

ADVICE UK

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Charity Registration No. 299342

Company No. 02023982

CONTENTS

Reference and administrative details	1
Trustees' Report	2 - 9
Auditors' Report	10 - 12
Statement of Financial Activities	13
Balance Sheet	15
Cash Flow Statement	16
Notes to the Accounts	17 - 37

ADVICE UK

REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2019

Trustees

S Azimi
B Badesha
H Kendall
G Smith
N Wayne
A Wilton (resigned 24 January 2019)
P Whittle (appointed 1 August 2018)
W Palmer (appointed 1 August 2018)
A Bearn (appointed 1 August 2018)
J Kennedy (appointed 24 January 2019)

Chair

N Wayne

Chief Executive and Company Secretary

S Johnson

Company Number

2023982 (England & Wales)

Charity Number

0299342

Registered Office

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

Website

www.adviceuk.org.uk

Auditors

Scrutton Bland LLP
Fitzroy House
Crown Street
Ipswich
Suffolk
IP1 3LG

ADVICE UK

REPORT OF THE TRUSTEES

For the year ended 31 March 2019

The trustees are pleased to present their annual report together with the consolidated financial statements for the year ending 31 March 2019.

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". It operates under governing documents last revised 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 Advice UK. 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.

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.

ADVICE UK

REPORT OF THE TRUSTEES

For the year ended 31 March 2019

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 insufficiency of sustainable income (mainly due to declining 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 two guiding policies and five key objectives. The strategy was reviewed in November 2018 and deemed to be still relevant and appropriate. Annual plans in furtherance of the strategy are made for each financial year and these, in turn, influence 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 commenced in 2016, the maximum size of the Board is now 15, to comprise 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 and 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 to 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.

REPORT OF THE TRUSTEES
For the year ended 31 March 2019

Operations

The Chief Executive is responsible for the Charity's operations through a scheme of delegated authority. The scheme is reviewed annually. The Chief Executive is authorised to act within the delegations defined by the scheme. 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 the 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 2019 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. Since the expiry of some long-standing grant income in 2017, which resulted in several redundancies and a significant re-organisation, the Charity has made greater use of freelancers. Also there was a transfer of posts to the subsidiary company Independent Advice Services (IAS) Ltd upon its reactivation in 2017 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. Staff members 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 under-staffed 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.

REPORT OF THE TRUSTEES
For the year ended 31 March 2019

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

In 2018-19, in accordance with the declared strategy, the Charity continued to work through the very challenging process of transitioning from one financial model to another. This process is likely to continue for some years to come. Progress along the path of change was made during 2018-19 at the same time as maintaining 'business as usual'. One strand of change was focused on governance, where there was a further retirement from the Board during the year while four new trustees were appointed as part of the programme to arrive at a routine turnover of trustees. The programme is due to run through till 2021. Another strand of change was focused on movement towards greater pro-activity in the way that we offer and develop our services to members and others. Work on this has mainly been undertaken or co-ordinated by our re-activated trading company, IAS Ltd, which, in supplying marketing and sales services to the Charity, has continued to review and renew information and materials for our products and services and to make them known to a greater number of potential beneficiaries. A third main strand of activity was focused on transforming our data-handling and communications systems. Early in the year a procurement exercise was begun for the specifying and commissioning of a new, integrated customer relationship management (CRM); membership and 'storefront' system capable of transforming Members' interactions with us. With the history of such projects being strewn with failures (including our own), a primary concern was to try to assure against over-runs in costs and time through careful research and preparation. By December 2018 preferred product and implementation partners had been identified and by March 2019 the first phase of implementation had begun with the aim of having the membership core of the system operational by the autumn of 2019. Implementation of other features will then continue for a further twelve months. This initiative represents the biggest non-staffing investment ever in the history of the organisation. The costs, the majority of which will need to be met from reserves, will fall mainly in 2019-20. The effects of this initiative will hopefully be transformative for the whole organisation, changing ways that we work; changing what we are able to do for Members and other stakeholders and generally increasing our charitable impact. Alongside change activities, the Charity still managed to deliver on its service commitments and to achieve another operating surplus due to a combination of expenditure controls and higher than budgeted earned income. We can therefore say that, at the close of 2018-19, 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 2018-19 was at the end of December 2018 when total membership stood at 721 (December 2017: 714). 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). Some were new organisations 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 213 organisations (December 2017: 217). Distribution of members across the four home countries was England 582 (593), Wales 24 (21), Scotland 60 (50) and Northern Ireland 55 (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.

