

**ADVICE UK**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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**ADVICE UK**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**Charity Registration No. 299342**

**Company No. 2023982**

## **CONTENTS**

Reference and administrative details	1
Trustees' Report	2 - 10
Auditors' Report	11 - 12
Statement of Financial Activities	13
Balance Sheet	15
Cash Flow Statement	16
Notes to the Accounts	17 - 36

## ADVICE UK

### Reference and administrative details For the year ended 31 March 2016

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#### Trustees

S Azimi  
B Badesha  
K Burgess  
H Kendall  
J Silver  
G Smith  
N Wayne  
A Wilton

#### Chair

N Wayne

#### Chief Executive and Company Secretary

S Johnson

#### Company Number

2023982 (England & Wales)

#### Charity Number

299342

#### Registered Office

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

#### Website

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

#### Auditors

Moore Stephens LLP  
150 Aldersgate Street  
London  
EC1A 4AB

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2016**

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The trustees are pleased to present their annual report together with the consolidated financial statements for the year ending 31 March 2016.

#### **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 is governed by its Memorandum and Articles last updated in 2004.

##### **History**

The organisation was formed in 1979 as The Federation of Independent Advice Centres to act as a national co-ordinating body for community organisations providing free social welfare advice to members of the public. Originally constituted as an unincorporated association, it became a company limited by guarantee (as FIAC Ltd) in May 1986 and a registered charity in March 1988. The operating name of Advice UK was adopted in April 2003 and the company and charity name were 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. 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 was the majority shareholder at foundation but has had a minority shareholding since March 2014. “The Change Account Partnership” LLP is a partnership of five social purpose organisations set up in 2013 to develop a fair-banking transactional account to be of particular benefit to people who are relatively financially excluded. The LLP was the majority shareholder during the year in “Change Account Ltd” (CAL), a private company limited by shares also set up in 2013 for the purpose of creating and operating the transactional account. At the end of March 2016 the LLP’s shares in CAL were re-distributed with AdviceUK acquiring approximately 3% of the shares. This completed, the LLP decided to begin the process of winding up.

#### **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 the public purse.

## ADVICE UK

### Report of the Trustees For the year ended 31 March 2016

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#### Principal aims

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

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

The Charity's vision and mission are:

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

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

#### 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 strategy was published in 2014 emphasising a policy of raising more income from enterprise activities in order for the Charity to be financially sustainable 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 2016. 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 became separate from membership of the Charity itself.

##### Trustee Appointment, Induction and Terms of Office

Pending implementation of decisions arising from a governance review undertaken during the year, the maximum size of the Board remains at 20, comprising up to 12 trustees appointed from amongst Network Members and up to 8 independents chosen to achieve a balance of skills and perspectives on the Board. Most new Trustees will already be familiar with the Charity, with its activities and with charitable operations in general due to being drawn from Network Member agencies, most of which are charities. However, all new trustees are offered a personalised programme of induction to enable them to be fully conversant with the organisation. This normally covers the operation of the Board, obligations under charity and company law, the Memorandum and Articles, staff and the staffing structure, current finances, future plans, the way the Charity and its members operate and their operating environments. Trustees normally serve for terms of three years. They may submit themselves for re-appointment.

##### 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.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2016**

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#### **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 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 other senior managers. Total staffing at March 2016 was 19 (17 full time equivalents) comprising 17 employees and 2 secondees. Total staffing thus remained at approximately 50% of what it was at the time of the economic downturn in 2008. The Charity therefore has significantly less capacity now than it has had in the recent past with the result that employees are generally overstretched.

#### **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. This is done in consultation with staff and their representatives. Salary levels and the salary structure are also reviewed annually. Salaries were increased by 3% for 2015-16 following a similar rise in 2014-15 which had been the first rise for seven years.

#### **Employee Involvement**

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

#### **Health and Safety**

A staff health and safety group 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 approval of systems and actions for managing and mitigating them. A risk register is produced and updated at least annually. The Charity has always operated at significant risk of failing to achieve adequate income to meet its commitments and pursue its objectives. None of its income sources can be regarded as secure. The Charity has also always been under-staffed relative to the work that it wishes to do and so has sought to optimise external impact through 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 applicable.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2016**

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#### **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**

The Charity continued to reconfigure its operations during 2015-16 and took some important steps forward in line with its declared strategy. Financially, there was a significantly reduced surplus reflecting investment in business planning, in new service areas and in digital systems and facilities aimed at improving performance and communication with Members. The benefits of these investments, such as the development of on-line booking and purchase systems, will be felt in future years but in the meantime we continued to provide more support, e.g. in terms of more training and qualifications places, than in previous years by established means. We also developed some new working relationships, for example with universities on law student placement schemes and with foodbank providers. At the close of the year the Charity was again in a more positive position than in past years.

