
VCS Insurance Company Limited (Registered number: GG44303)	Guernsey	Insurance	100%

The Charity holds a 50% shareholding in the ordinary shares of Advanced Case Management Solutions Limited (Company number: SC392229), a software trading company registered in Scotland.

The Charity also holds 111 shares of £1 each in Change Accounts Limited (Company number: 08425566), a prepaid card trading company registered in United Kingdom. 23 shares were purchased via a rights issue in the year.

GROUP

Cost	Associates	Other	Listed Investment	Total
At 1 April 2017	61,486	88	198,735	260,309
Additions	-	4,096	-	4,096
Net gains/(losses)	-	-	6,886	6,886
Share of profit of associate				
- Operating profit	104,498	-	-	104,498
- Taxation	(20,248)	-	-	(20,248)
At 31 March 2018	145,736	4,184	205,621	355,541

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 FIXED ASSET INVESTMENTS (CONTINUED)

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

	2018 £	2017 £
Turnover	68,113	-
Cost of sales	<u>(2,187)</u>	<u>-</u>
Gross Profit	65,926	-
Administrative expenses	(72,465)	-
Operating Loss	<u>(6,539)</u>	<u>-</u>
Interest payable	(679)	-
Loss before taxation	<u>(7,218)</u>	<u>-</u>
Taxation	-	-
Loss after taxation	<u>(7,218)</u>	<u>-</u>

Balance Sheet – Assets, liabilities and funds

	2018 £	2017 £
Current assets	79,618	6,881
Creditors amounts falling due within one year	(19,954)	-
Creditors amounts falling due after one year	<u>(60,000)</u>	<u>-</u>
	<u>(336)</u>	<u>6,881</u>
Represented by		
Share capital and reserves	<u>(336)</u>	<u>6,881</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 FIXED ASSET INVESTMENTS (CONTINUED)

Advanced Case Management Solutions Limited

The aggregate of the share capital and reserves as at 31 March 2018 was £151,472 (2017: £122,972)

VCS Insurance Company Limited

Profit and loss account

	2018	2017
	£	£
Earned Premiums, Net of Insurance		
Gross premiums written	261,064	270,474
Movement on unearned premium	(6,464)	(10,914)
Outward reinsurance premiums	<u>(91,550)</u>	<u>(91,500)</u>
Net premiums written	<u>163,050</u>	<u>168,060</u>
Claims incurred and technical expenses	<u>(81,777)</u>	<u>(68,013)</u>
Technical account profit for the year	<u>81,273</u>	<u>100,047</u>
Interest income	4,047	4,179
Administration expenses	<u>(55,197)</u>	<u>(57,145)</u>
Profit on ordinary activities	<u>30,123</u>	<u>47,081</u>

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 FIXED ASSET INVESTMENTS (CONTINUED)

Balance Sheet – Assets, liabilities and funds

	2018 £	2017 £
Current assets	513,906	462,248
Creditors amounts falling due within one year	(59,975)	(36,070)
Technical reserves	(81,144)	(83,514)
Creditors amounts falling due after one year	(150,000)	(150,000)
	<u>222,787</u>	<u>192,664</u>
Represented by Share capital and reserves	<u>222,787</u>	<u>192,664</u>

Advice UK results excluding subsidiary companies

	2018 £	2017 £
Total income	2,188,407	1,977,318
Total expenditure	(1,924,197)	(1,925,266)
	<u>264,210</u>	<u>52,052</u>
Net gain/(loss) on investment	6,886	(5,709)
Net income/(expenditure)	271,096	46,343
Fund balances brought forward at 1 April 2017	<u>869,162</u>	<u>822,819</u>
Fund balances carried forward at 31 March 2018	<u><u>1,140,258</u></u>	<u><u>869,162</u></u>

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

14 DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	450,706	324,706	427,068	321,627
Other debtors	76,756	113,503	69,246	101,930
Prepayments and accrued income	82,171	52,631	82,171	39,195
Amounts owed by subsidiary undertakings	-	-	205,028	161,536
	<u>609,633</u>	<u>490,840</u>	<u>783,513</u>	<u>624,288</u>

Included within amounts owed by subsidiary undertakings is a £150,000 (2017: £150,000) unsecured loan due from VCS Insurance Company Limited. On 31 July 2014 Independent Advice Services Limited transferred their shares (See Note 13) and this loan to Advice UK. A new loan agreement dated the same date was entered into on the same terms. The loan is unsecured and bears interest at 1% over base rate, which is payable annually in arrears on or before the year end date of 31 March 2018. It is repayable only when all liabilities of the borrower have been extinguished or by written permission of the Guernsey Financial Services Commission ('GFSC') and in the trustees' view, the loan is unlikely to be repaid within one year.