REPORT OF THE TRUSTEES
For the year ended 31 March 2019

Main activities and achievements

The Annual Plan for 2018-19 prioritised a range of activities consistent with the declared strategy.

As reported in the Summary above, implementation of the governance review change programme continued during the year. Such change inevitably consumes resources, drawing them away from other areas of activity and this, to a diminishing degree, will continue to be the case into 2021.

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.

Our Learning & Skills operation had a difficult year, encountering a significant down-turn in demand for training. We believe this to be cyclical having seen it before when members' budgets have been under renewed pressure as they were this year. The team provided 842 training course places in 2018-19 (2017-18 1,171). The number of new registrations for qualifications held up, however, at 395 (2017-18 409) with more than 500 active learners across the country being supported towards vocational qualifications.

The Insurances operation, including our brokering partnership with Access Insurance, enabled us to continue offering a full range of covers to meet members' diverse needs. Professional Indemnity insurance and Trustees, Directors & Officers' insurance continued to be sourced from our own insurance subsidiary, VCS Insurance Co. Ltd (Guernsey). VCS made a small loss during the year of £3,418, mainly due to 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, had another very successful year with an average of 4 new organisations adopting the system every month. Customer satisfaction returns are excellent. Nevertheless, re-investment in development and support of the product continues. A major enhancement programme was commenced during the year which will deliver the sixth iteration of the product, 'AdvicePro6', in the autumn of 2019. The system offers many advantages including better client data security, anytime-anywhere working and improved quality-control. More than 4 million cases are now held on the system with more than 50,000 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 profit before dividends of £232,663 (2018 £168,500).

Our self-financing project working with university law schools to place law students in advice centres continued during the year. Expertise and co-ordination was provided to three universities placing over 50 students in Advice UK member centres across London. There continues to be strong interest amongst members in hosting placements from law schools. However, some schools' budgets are under pressure and others have an interest in taking such schemes in-house so, despite high levels of satisfaction, there may be difficult times ahead for this project.

A new consultancy team was put in place at the beginning of 2017 tasked with developing a self-financing Consultancy Unit over two years. Although the team was successful in winning a number of contracts and also a larger than expected amount of grant funding, an internal assessment at 20 months concluded that there were not sufficient prospects of viability for it to continue in its current form. The current project will therefore be terminated during 2019.

The Charity's trading company, IAS Ltd, was more adversely affected, even than other parts of the organisation, by the failure of our previous attempt during 2016-18 to substantially upgrade our IT systems and provide the tools and channels for more effective marketing and communications. The IAS Managing Director therefore undertook to lead on a new project in 2018 to achieve the same ends. Despite this diversion of resources, the small IAS team worked with our various primary purpose teams and partners to increase take-up. In particular, campaigns were developed and executed around the recently broadened insurances offer and around the 10th anniversary year of AdvicePro. These efforts contributed to an overall increase in the Charity's gross earned income for the third successive year.

REPORT OF THE TRUSTEES
For the year ended 31 March 2019

Funded Projects supporting members

We continued to work on projects supported by grants from Lankelly Chase Foundation and City Bridge Trust to help advice agencies engage with funders and with setters of organisational standards.

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 £2,385,306, an increase of £8,734 compared with £2,376,572 in the previous year. However, the previous year figure included an exceptional item in the form of an unexpected donation of £194,117. The underlying result was therefore that planned income increased by £202,851. Total expenditure during the year was £2,206,370, an increase of £131,165 compared with £2,075,205 in the previous year. Overall, the group had a surplus of £187,743 for the year (2018: £308,253). At 31 March 2019 the group had unrestricted funds of £1,525,630 (2018: £1,293,603) and restricted funds of £NIL (2018: £44,284). 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 2019 was £2,241,929, an increase of £53,522 compared with £2,188,407 in the previous year. Total expenditure during the year was £2,095,821 an increase of £171,624 compared with £1,924,197 in the previous year. Expenditure on governing the Charity increased slightly to £28,369 (2018: £25,900) but remains below 1.5% of total expenditure. The Charity's total unrestricted income during the year was £2,177,868. Associated expenditure was £1,985,022. Total restricted income during the year was £64,061 (2018: £180,098). Associated expenditure was £110,799 funded by income during the year plus £44,284 brought forward from grants received in the previous year plus a transfer of £2,454 from unrestricted funds to cover the small short-fall. This left a nil balance on restricted funds at the end of the year.