##### **Membership**

The number of Network Members throughout the UK stood at 780 on 31 March 2016 which was a decrease on the previous year (816 in 2015 and 790 in 2014). The membership year runs January to December so, based on previous patterns of new applications, the number of members is expected to rise above 800 during the remainder of 2016. The highest concentration of members continues to be in Greater London where there were 222 organisations (2015: 230). Distribution of members across the four home countries was England 665 (2015: 698), Wales 28 (2015: 27), Scotland 37 (2015: 30) and Northern Ireland 50 (2015: 61). During 2015-16 we continued to lose some members due to closures, mergers and non-renewals, the number of which was not quite matched by the number of new members joining. As in previous years, new members included start-ups both large (e.g. housing association advice units) and small (voluntary community and self-help projects) illustrating the vibrancy of the voluntary sector in responding to need and emergent gaps in provision. We continued to receive applications from new types of organisations thus justifying the decision to broaden eligibility for membership in 2014. The profile of members remained very diverse in terms of types of advice offered and communities served. Over half of members continue to work in the 50 poorest locations in the UK with the most vulnerable communities and excluded groups.

##### **Main activities and achievements**

The Annual Plan for 2015-16 prioritised a range of activities consistent with the declared strategy. Thus, a fundamental review of governance was conducted between May and November 2015 resulting in an action plan to be completed over the ensuing 16 months. In May, the planned acquisition of the UK AdviceFinder product, the definitive directory of all advice-providing organisations in the UK, took place and a year-long programme of investment and improvement was begun. From September a 10 month programme was begun for reviewing every activity and income stream and producing a subsidiary 5-year plan for each. Also at around this time the initial introduction of a new Customer Relationship Management (CRM) system was completed and developments for a second phase were commissioned. We also began a programme of reviewing and refreshing each of our websites. The commencement of these change programmes was achieved despite some movement in management personnel and some consequent re-structuring of operations and changes in staff roles. Alongside all of this change activity we continued to provide service 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 on the range of courses offered and on the number of training places taken up and the number of registrations for qualifications. The team provided 1,409 training course places in 2015-16 (2014-15 1,072). In addition, there were 307 new registrations for qualifications (2014-15 243) bringing to above 500 the number of active learners across the country being supported towards vocational qualifications.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2016**

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The Insurances operation saw further process improvements in collaboration with our charity insurance specialist partner Finance Re-Direct. Full integration of records into the latter's IT systems enabled automation of renewals and shared access to our membership records improved customer service. Our own insurance company, VCS Insurance Co. Ltd (Guernsey), celebrated its tenth anniversary in February 2015 as the provider of Professional Indemnity insurance and Trustees, Directors & Officers' insurance to our members and other advice agencies. VCS made a trading surplus of £24,931 for the year while surpluses from previous years retained within the company ensured healthy liquidity. Premiums were frozen again at renewal meaning the company has been able to reduce or freeze premiums in every year of operation so helping to reduce a significant element of Members' running costs.

Our software operation, providing the AdvicePro on-line electronic case management system for advice agencies, had another successful year with a further 41 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. Well over a million cases are now held on the system with more than 7,000 new ones being added each week. A significant data set is being accumulated so that the strategic goal of consistent data reporting across our membership is coming into view. Our associate company, ACMS Ltd, which develops and supports AdvicePro, celebrated 5 years of operation in February 2015. It had another successful year, reporting a year-end surplus of £139,776 (2015 £120,367), most of which will be re-invested in development and support of the product.

The Development & Consultancy Team continued to develop paid-for consultancy as a separate but important commercial activity at Advice UK. They secured a number of small consultancy contracts assisting advice agencies with the implementation of partnership projects, with evaluations, with introducing management procedures and with progressing towards achieving various standards and quality accreditations. Expertise and access to Advice UK members was provided to Middlesex University School of Law in a continuing piece of consultancy which placed over 30 students in Advice UK member centres across London. This activity has the potential to be rolled out in other areas and negotiations to that end were opened with a number of other law schools.

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

Among the projects funded by restricted income, the largest in monetary terms was that funded by London Councils. London local government has been the charity's most consistent funder, providing unbroken support ever since the former Greater London Council gave a grant in 1984. In 2015-16 we continued with the Stronger Organisations Benefiting Londoners (SOBeL) programme of work funded by London Councils to support advice agencies in Greater London, the overall purpose of which is to build stronger community organisations benefiting Londoners. Phase 1 of this programme, which is delivered in partnership with LASA and Law Centres Network with us leading, ran from 2013 to 2015. Phase 2 will be funded through to March 2017. In the three years so far we have supported over 700 advice agencies in London with a wide range of interventions such as helping groups submit funding applications of now well over £2,500,000. Also as part of this programme we run the London Advice Conference which has become a regular feature of the London advice sector calendar.