15 CREDITORS

	<u>Group</u>		<u>Charity</u>	
	2018 £	2017 £	2018 £	2017 £
Trade creditors	157,405	21,809	157,405	21,809
Deferred income	342,273	351,878	342,273	351,878
Other creditors	39,737	48,689	5,269	28,100
Other tax and social security	34,149	43,380	34,149	43,380
Accruals	26,589	49,142	26,589	45,442
Amounts owed to subsidiary undertakings	-	-	103,000	109,316
	<u>600,153</u>	<u>514,898</u>	<u>668,685</u>	<u>599,925</u>

Included within other creditors is an amount of £420 in respect of pension contributions (2017: £10,143).

Included within amounts owed to subsidiary undertakings is a £100,000 unsecured loan from VCS Insurance Company Limited (2017: £100,000). The loan is repayable on demand and bears interest at 3% per annum payable in arrears and accrued on a daily basis.

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

16 DEFERRED INCOME

	2018	2017
	£	£
At 1 April 2017	351,878	306,733
Income deferred in the current year	342,273	351,878
Amounts released from previous years	<u>(351,878)</u>	<u>(306,733)</u>
At 31 March 2018	<u>342,273</u>	<u>351,878</u>

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

17 PROVISION FOR LIABILITIES

	2018	2017
	£	£
Technical reserves		
Outstanding claims reserve at 1 April 2017	9,000	65,877
Movement in prior years' claim provisions	(9,000)	(65,877)
Provisions for new claims	<u>43,000</u>	<u>9,000</u>
Outstanding claims reserve at 31 March 2018	43,000	9,000
IBNER reserve	<u>13,662</u>	<u>74,514</u>
	<u>56,662</u>	<u>83,514</u>

The group has a reinsurance policy to cover claims arising in any one year in excess of £125,000.

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

18 FINANCIAL RISK MANAGEMENT

The charity monitors and manages its financial risks relating to insurance contracts. The group's only assets held for insurance purpose consist of cash held in pound sterling by the subsidiary, therefore there is no currency or market price risk. The company considers the credit worthiness of the reinsurance underwriter before renewing its policy. The liquidity of the subsidiary is overseen by Guernsey regulators and capital or loan finance will be injected to meet specified requirements.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors or sub-sectors.

19 STATEMENT OF FUNDS - GROUP

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
RESTRICTED FUNDS					
Members Services	5,170	30,000	(36,061)	891	-
Projects on behalf of members	41,973	90,077	(88,330)	564	44,284
London activities	1,637	60,021	(64,497)	2,839	-
Total Restricted funds	48,780	180,098	(188,888)	4,294	44,284
UNRESTRICTED FUNDS					
General Fund	920,854	2,072,357	(1,789,259)	(24,991)	1,178,961
Designated funds					
Premises Fund	60,000	-	-	20,000	80,000
Foundation Fund	-	194,117	(97,058)	7,583	104,642
Total Unrestricted funds	980,854	2,266,474	(1,886,317)	2,592	1,363,603
TOTAL FUNDS	1,029,634	2,446,572	(2,075,205)	6,886	1,407,887

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

19 STATEMENT OF FUNDS - CHARITY

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
RESTRICTED FUNDS					
Members Services	5,170	30,000	(36,061)	891	-
Projects on behalf of members	41,973	90,077	(88,330)	564	44,284
London activities	1,637	60,021	(64,497)	2,839	-
Total Restricted funds	48,780	180,098	(188,888)	4,294	44,284
UNRESTRICTED FUNDS					
General Fund	760,382	1,814,192	(1,638,251)	(24,991)	911,332
Designated funds					
Premises Fund	60,000	-	-	20,000	80,000
Foundation Fund	-	194,117	(97,058)	7,583	104,642
Total Unrestricted funds	820,382	2,008,309	(1,735,309)	2,592	1,095,974
TOTAL FUNDS	869,162	2,188,407	(1,924,197)	6,886	1,140,258

STATEMENT OF FUNDS

Designated

The Premises Fund was set up to meet the possible cost of moving to other office premises in 2019/20.