The Charity's income sources

The Charity's income is highly diversified across more than twenty income streams and many hundreds of sources including members, other advice organisations, grant funders, donors and contractual customers. By far the majority of income now comes from unrestricted sources. Within the total income of £2,241,929 only £64,061 was restricted income in the form of grants for specified activities representing just 2.9% 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 now raises most 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, software and insurances) to the intended beneficiaries of the Charity in accordance with the objects of the Charity set out in the Articles

REPORT OF THE TRUSTEES
For the year ended 31 March 2019

Reserves Policy

The Board of Trustees has decided that it would be prudent to hold an amount equivalent to 6 months expenditure on staff and overheads immediately available as a reserve. This would amount to approximately £450,000. The Charity's free reserve, i.e. the unrestricted funds carried forward less the unrestricted fixed assets and investments at the close of the year, stood at £955,590 (2018: £746,538). Of this amount £204,642 is committed to designated funds (a premises fund and the Foundation Fund) leaving £750,948 genuinely available. The Board's prevailing policies have been that it should strive for at least balanced budgets in order to build reserves but that accumulating a prudent reserve should not preclude investment in capacity required to raise income or facilitate growth. With the prudent reserve target having been reached and exceeded, the Board will have more scope to consider such investments.

The reserves policy is reviewed annually and will next be reviewed in November 2019. 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, changing the governance model; reviewing and strengthening the Charity's existing primary-purpose trading activities and developing new enterprises to provide value to Members and others. Each Annual Plan in recent years has prioritised a coherent set of actions in these areas and, for the foreseeable future, annual plans are likely to contain similar priorities consistent with the strategy and the guiding policy.

Investments Policy

Historically, aside from seeking to retain a prudent amount in reserves, most of the charity's funds have been required for spending in the short term so there have been few funds available for long term investment. In recent years, however, a portion of the reserves has been placed 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 2019-20 will be appointed in accordance with section 495 of the Companies Act 2006 at a Board meeting to be held in November 2019.

ADVICE UK

REPORT OF THE TRUSTEES

For the year ended 31 March 2019

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 18th July 2019 and signed on its behalf by:


S Johnson
Secretary

Opinion

We have audited the financial statements of Advice UK (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprises the group Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, the group Consolidated Balance Sheet, the group Consolidated Statement of Cash Flows and the related notes. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2019 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 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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; 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' exemptions in preparing the trustees' report and from the requirement to prepare a Group strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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 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 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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

Scrutton Bland LLP

Sharon Gravener, Senior Statutory Auditor

For and on behalf of Scrutton Bland LLP, Statutory Auditor
Fitzroy House
Crown Street
Ipswich
Suffolk
IP1 3LG

19 July 2019

ADVICE UK

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

For the year ended 31 March 2019

	Note	Unrestricted Funds 2019	Restricted Funds 2019	Total Funds 2019	Restated Total Funds 2018
		£	£	£	£
INCOME FROM					
Donations	3	85,048	-	85,048	199,192
Charitable activities	3	2,181,197	64,061	2,245,258	2,124,294
Investments	5	8,669	-	8,669	13,836
Share of profits of associate		46,331	-	46,331	14,250
Other income		-	-	-	25,000
Total Income		2,321,245	64,061	2,385,306	2,376,572
EXPENDITURE ON:					
Raising Funds	6	16,527	-	16,527	13,240
Charitable activities	7	2,079,044	110,799	2,189,843	2,061,965
Total Expenditure		2,095,571	110,799	2,206,370	2,075,205
Net gains/(losses) on investments	13	8,807	-	8,807	6,886
Net income / (expenditure)		234,481	(46,738)	187,743	308,253
Transfer between funds	19	(2,454)	2,454	-	-
Net movement in funds	19	232,027	(44,284)	187,743	308,253
RECONCILIATION OF FUNDS					
Fund balances brought forward		1,293,603	44,284	1,337,887	1,029,634
Fund balances carried forward		1,525,630	-	1,525,630	1,337,887