We received £18,750 in 2015-16 from City Bridge Trust which enabled us to continue working with the BAMER advice Network (BAN) in London to develop it into a robust partnership and legal entity and assist with funding bids.

Our National Money Advice Co-ordinator post which was historically funded through the Money Advice Trust is now funded through a mixture of direct grants and income-generating activity. In 2015-16 grants were received from Provident Financial and Aperture (formerly Grant Thornton) and other income was received from the Insolvency Service due to our role as a Competent Authority under the Debt Relief Orders scheme and from paid consultancy assisting organisations with Financial Conduct Authority (FCA) approvals. 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.



## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2016**

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#### **Financial Review**

##### **Financial result**

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

Total group income during the year was £2,014,798 an increase of £16,512 compared with £1,998,286 in the previous year. Total resources expended during the year were £1,990,904 an increase of £214,821 compared with £1,776,083 in the previous year. Overall, the group had net outgoing resources on unrestricted funds, a deficit, of £13,643 for the year (2015: a surplus of £222,303). Due to the accumulated surplus brought forward from previous years, the group still has an accumulated surplus on unrestricted funds of £947,762 (2015: £961,405). The Directors plan to continue applying surpluses to investment in staffing, equipment and product development in order to improve services to members.

There were no restricted funds carried forward at 31 March 2016 (2015: £81,668).

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

Total incoming resources for the Charity during the year to 31 March 2016 were £1,834,848 an increase of £27,988 compared with £1,806,860 in the previous year. Of this total £1,822,901 was operating income and the remaining £11,947 was investment income and bank interest. Total resources expended during the year were £1,861,796 an increase of £231,184 compared with £1,630,612 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 £1,518,282 and associated expenditure was £1,397,778. A transfer of £65,784 made from unrestricted funds to restricted funds to help cover the in year deficit and an impairment charge of £37,537 against investments resulted in a reduced surplus of £17,183 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 £1,834,848. Within this total, the amount of restricted income in the form of grants for specified activities was just £316,566 - a decrease of £132,070 compared with £448,636 in the previous year and now representing just 16% 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 and core funding bids developed by employees. No public or other appeals were made. The charity does not use the services of professional fund-raisers neither does it have fund-raisers on staff.

###### **Trading**

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

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

The Board of Trustees has decided that it would be prudent to hold the equivalent of 6 months expenditure on staff and overheads in reserve. This would amount to approximately £885,000. 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 £403,783 (2015: £664,874). 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.

## **ADVICE UK**

### **Report of the Trustees For the year ended 31 March 2016**

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The reserves policy is reviewed annually and will next be reviewed in November 2016. 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**

A new corporate strategy was adopted in 2014 after reviewing the much altered operating environment affecting the Charity and its Members and having reached a number of conclusions. The strategy recognises the 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 in pursuit of its Objects. Applying this policy will 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 2015-16 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 suitable medium-term investment was identified and an amount was deposited 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.

#### **Events since the end of the year**

On 27th June 2016 Advanced Case Management Solutions Ltd bought back 20% of its issued share capital from the holder of those shares for £160,000, based upon independent valuation, leaving Advice UK holding 50% of the remaining share capital.

#### **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 2016-17 will be appointed in accordance with section 495 of the Companies Act 2006 at an Annual General Meeting in November 2016.

## ADVICE UK

### Report of the Trustees For the year ended 31 March 2016

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

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

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

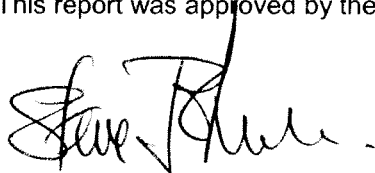
#### **Small Companies Regime**

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

21st July 2016

and signed on its behalf by:



**S Johnson**  
Secretary

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

We have audited the financial statements of Advice UK for the year ended 31 March 2016 which comprises of the Statement of Financial Activities, the Balance Sheet, the 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".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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

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

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

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- 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 Directors' Annual Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