The Foundation Fund is an amount that had been designated in the year to make future grants to members.

Restricted funds

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

Members' services

Grants of £30,000 were received in respect of our member services work including the following grants towards costs associated with the post of National Money Advice Co-ordinator. This post provides specialised support to those members that provide money advice, including engagement with government and the credit industry on their behalf:

Provident Financial £ 30,000

Projects on behalf of members

A grant of £66,855 was received from the LankellyChase Foundation and £23,222 from EHRC in 17/

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

19 STATEMENT OF FUNDS - GROUP

London activities

These 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. Grants received in the year for this purpose totalled £60,021 made up of:

City Bridge Trust	£	50,000
Trust for London	£	10,021

All transfers into restricted funds in the year represent amounts to prevent funds being in deficit at the year end.

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Fixed assets	394,132	-	394,132
Current assets	1,626,286	44,284	1,670,570
Current liabilities	(600,153)	-	(600,153)
Provision for liabilities	(56,662)	-	(56,662)
	<u>1,363,603</u>	<u>44,284</u>	<u>1,407,887</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS

Charity

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Fixed assets	349,436	-	349,436
Current assets	1,415,223	44,284	1,459,507
Current liabilities	(668,685)	-	(668,685)
	<u>1,095,974</u>	<u>44,284</u>	<u>1,140,258</u>

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

21 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	£
Net income/(expenditure) for the reporting period	378,253	81,872
Adjustments for:		
Depreciation charges	21,886	26,211
Amortisation charges	31,450	-
Loss/(Gain) on investments	(6,886)	5,709
Loss on disposal of fixed assets	-	294
Loss arising on purchase of own shares	-	61,620
Share of profits of associated undertaking	(88,346)	(49,587)
Interest from investments	(13,836)	(12,791)
(Increase) in debtors	(119,187)	(27,323)
(Decrease)/increase in creditors	142,312	(21,674)
Decrease in provision	(83,515)	(55,645)
	<u>262,131</u>	<u>8,686</u>
Net cash provided by operating activities	<u>262,131</u>	<u>8,686</u>

22 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	<u>1,060,937</u>	<u>787,571</u>
Total cash and cash equivalents	<u>1,060,937</u>	<u>787,571</u>

Advice UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

23 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 (2017: £Nil).

24 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2018 the total future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	54,580	52,336
Amounts due between 1 and 5 years	52,490	102,337
Total	<u>107,070</u>	<u>154,673</u>

25 RELATED PARTY TRANSACTIONS

The charity was charged £822,548 (2017 - £686,798) for the provision of AdvicePro software by Advanced Case Management Solutions. A balance of £139,881 (2017 - £383) was due as at 31 March 2018.

The charity received a management fee from Advanced Case Management Solutions, of £60,000 (2017 - £65,000) during the year. £60,000 (2017: £65,000) was outstanding as at 31 March 2018 and included within other debtors.

The charity made purchases of £1,569 in the year (2017: £nil) from Advice Services Alliance for the provision of services to Advice UK. This company has one director in common with Advice UK.

26 CONTINGENT LIABILITIES

There is an inherent uncertainty relating to the valuation of technical provisions, arising from claims made against members under the professional indemnity and trustees, officers and directors insurance policies. The Trustees consider that adequate provision has been made to meet any liability arising therefore the possibility of material additional unprovided claims is considered to be remote.

The charity participates in a multi-employer defined benefit scheme. It is not possible for the charity to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, therefore the scheme is treated as a defined contribution scheme and the contributions recognised as they are paid each year. The current estimate of the liability is £26,133 (2017: £27,680).