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 2018

	Note	Restated Unrestricted Funds 2018 £	Restricted Funds 2018 £	Restated Total Funds 2018 £
INCOME FROM				
Donations	3	199,192	-	199,192
Charitable activities	3	1,944,196	180,098	2,124,294
Investments	5	13,836	-	13,836
Share of profits of associate		14,250	-	14,250
Other income		25,000	-	25,000
Total Income		2,196,474	180,098	2,376,572
EXPENDITURE ON:				
Raising Funds	6	13,240	-	13,240
Charitable activities	7	1,873,077	188,888	2,061,965
Total Expenditure		1,886,317	188,888	2,075,205
Net gains/(losses) on investments	13	6,886	-	6,886
Net income / (expenditure)	13	317,043	(8,790)	308,253
Transfer between funds	19	(4,294)	4,294	-
Net movement in funds	19	312,749	(4,496)	308,253
RECONCILIATION OF FUNDS				
Fund balances brought forward		980,854	48,780	1,029,634
Fund balances carried forward		1,293,603	44,284	1,337,887

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.

BALANCE SHEET

As at 31 March 2019

	Notes	Group 2019 £	Restated Group 2018 £	Charity 2019 £	Charity 2018 £
Fixed assets					
Intangible assets	11	-	-	-	-
Tangible assets	12	19,932	38,591	19,932	38,591
Investments	13	340,679	285,541	319,652	310,845
Total fixed assets		<u>360,611</u>	<u>324,132</u>	<u>339,584</u>	<u>349,436</u>
Current assets					
Debtors	14	502,485	609,633	754,397	783,513
Cash at bank and in hand		1,259,984	1,060,937	854,056	675,994
Total current assets		<u>1,762,469</u>	<u>1,670,570</u>	<u>1,608,453</u>	<u>1,459,507</u>
Liabilities:					
Creditors: amounts falling due within one year	15	(569,919)	(600,153)	(652,864)	(668,685)
Net current assets		<u>1,192,550</u>	<u>1,070,417</u>	<u>955,589</u>	<u>790,822</u>
Total assets less current liabilities		<u>1,553,161</u>	<u>1,394,549</u>	<u>1,295,173</u>	<u>1,140,258</u>
Provisions for liabilities	17	(27,531)	(56,662)	-	-
Total net assets		<u>1,525,630</u>	<u>1,337,887</u>	<u>1,295,173</u>	<u>1,140,258</u>
Funds					
Restricted funds	19	-	44,284	-	44,284
Unrestricted funds					
Designated funds	19	204,642	184,642	204,642	184,642
General funds	19	1,320,988	1,108,961	1,090,531	911,332
Total unrestricted funds	19	<u>1,525,630</u>	<u>1,293,603</u>	<u>1,295,173</u>	<u>1,095,974</u>
Total Charity Funds	20	<u>1,525,630</u>	<u>1,337,887</u>	<u>1,295,173</u>	<u>1,140,258</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 18/07/19 and signed on its behalf.



N.Wayne - Director

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

Under Companies Act 2006 s454, on a voluntary basis, the trustees can amend the financial statements if they subsequently prove to be defective.

ADVICE UK

STATEMENT OF CASHFLOW

For the year ended 31 March 2019

	Note	Total 2019 £	Total 2018 £
Cash flows from operating activities:			
Net cash provided by operating activities	21	191,321	266,227
Cash flows from investing activities			
Interest received		8,669	13,836
Purchase of property, plant and equipment		(943)	(2,601)
Purchase of shares		-	(4,096)
Change in cash and cash equivalents in the reporting period		199,047	273,366
Cash and cash equivalents at the beginning of the reporting period		1,060,937	787,571
Cash and cash equivalents at the end of the reporting	22	1,259,984	1,060,937

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 independent social welfare 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 Consolidation

The group accounts incorporate the financial statements of Advice UK and its wholly owned subsidiary, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Expenditure

Expenditure is 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

ACCOUNTING POLICIES (CONTINUED)

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.