**Thomas Ward, Senior Statutory Auditor**

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

13 September 2016

**ADVICE UK**

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

**For the year ended 31 March 2016**

	<b>Note</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2016</b>	<b>Total Funds 2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>INCOME FROM</b>					
Donations		1,050	-	1,050	
Charitable activities	<b>3</b>	1,657,930	316,566	1,974,496	1,982,759
Investments	<b>5</b>	13,342	-	13,342	3,380
Share of profits of associate		25,910	-	25,910	12,147
<b>Total</b>		<b>1,698,232</b>	<b>316,566</b>	<b>2,014,798</b>	<b>1,998,286</b>
<b>EXPENDITURE ON:</b>					
Raising Funds	<b>6</b>	21,010	-	21,010	23,270
Charitable activities	<b>7</b>	1,505,876	464,018	1,969,894	1,752,813
<b>Total</b>		<b>1,526,886</b>	<b>464,018</b>	<b>1,990,904</b>	<b>1,776,083</b>
<b>Net loss on investments</b>	<b>13</b>	<b>(37,537)</b>	<b>-</b>	<b>(37,537)</b>	<b>-</b>
<b>Net income</b>		<b>133,809</b>	<b>(147,452)</b>	<b>(13,643)</b>	<b>222,203</b>
<b>Transfer between funds</b>	<b>19</b>	<b>(65,784)</b>	<b>65,784</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>	<b>19</b>	<b>68,025</b>	<b>(81,668)</b>	<b>(13,643)</b>	<b>222,203</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Fund balances brought forward</b>		<b>879,737</b>	<b>81,668</b>	<b>961,405</b>	<b>739,202</b>
<b>Fund balances carried forward</b>		<b>947,762</b>	<b>-</b>	<b>947,762</b>	<b>961,405</b>

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 36 form part of these accounts.

**ADVICE UK**

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

**For the year ended 31 March 2015**

	<b>Note</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>
<b>INCOME FROM</b>				
Charitable activities	<b>3</b>	1,534,123	448,636	1,982,759
Investments	<b>5</b>	3,380	-	3,380
Share of profits of associate		12,147	-	12,147
<b>Total</b>		<b>1,549,650</b>	<b>448,636</b>	<b>1,998,286</b>
<b>EXPENDITURE ON:</b>				
Raising Funds	<b>6</b>	23,270	-	23,270
Charitable activities	<b>7</b>	1,244,191	508,622	1,752,813
<b>Total</b>		<b>1,267,461</b>	<b>508,622</b>	<b>1,776,083</b>
<b>Net income</b>		<b>282,189</b>	<b>(59,986)</b>	<b>222,203</b>
<b>Transfer between funds</b>		<b>(47,353)</b>	<b>47,353</b>	<b>-</b>
<b>Net movement in funds</b>		<b>234,836</b>	<b>(12,633)</b>	<b>222,203</b>
<b>RECONCILIATION OF FUNDS</b>				
Fund balances brought forward		644,901	94,301	739,202
Fund balances carried forward	<b>19</b>	879,737	81,668	961,405

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 36 form part of these accounts.

## BALANCE SHEET

As at 31 March 2016

	Notes	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
<b>Fixed assets</b>					
Intangible assets	11	29,500	-	29,500	-
Tangible assets	12	83,964	29,722	83,964	29,722
Investments	13	278,051	57,609	305,572	111,040
<b>Total fixed assets</b>		<b>391,515</b>	<b>87,331</b>	<b>419,036</b>	<b>140,762</b>
<b>Current assets</b>					
Debtors	14	463,517	461,465	617,698	612,329
Cash at bank and in hand		768,461	1,085,952	412,723	744,302
<b>Total current assets</b>		<b>1,231,978</b>	<b>1,547,417</b>	<b>1,030,421</b>	<b>1,356,631</b>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	15	(536,572)	(507,486)	(626,638)	(610,089)
<b>Net current assets</b>		<b>695,406</b>	<b>1,039,931</b>	<b>403,783</b>	<b>746,542</b>
<b>Total assets less current liabilities</b>		<b>1,086,921</b>	<b>1,127,262</b>	<b>822,819</b>	<b>887,304</b>
Provisions for liabilities	17	(139,159)	(165,857)	-	-
<b>Total net assets</b>		<b>947,762</b>	<b>961,405</b>	<b>822,819</b>	<b>887,304</b>
<b>Funds</b>					
<b>Restricted funds</b>	19	-	81,668	-	81,668
<b>Unrestricted funds</b>					
Designated funds	19	40,000	150,000	40,000	150,000
General funds	19	907,762	729,737	782,819	655,636
Total unrestricted funds	19	947,762	879,737	822,819	805,636
Total Charity Funds	20	947,762	961,405	822,819	887,304

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 2/9/16 and signed on its behalf.