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.

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%	Over the lease term on a 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

ACCOUNTING POLICIES (CONTINUED)

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.

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 £27,531 (2018: £56,662).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

3. INCOME FROM CHARITABLE ACTIVITIES

	Grants	Fees for services	Total Funds 2019	Total Funds 2018
	£	£	£	£
Member Services	33,000	2,161,998	2,194,998	1,926,582
Policies and campaigns	5,000	18,370	23,370	46,580
Projects on behalf of members	6,061	-	6,061	90,077
London regional activities	25,000	-	25,000	60,021
Corporate/other income (Foundation Fund)	80,048	829	80,877	200,226
	<u>149,109</u>	<u>2,181,197</u>	<u>2,330,306</u>	<u>2,323,486</u>

4. GRANT INCOME

	Total Funds 2019	Total Funds 2018
	£	£
Lankelly Chase	-	66,855
Provident Financial	30,000	30,000
City Bridge Trust	25,000	50,000
Allen & Overy	3,000	-
Other grants	6,061	33,243
Other donations	85,048	199,192
	<u>149,109</u>	<u>379,290</u>

5. INVESTMENT INCOME

	Total Funds 2019	Total Funds 2018
	£	£
Bank interest receivable	<u>8,669</u>	<u>13,836</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Staff Costs	16,527	-	16,527	13,240

7. EXPENDITURE ON CHARITABLE ACTIVITIES

Year to 31 March 2019	Project and activity staff costs £	Project and activity other costs £	Support costs £	Total Funds 2019 £
Members Services	389,318	1,382,360	229,438	2,001,116
Policy and Campaigns	74,886	1,862	34,599	111,347
Projects on behalf of members	7,892	33,304	11,171	52,367
London regional activities	15,708	102	9,203	25,013
	<u>487,804</u>	<u>1,417,628</u>	<u>284,411</u>	<u>2,189,843</u>
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>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

7. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

SUPPORT COSTS

Year to 31 March 2019	Staff costs	Premises	Governance costs	Other	Total Funds 2019
	£	£	£	£	£
Members Services	97,277	58,392	28,369	38,922	222,960
Policy and Campaigns	23,039	13,830	-	9,219	46,088
Projects on behalf of members	2,560	1,537	-	1,024	5,121
London regional activities	5,120	3,073	-	2,049	10,242
	<u>127,996</u>	<u>76,832</u>	<u>28,369</u>	<u>51,214</u>	<u>284,411</u>

Year to 31 March 2018	Staff costs	Premises	Governance costs	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>

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charity	19,602	13,355
Amortisation of intangible assets:		
-Impairment charge	-	31,450
Auditors' remuneration		
- Audit fees	12,875	13,000
- Accountancy fees	2,000	2,000
- other services	800	1,000
- Subsidiary auditor's fees	4,500	4,000
Operating leases:		
- land and buildings	<u>55,750</u>	<u>53,680</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

10. STAFF COSTS

Staff costs were as follows:

	Group and Charity	
	2019	2018
	£	£
Wages and salaries	534,735	500,549
Social security costs	49,593	45,559
Employer's contribution to defined contribution pension scheme	31,105	27,961
Other employee benefits	16,893	18,262
	<u>632,326</u>	<u>592,331</u>

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

	2019	2018
£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 £9,015 (2018: £8,753). These employees participated in a defined contribution scheme.

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

	Group & Charity	
	2019	2018
Projects and activities	12	11
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 Executive Director. The aggregate remuneration including employer pension contributions of those personnel for services to the Charity and Group, in the year amounted to £179,958 (2018: £172,811). Of these amounts £nil (2018: £nil) related to the Trustees.

During the year, travelling and subsistence expenses totalling £2,198 (2018 - £4,176) were incurred by all (2018: five) trustees.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

11. INTANGIBLE ASSETS**GROUP AND CHARITY**

	Computer Software	Total
	£	£
Cost		
At 1 April 2018	31,450	31,450
Disposals	(31,450)	(31,450)
At 31 March 2019	-	-
Amortisation		
At 1 April 2018	(31,450)	(31,450)
Disposals	31,450	31,450
At 31 March 2019	-	-
NBV at 31 March 2019	-	-
NBV at 31 March 2018	-	-

12. TANGIBLE ASSETS**GROUP AND CHARITY**

	Leasehold Buildings Improvements	Computer Equipment	Furniture & Equipment	Total
	£	£	£	£
Cost				
At 1 April 2018	66,773	39,631	26,117	132,521
Additions	-	943	-	943
Disposals	-	(550)	-	(550)
At 31 March 2019	66,773	40,024	26,117	132,914
Depreciation				
At 1 April 2018	40,064	38,014	15,852	93,930
Charge for the Year	13,354	1,192	5,056	19,602
Disposals	-	(550)	-	(550)
At 31 March 2019	53,418	38,656	20,908	112,982
NBV at 31 March 2019	13,355	1,368	5,209	19,932
NBV at 31 March 2018	26,709	1,617	10,265	38,591

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

13. FIXED ASSET INVESTMENTS**CHARITY**

Cost	Subsidiaries	Associates	Other	Listed Investment	Total
	£	£	£	£	£
At 1 April 2018	101,000	40	4,184	205,621	310,845
Net gains/(losses)	-	-	-	8,807	8,807
At 31 March 2019	101,000	40	4,184	214,428	319,652

The Charity's subsidiaries are:

	<u>Country of Incorporation</u>	<u>Activity</u>	<u>Proportion of Ordinary Shares Held and voting rights</u>
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. In 2018, 23 shares were purchased via a rights issue in the year.

GROUP

Cost	Associates	Other	Listed Investment	Total
	£	£	£	£
At 1 April 2018 - Restated	75,736	4,184	205,621	285,541
Revaluation gain	-	-	8,807	8,807
Share of profit of associate				
- Operating profit	137,091	-	-	137,091
- Taxation	(20,760)	-	-	(20,760)
- Dividend	(70,000)	-	-	(70,000)
At 31 March 2019	122,067	4,184	214,428	340,679

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

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**

	2019	Restated 2018
	£	£
Turnover	99,853	68,113
Cost of sales	<u>(86,449)</u>	<u>(58,636)</u>
Gross Profit	<u>13,404</u>	<u>9,477</u>
Administrative expenses	(22,038)	(16,016)
Operating Loss	<u>(8,634)</u>	<u>(6,539)</u>
Interest payable	(1,200)	(679)
Loss before taxation	<u>(9,834)</u>	<u>(7,218)</u>
Taxation	-	-
Loss after taxation	<u>(9,834)</u>	<u>(7,218)</u>

Balance Sheet – Assets, liabilities and funds

	2019	2018
	£	£
Current assets	69,523	79,618
Creditors amounts falling due within one year	(19,693)	(19,954)
Creditors amounts falling due after one year	(60,000)	(60,000)
	<u>(10,170)</u>	<u>(336)</u>
Represented by		
Share capital and reserves	<u>(10,170)</u>	<u>(336)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

13. FIXED ASSET INVESTMENTS (CONTINUED)

Advanced Case Management Solutions Limited

The aggregate of the share capital and reserves as at 31 March 2019 was £244,135 (2018: £151,472)

VCS Insurance Company Limited**Profit and loss account**

	2019	2018
	£	£
Earned Premiums, Net of Insurance		
Gross premiums written	210,092	261,064
Movement on unearned premium	(5,043)	(6,464)
Outward reinsurance premiums	(79,950)	(91,550)
Net premiums written	<u>125,099</u>	<u>163,050</u>
Claims incurred and technical expenses	<u>(71,336)</u>	<u>(81,777)</u>
Technical account profit for the year	<u>53,763</u>	<u>81,273</u>
Interest income	4,347	4,047
Administration expenses	(61,528)	(55,197)
Profit on ordinary activities	<u>(3,418)</u>	<u>30,123</u>