N Wayne

N.Wayne - Director

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



**ADVICE UK****STATEMENT OF CASHFLOW****For the year ended 31 March 2016**

	<b>Note</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	21	11,680	113,265
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		13,342	3,380
Purchase of property, plant and equipment		(80,944)	(30,555)
Purchase of intangible		(29,500)	-
Purchase of investments		(232,069)	-
<b>Change in cash and cash equivalents in the reporting period</b>		(317,491)	86,090
<b>Cash and cash equivalents at the beginning of the reporting period</b>		1,085,952	999,862
<b>Cash and cash equivalents at the end of the reporting</b>	22	768,461	1,085,952

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 2016**

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#### **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') and with the Companies Act 2006.

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 Transition to FRS 102 and FRS 103**

This is the first year in which the financial statements have been prepared under SORP 2015 (FRS 102) and FRS 103. Before 2015 the financial statements were prepared in accordance with UK GAAP and SORP (2005) applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, and referred to below as 'previous UK GAAP'. The Group's date of transition is 1 April 2014.

There has been no material impact on the financial statements resulting from the transition from the previous financial reporting framework. The transition to FRS 102 and FRS 103 has not resulted in changes to the entity's accounting policies compared to those used when applying previous UK GAAP. The Group's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

Opportunity has been taken to provide more relevant narrative information in the accounting policies and notes to support the financial statements. These clarifications have not resulted in changes in accounting estimates or changes to any prior year numbers.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.4 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.

**1.5 Consolidation**

The group accounts incorporate the financial statements of Advice UK and its subsidiary, VCS Insurance Company Limited on a line-by-line basis using the standard Group accounting policies. The subsidiary company has 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.

**1.6 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.

**1.7 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 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.8 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.
- 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.

**1.9 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 2016**

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**ACCOUNTING POLICIES (CONTINUED)**

**1.10 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.

**1.11 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.

**1.12 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.

During the year a CRM system was purchased and is currently being developed therefore no amortisation has been charged.

**1.13 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

**1.14 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.

**1.15 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.

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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#### ACCOUNTING POLICIES (CONTINUED)

##### 1.16 Financial instruments

The only financial instruments held by Advice UK are debtors, creditors, loans and investments. Investments are referred to in Note 1.11 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.

##### 1.17 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.

##### 1.18 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 £139,159 (2015: £165,857).

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Grants</b>	<b>Fees for</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>services</b>	<b>Funds</b>	<b>Funds</b>
		<b>£</b>	<b>2016</b>	<b>2015</b>
			<b>£</b>	<b>£</b>
Member Services	40,000	1,325,159	1,365,159	1,288,265
Projects on behalf of members	-	332,771	332,771	374,358
London regional activities	276,566	-	276,566	320,136
	<u>316,566</u>	<u>1,657,930</u>	<u>1,974,496</u>	<u>1,982,759</u>

**4. GRANT INCOME**

	<b>Total</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
London Councils	253,816	253,816
Lankelly Chase	-	66,000
Provident Financial	30,000	30,000
City Bridge Trust	18,750	56,250
Other grants	14,000	42,570
	<u>316,566</u>	<u>448,636</u>

The grant from London Councils was in respect of the 'Stronger Organisations – Benefiting London(ers)' project to deliver support to London's voluntary and community organisations. The grant was fully expended in the year for its intended purposes and there were no unfulfilled conditions at the year end.

**ADVICE UK**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2016

**5. INVESTMENT INCOME**

	<b>Total Funds 2016 £</b>	<b>Total Funds 2015 £</b>
Bank interest receivable	<u>13,342</u>	<u>3,380</u>

**6. EXPENDITURE ON RAISING FUNDS**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2016 £</b>	<b>Total Funds 2015 £</b>
Staff Costs	19,249	-	19,249	21,399
Bank charges	1,761	-	1,761	1,871
	<u>21,010</u>	<u>-</u>	<u>21,010</u>	<u>23,270</u>

**7. EXPENDITURE ON CHARITABLE ACTIVITIES**

	<b>Project and activity staff costs £</b>	<b>Project and activity other costs £</b>	<b>Support costs £</b>	<b>Total Funds 2016 £</b>	<b>Total Funds 2015 £</b>
Members Services	276,865	871,254	173,823	1,321,942	1,131,121
Projects on behalf of members	191,119	37,921	50,191	279,231	266,429
London regional activities	169,350	101,504	97,867	368,721	355,263
	<u>637,334</u>	<u>1,010,679</u>	<u>321,881</u>	<u>1,969,894</u>	<u>1,752,813</u>

**SUPPORT COSTS**

	<b>Staff costs £</b>	<b>Premises £</b>	<b>Governance cost £</b>	<b>Other £</b>	<b>Total Funds 2016 £</b>	<b>Total Funds 2015 £</b>
Members Services	51,794	28,287	26,285	67,457	173,823	156,907
Projects on behalf of members	21,752	11,880	-	16,559	50,191	74,485
London regional activities	42,414	23,165	-	32,288	97,867	79,264
	<u>115,960</u>	<u>63,332</u>	<u>26,285</u>	<u>116,304</u>	<u>321,881</u>	<u>310,656</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