Balance Sheet – Assets, liabilities and funds

	2019	2018
	£	£
Current assets	491,139	513,906
Creditors amounts falling due within one year	(64,714)	(59,975)
Technical reserves	(57,056)	(81,144)
Creditors amounts falling due after one year	(150,000)	(150,000)
	<u>219,369</u>	<u>222,787</u>
Represented by		
Share capital and reserves	<u>219,369</u>	<u>222,787</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

13. FIXED ASSET INVESTMENTS (CONTINUED)

Advice UK results excluding subsidiary companies

	2019 £	2018 £
Total income	2,241,929	2,188,407
Total expenditure	(2,095,821)	(1,924,197)
	146,108	246,210
Net gain/(loss) on investment	8,807	6,886
Net income/(expenditure)	154,915	271,096
Fund balances brought forward at 1 April 2018	1,140,258	869,162
Fund balances carried forward at 31 March 2019	1,295,173	1,140,258

14. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	428,445	450,706	420,235	427,068
Other debtors	21,165	76,756	13,872	69,246
Prepayments and accrued income	52,875	82,171	52,875	82,171
Amounts owed by subsidiary undertakings	-	-	267,415	205,028
	<u>502,845</u>	<u>609,633</u>	<u>754,397</u>	<u>783,513</u>

Included within amounts owed by subsidiary undertakings is a £150,000 (2018: £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 2019. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

15. CREDITORS

	<u>Group</u>		<u>Charity</u>	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	197,463	157,405	195,625	157,405
Deferred income	262,736	342,273	262,736	342,273
Other creditors	62,568	39,737	15,957	5,269
Accruals	13,618	34,149	13,618	34,149
Other taxation and social security	33,534	26,589	25,697	26,589
Amounts owed to subsidiary undertakings	-	-	139,231	103,000
	<u>569,919</u>	<u>600,153</u>	<u>652,864</u>	<u>668,685</u>

Included within other creditors is an amount of £3,409 in respect of pension contributions (2018: £420).

Included within amounts owed to subsidiary undertakings is a £100,000 unsecured loan from VCS Insurance Company Limited (2018: £100,000). The loan is repayable on demand and bears interest at 3% per annum payable in arrears and accrued on a daily basis.

16. DEFERRED INCOME

	2019 £	2018 £
At 1 April 2018	342,273	351,878
Income deferred in the current year	262,736	342,273
Amounts released from previous years	<u>(342,273)</u>	<u>(351,878)</u>
At 31 March 2019	<u>262,736</u>	<u>342,273</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

17. PROVISION FOR LIABILITIES

	2019	2018
	£	£
Technical reserves		
Outstanding claims reserve at 1 April 2018	43,000	9,000
Movement in prior years' claim provisions	(43,000)	(9,000)
Provisions for new claims	16,992	43,000
Outstanding claims reserve at 31 March 2019	<u>16,992</u>	<u>43,000</u>
 IBNER reserve	 <u>10,539</u>	 <u>13,662</u>
	<u><u>27,531</u></u>	<u><u>56,662</u></u>

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

Insurance claims development triangle

	2014	2015	2016	2017	2018	2019	Cumulative
In year of claim (or brought forward)	69,572	62,437	43,596	47,344	48,905	28,160	300,014
One year later	(21,029)	(8,114)	(14,141)	(24,591)	(43,915)		(111,790)
Two years later	(15,514)	(26,030)	(23,945)	(2,798)			(68,287)
Three years later	(33,029)	(22,762)	(2,374)				(58,165)
 Current estimate of ultimate claims	 0	 5,531	 3,136	 19,955	 4,990	 28,160	 61,772
Cumulative payments	0	(5,531)	(3,136)	(17,036)	(334)	(8,204)	(34,241)
 In balance sheet	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>2,919</u>	 <u>4,656</u>	 <u>19,956</u>	 <u>27,531</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

19. STATEMENT OF FUNDS - GROUP

	Restated Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
RESTRICTED FUNDS					
Members Services	-	33,000	(33,421)	421	-
Projects on behalf of members	44,284	6,061	(52,365)	2,020	-
London activities	-	25,000	(25,013)	13	-
Total Restricted funds	44,284	64,061	(110,799)	2,454	-
UNRESTRICTED FUNDS					
General Fund	1,108,961	2,321,245	(2,095,571)	(13,647)	1,320,988
Designated funds					
Premises Fund	80,000	-	-	20,000	100,000
Foundation Fund	104,642	-	-	-	104,642
Total Unrestricted funds	1,293,603	2,321,245	(2,095,571)	6,353	1,595,630
TOTAL FUNDS	1,337,887	2,385,306	(2,206,370)	8,807	1,525,630

STATEMENT OF FUNDS - CHARITY

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
RESTRICTED FUNDS					
Members Services	-	33,000	(33,421)	421	-
Projects on behalf of members	44,284	6,061	(52,365)	2,020	-
London activities	-	25,000	(25,013)	13	-
Total Restricted funds	44,284	64,061	(110,799)	2,454	-
UNRESTRICTED FUNDS					
General Fund	911,332	2,177,868	(1,985,022)	(13,647)	1,090,531
Designated funds					
Premises fund	80,000	-	-	20,000	100,000
Foundation fund	104,642	-	-	-	104,642
Total Unrestricted funds	1,095,974	2,177,868	(1,985,022)	6,353	1,295,173
TOTAL FUNDS	1,140,258	2,241,929	(2,095,821)	8,807	1,295,173

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

19. STATEMENT OF FUNDS – (CONTINUED)

Designated funds

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 from Provident Financial 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:

Projects on behalf of members

A grant of £6,061 was received from EHRC in 2018/19.

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 £25,000 received from City Bridge Trust.

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 2019 £	Restricted Funds £	Total Funds 2019 £
Fixed assets	360,611	-	360,611
Current assets	1,762,469	-	1,762,469
Current liabilities	(569,919)	-	(569,919)
Provision for liabilities	(27,531)	-	(27,531)
	<u>1,525,630</u>	<u>-</u>	<u>1,525,630</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Charity

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Fixed assets	339,584	-	339,584
Current assets	1,608,453	-	1,608,453
Current liabilities	(652,864)	-	(652,864)
	<u>1,259,173</u>	<u>-</u>	<u>1,259,173</u>

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

	2019	Restated 2018 £
Net income/(expenditure) for the reporting period	187,743	308,253
Adjustments for:		
Depreciation charges	19,602	21,886
Amortisation charges	-	31,450
(Gain) on investments	(8,807)	(6,886)
Share of profits of associated undertaking	(46,331)	(14,250)
Interest from investments	(8,669)	(13,836)
(Increase) in debtors	107,148	(118,793)
(Decrease)/increase in creditors	(30,234)	85,255
Decrease in provision	(29,131)	(26,852)
Net cash provided by operating activities	<u>191,321</u>	<u>266,227</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	<u>1,259,984</u>	<u>1,060,937</u>
Total cash and cash equivalents	<u>1,259,984</u>	<u>1,060,937</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 (2018: £Nil).

24. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2019 the total future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	52,490	54,580
Amounts due between 1 and 5 years	-	52,490
Total	52,490	107,070

25. RELATED PARTY TRANSACTIONS

The charity was charged £991,416 (2018 - £822,548) for the provision of AdvicePro software by Advanced Case Management Solutions. A balance of £144,454 (2018 - £139,881) was due as at 31 March 2019.

The charity received a management fee from Advanced Case Management Solutions, of £61,200 (2018 - £60,000) during the year. £61,200 (2018: £60,000) was outstanding as at 31 March 2019 and included within trade debtors (2018: other debtors).

The charity received a gift aid donation from Advance Case Management Solutions of £80,000 during the year (2018 - £Nil).

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 £23,196 (2018: £26,133).

27. PRIOR YEAR ADJUSTMENT

The share of profit from an associate for the year ended 31 March 2018 did not account for a dividend paid in ACMS totalling £140,000 reducing the consolidated income to Advice UK by £70,000.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

27. PRIOR YEAR ADJUSTMENT - (CONTINUED)

The comparatives have been restated to recognise this dividend paid as at 1 April 2018 by reducing the group income by £70,000 and reducing the group investment in associate by £70,000.

The overall impact of this adjustment is a decrease in group unrestricted profit and loss reserves brought forward as at 1 April 2018 of £70,000.