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**8. NET INCOME/(EXPENDITURE) FOR THE YEAR**

This is stated after charging:	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	26,702	7,123
Auditors' remuneration		
- Audit fees	13,000	13,000
- Accountancy fees	2,000	2,044
- other services	1,000	1,000
- Subsidiary auditor's fees	4,000	3,200
Operating leases:		
- land and buildings	<u>43,262</u>	<u>-</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 2016**
**10. STAFF COSTS**

Staff costs were as follows:

	<u>Group</u>		<u>Charity</u>	
	2016	2015	2016	2015
	£	£	£	£
Wages and salaries	631,738	513,434	631,738	513,434
Social security costs	63,361	52,683	63,361	52,683
Employer's contribution to defined contribution pension scheme	45,165	41,425	45,165	41,425
Other employee benefits	27,279	26,130	27,279	26,130
Termination payments	5,000	-	5,000	-
	<u>772,543</u>	<u>633,672</u>	<u>772,543</u>	<u>633,672</u>

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

	2016	2015
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
	<u>1</u>	<u>-</u>

Pension costs paid for employees earning above £60,000 were £8,496 (2015: £3,754). These employees participated in a defined contribution scheme.

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

	<u>Group &amp; Charity</u>	
	2016	2015
Projects and activities	16	12
Administration	2	2
	<u>18</u>	<u>14</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 £141,604 (2015: £159,430). In addition, employer's national insurance contributions were £17,302 (2015: £16,914). Of these amounts £nil (2015: £nil) related to the Trustees.

During the year, travelling and subsistence expenses totalling £271 (2015 - £776) were incurred by three (2015: five) trustees.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2016

**11. INTANGIBLE ASSETS****GROUP AND CHARITY**

	<b>Computer Software £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 April 2015	-	-
Additions	29,500	29,500
At 31 March 2016	29,500	29,500
<b>Amortisation</b>		
At 1 April 2015	-	-
Charge for the Year	-	-
At 31 March 2016	-	-
<b>NBV at 31 March 2016</b>	29,500	29,500
NBV at 31 March 2015	-	-

**12. TANGIBLE ASSETS****GROUP AND CHARITY**

	<b>Leasehold Buildings Improvements £</b>	<b>Computer Equipment £</b>	<b>Furniture &amp; Equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2015	8,482	53,507	49,771	111,760
Additions	58,291	8,224	14,429	80,944
At 31 March 2016	66,773	61,731	64,200	192,704
<b>Depreciation</b>				
At 1 April 2015	-	42,736	39,302	82,038
Charge for the Year	13,355	8,367	4,980	26,702
At 31 March 2016	13,355	51,103	44,282	108,740
<b>NBV at 31 March 2016</b>	53,418	10,628	19,918	83,964
NBV at 31 March 2015	8,482	10,771	10,469	29,722

# ADVICE UK

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2016

### 13. FIXED ASSET INVESTMENTS

#### CHARITY

##### Cost

	Subsidiaries	Associates	Other	Listed Investment	Total
	£	£	£	£	£
At 1 April 2015	101,000	40	10,000	-	111,040
Additions	-	-	32,069	200,000	232,069
Revaluation gains	-	-	-	4,444	4,444
Impairment	-	-	(41,981)	-	(41,981)
At 31 March 2016	101,000	40	88	204,444	305,572

#### The Charity's subsidiaries are:

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

\* On 31 July 2014 Independent Advice Services Limited transferred their 100% interest of the issued share capital in VCS Insurance Company Limited and the shareholder's loan to Advice UK.

The Charity holds a 40% shareholding in the ordinary shares of Advanced Case Management Solutions Limited, a software trading company registered in Scotland.

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

The Charity also holds 88 shares of £1 each in Change Accounts Limited, a prepaid card trading company registered in United Kingdom.

**ADVICE UK****NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2016**13. FIXED ASSET INVESTMENTS (CONTINUED)****GROUP****Cost**

	<b>Associates</b>	<b>Other</b>	<b>Listed</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>Investment</b>	<b>£</b>
			<b>£</b>	
At 1 April 2015	47,609	10,000	-	57,609
Additions	-	32,069	200,000	232,069
Revaluation gains	-	-	4,444	4,444
Impairment	-	(41,981)	-	(41,981)
Share of profit of associate				
- Operating profit	39,777	-	-	39,777
- Taxation	(13,867)	-	-	(13,867)
<b>At 31 March 2016</b>	<b>73,519</b>	<b>88</b>	<b>204,444</b>	<b>278,051</b>

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**

Independent Advice Services Limited was dormant during the year.

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current assets	<u>6,881</u>	<u>6,881</u>
Represented by		
Share capital and reserves	<u>6,881</u>	<u>6,881</u>

**Advanced Case Management Solutions Limited**

The aggregate of the share capital and reserves as at 31 March 2016 was £183,798 (2015: £119,022) and the profit for the year ended on that date is £139,776 (2015: £120,367).

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**
13. **FIXED ASSET INVESTMENTS (CONTINUED)****VCS Insurance Company Limited****Profit and loss account**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Earned Premiums, Net of Insurance</b>		
Gross premiums written	260,293	296,603
Movement on unearned premium	(2,318)	(4,786)
Outward reinsurance premiums	<u>(95,825)</u>	<u>(101,550)</u>
<b>Net premiums written</b>	<u>162,150</u>	<u>190,267</u>
<b>Claims incurred</b>	<u>(81,932)</u>	<u>(105,211)</u>
<b>Technical account profit for the year</b>	<u>80,218</u>	<u>85,056</u>
Interest income	4,393	2,503
Administration expenses	<u>(59,680)</u>	<u>(53,753)</u>
<b>Profit on ordinary activities</b>	<u>24,931</u>	<u>33,806</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current assets	462,286	455,476
Creditors amounts falling due within one year	(27,544)	(18,967)
Technical reserves	(139,159)	(165,857)
Creditors amounts falling due after one year	<u>(150,000)</u>	<u>(150,000)</u>
	<u>145,583</u>	<u>120,652</u>
 Represented by		
Share capital and reserves	<u>145,583</u>	<u>120,652</u>

# ADVICE UK

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2016

### 13. FIXED ASSET INVESTMENTS (CONTINUED)

#### Advice UK results excluding subsidiary companies

	2016 £	2015 £
Total income	1,834,848	1,806,860
Total expenditure	<u>(1,861,796)</u>	<u>(1,630,612)</u>
<b>Net loss on investment</b>	(37,537)	-
<b>Net (expenditure)/income</b>	(64,485)	176,248
Fund balances brought forward at 1 April 2015	<u>887,304</u>	<u>711,056</u>
<b>Fund balances carried forward at 31 March 2016</b>	<b><u>822,819</u></b>	<b><u>887,304</u></b>

### 14. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2016 £	2015 £	2016 £	2015 £
Due within one year				
Trade debtors	400,916	304,982	400,798	304,982
Other debtors	31,915	101,675	28,915	101,533
Prepayments and accrued income	30,686	54,808	26,691	50,892
Amounts owed by subsidiary undertakings	-	-	161,294	154,922
	<u>463,517</u>	<u>461,465</u>	<u>617,698</u>	<u>612,329</u>

Included within amounts owed by subsidiary undertakings is a £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. 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.

**ADVICE UK****NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016****15. CREDITORS**

	<u>Group</u>		<u>Charity</u>	
	2016	2015	2016	2015
	£	£	£	£
Due within one year				
Trade creditors	129,181	152,443	129,181	152,443
Social security and other taxes	-	28,740	-	28,740
Deferred income	306,733	218,313	306,733	218,313
Other creditors	68,313	64,839	58,480	66,410
Accruals	32,345	43,151	25,928	37,234
Amounts owed to subsidiary undertakings	-	-	106,316	106,949
	<u>536,572</u>	<u>507,486</u>	<u>626,638</u>	<u>610,089</u>

Included within other creditors is an amount of £5,397 in respect of pension contributions (2015: £2,358).

Included within amounts owed to subsidiary undertakings is a £100,000 unsecured loan from VCS Insurance Company Limited. 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**

	2016	2015
	£	£
At 1 April 2015	218,313	307,671
Income deferred in the current year	306,733	218,313
Amounts released from previous years	<u>(218,313)</u>	<u>(307,671)</u>
At 31 March 2016	<u>306,733</u>	<u>218,313</u>

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



## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2016

#### 17. PROVISION FOR LIABILITIES

	2016 £	2015 £
<b>Technical reserves</b>		
Outstanding claims reserve at 1 April 2015	88,500	130,500
Movement in prior years' claim provisions	(27,000)	(70,000)
Provisions for new claims	4,377	28,000
Outstanding claims reserve at 31 March 2016	<u>65,877</u>	<u>88,500</u>
 IBNER reserve	 <u>73,282</u>	 <u>77,357</u>
	<u>139,159</u>	<u>165,857</u>

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

#### Insurance claims development triangle

	pre- 2012	2012	2013	2014	2015	2016	Cumulative
In year of claim (or brought forward)	113,574	117,863	71,760	69,572	62,437	43,596	478,802
One year later	(36,974)	(16,481)	(10,733)	(21,029)	(8,114)		(93,331)
Two years later	(12,000)	15,493	(1,764)	(15,514)			(13,785)
Three years later	(29,500)	(19,887)	(43,530)				(92,917)
Four years later							-
Five years later							-
Current estimate of ultimate claims	35,100	96,988	15,733	33,029	54,323	43,596	278,769
Cumulative payments	(32,100)	(94,988)	(8,233)	0	(1,153)	(3,136)	(139,610)
In balance sheet	<u>3,000</u>	<u>2,000</u>	<u>7,500</u>	<u>33,029</u>	<u>53,170</u>	<u>40,460</u>	<u>139,159</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.

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2016

#### 19. STATEMENT OF FUNDS

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
<b>RESTRICTED FUNDS</b>					
Members Services	-	40,000	(48,140)	8,140	-
Projects on behalf of members	69,717	-	(70,587)	870	-
London activities	11,951	276,566	(345,291)	56,774	-
<b>Total Restricted funds</b>	<b>81,668</b>	<b>316,566</b>	<b>(464,018)</b>	<b>65,784</b>	<b>-</b>
<b>UNRESTRICTED FUNDS</b>					
General Fund	729,737	1,698,232	(1,526,886)	6,679	907,762
<b>Designated funds</b>					
Premises fund	150,000	-	-	(110,000)	40,000
<b>Total Unrestricted funds</b>	<b>879,737</b>	<b>1,698,232</b>	<b>(1,526,886)</b>	<b>(103,321)</b>	<b>947,762</b>
<b>TOTAL FUNDS</b>	<b>961,405</b>	<b>2,014,798</b>	<b>(1,990,904)</b>	<b>(37,537)</b>	<b>947,762</b>

#### Designated funds

The premises fund was set up to meet the costs of moving to other office premises in 2019/20.

#### 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 £40,000 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
Aperture	£10,000

##### Projects on behalf of members

No grants were received from the LankellyChase Foundation in 15/16. However £69,717 was brought forward from 14/15 to help support members in their work.

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2016

#### STATEMENT OF FUNDS (CONTINUED)

##### 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 £276,566 made up of:

London Councils	£253,816
City Bridge Trust	£18,750
Trust for London	£4,000

We undertook the London Councils SoBEL project as it provides important support to our members but in the knowledge that the grant would not cover the costs of its activities. The project deficit of £56,687 in this financial year has been offset against unrestricted funds.

#### 20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

##### **Group**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2016 £</b>
Fixed assets	391,515	-	391,515
Current assets	1,231,978	-	1,231,978
Current liabilities	(536,572)	-	(536,572)
Provision for liabilities	(139,159)	-	(139,159)
	<u>947,762</u>	<u>-</u>	<u>947,762</u>

##### **Charity**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2016 £</b>
Fixed assets	419,036	-	419,036
Current assets	1,030,421	-	1,030,421
Current liabilities	(626,638)	-	(626,638)
	<u>822,819</u>	<u>-</u>	<u>822,819</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2016

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Net income/(expenditure) for the reporting period</b>	(13,643)	222,203
<b>Adjustments for:</b>		
Depreciation charges	26,702	7,123
Loss on investments	37,537	-
Share of profits of associated undertaking	(25,910)	(12,147)
Interest from investments	(13,342)	(3,380)
Increase in debtors	(2,052)	(59,887)
Increase/(decrease) in creditors	29,086	(12,924)
(decrease) in provision	(26,698)	(27,723)
<b>Net cash provided by operating activities</b>	<b>11,680</b>	<b>113,265</b>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash in hand	768,461	1,085,952
<b>Total cash and cash equivalents</b>	<b>768,461</b>	<b>1,085,952</b>

**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 (2015: £Nil).

**24. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2016 the total future minimum lease payments under non-cancellable operating leases was:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	51,249	-

**25. RELATED PARTY TRANSACTIONS**

The charity was charged £592,376 (2015 - £531,767) for the provision of AdvicePro software by Advanced Case Management Solutions. A balance of £97,013 (2015 - £68,108) was due as at 31 March 2016.

The charity received a management fee from Advanced Case Management Solutions, of £50,000 (2015 - £66,000) during the year. £10,891 (2015: £18,000) was outstanding as at 31 March 2016 and included within other debtors.

**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 £23,505 (2015: £34,006).

**27. SUBSEQUENT EVENTS**

On 27th June 2016 Advanced Case Management Solutions Ltd bought back 20% of its issued share capital from the holder of those shares for £160,000, based upon independent valuation, leaving Advice UK holding 50% of the remaining share capital.

