

**ADVICE UK**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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**ADVICE UK**

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FOR THE YEAR ENDED 31 MARCH 2017**

**Charity Registration No. 299342**

**Company No. 2023982**

## **ADVICE UK**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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## ADVICE UK

### Reference and administrative details For the year ended 31 March 2017

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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 2017**

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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 2017.

#### **Structure and History**

##### **Legal structure**

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

##### **History**

The organisation was formed in 1979 as The Federation of Independent Advice Centres to act as a national co-ordinating body for community organisations providing free social welfare advice to members of the public. Originally constituted as an unincorporated association, it became a company limited by guarantee (as FIAC Ltd) in May 1986 and a registered charity in March 1988. The operating name of Advice UK was adopted in April 2003 and the company and charity name 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 owns 50% of the shares. "Change Account Ltd" is a company limited by shares set up in 2013 for the purpose of creating and operating a fair-banking transactional account to be of particular benefit to people who are relatively financially excluded. AdviceUK holds approximately 3% of the shares.

#### **Purposes and Plans**

##### **Public Benefit**

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

## ADVICE UK

### Report of the Trustees For the year ended 31 March 2017

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#### 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 strategy was adopted in 2014 recognising insufficient sustainable income (and in particular a decline in grant income) as the major threat to the Charity being effective in pursuit of its Objects. The new strategy emphasises a policy of raising more income from enterprise activities in order for the Charity to be financially sustainable and successful in pursuit of its Objects. This is to be achieved by further developing the business Group around the Charity to complement and provide funds for its work. The strategy identifies a set of fourteen areas for action under five key objectives. The strategy will next be reviewed in November 2017. Subsidiary annual plans reflecting the current strategy are made for each financial year in parallel with the setting of annual budgets.

#### Governance and Management

##### The Board of Trustees

The affairs of the Charity are governed by a Board of Trustees who are the members and directors of the company for the purposes of the Companies Act 2006 and the trustees of the Charity for the purposes of charity legislation. They are all volunteers. They are referred to collectively in this report as "the Trustees" or "the Board". The Trustees became the only members of the Charity in January 2015 when Network Membership for advice organisations became separate from membership of the Charity itself.

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

Upon implementation of decisions arising from a governance review undertaken during the year, the maximum size of the Board will be reduced to 15, comprising a blend of independent and Network Member Trustees chosen to achieve an effective balance of skills and perspectives. Most new Trustees will already be familiar with the Charity, with its activities and with charitable operations in general. However, all new trustees are offered a personalised programme of induction to enable them to be fully conversant with the organisation. This normally covers the operation of the Board, obligations under charity and company law, the Articles, staff and the staffing structure, current finances, future plans, the way the Charity and its members operate and their operating environments. Trustees normally serve for terms of three years and may serve more than one term.

##### 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.

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### **Report of the Trustees For the year ended 31 March 2017**

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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 one other senior manager. Total staffing at March 2017 was 18 (17 full time equivalents) comprising 16 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 than it once had with the result that employees are generally overstretched. Early in the year it was known that, by 2017-18, more employee posts would have to be lost due to the expiry of a long-standing source of grant income at 31 March. In anticipation of this a significant re-organisation was planned during the year to come into effect from 1 April 2017.

#### **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. 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, 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

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### **Report of the Trustees For the year ended 31 March 2017**

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policy that is reviewed regularly by the Trustees. Day to day risks are relatively minor. Financial risks are minimised by the procedures in place for authorisation of expenditure and commitments. Insurance cover is in place where appropriate.

#### **Financial Control**

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

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

##### **Summary**

The Charity continued to reconfigure its operations during 2016-17 in line with its declared strategy. March 2017 saw completion of a two-year long process of preparing for a different mode of operation from April 2017. Most significantly, a comprehensive governance review had been undertaken; five-year business plans had been developed covering every strand of the Charity's activities; staffing had been re-structured to prepare for changed operations; preparations had been made for proactive income-generation through the Charity's trading company, IAS Ltd, and substantial inter-linked improvements were underway to IT systems including websites. The effects of the governance review will be felt over the next three years as the Board is refreshed and strengthened to an agreed timetable that will also ensure continuity. The comprehensive business-planning exercise will, similarly, have effect over several years as we strive to improve sustainability and impact. Our revised staffing structure immediately enables us to flex our costs according to our income by further reducing dependency on future grant income to retain current capacity. Investment in the re-activation of IAS Ltd with a development, marketing and sales purpose is the key element of our income-generation plans and continued investment in our data-handling and communications systems will be crucial to success on all fronts. Despite these investments, both human and financial, the Charity still managed to deliver on all its service commitments in 2016-17 and to achieve an operating surplus, mainly due to higher than budgeted income. At the close of the year the Charity was again in a more positive position than in past years with its desired platform now in place for trying to succeed in what seem certain to be even more challenging times ahead.

##### **Membership**

The number of Network Members throughout the UK stood at 683 on 31 March 2017 which was a decrease on the previous year (780 in 2016). This was mainly due to a sub-network of 100+ members leaving en-bloc due to changes in their circumstances which made membership less attractive. They may nevertheless re-join over time. We also continued to lose some members due to closures, mergers and non-renewals arising from cuts to their own funding. The number of these leavers was not matched, this year, by the number of new members joining though, as in previous years, there was a steady stream of applicants. We continued to receive applications from new types of organisations thus justifying the decision to broaden eligibility for membership in 2014. New members included organisations both large (e.g. housing association advice units) and small (voluntary community and self-help projects) illustrating the vibrancy of the voluntary sector in responding to need and emergent gaps in provision. The membership year runs January to December so, based on previous patterns of new applications, the number of members is expected to rise above 700 during the remainder of 2017. The highest concentration of members continues to be in Greater London where there were 204 organisations (2016: 222). Distribution of members across the four home countries was England 566 (2016: 665), Wales 24 (2016: 28), Scotland 43 (2016: 37) and Northern Ireland 50 (2016: 50). 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.

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### **Report of the Trustees For the year ended 31 March 2017**

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

The Annual Plan for 2016-17 prioritised a range of activities consistent with the declared strategy. Thus, implementation of the action plan arising from the fundamental review of governance conducted in 2015 continued during the year. In January, new draft Articles were submitted to the Charity Commission for approval, leading to the adoption of new Articles and Rules in May 2017. Alongside these actions, a host of new documents and procedures were developed and adopted including a timetable for refreshing and developing the Board over a three-year period.

The ten month programme for reviewing all of the Charity's activity and income streams and producing a 5-year plan for each also continued through to July when the draft plans were submitted to the Board for approval. Also, the development of the new Customer Relationship Management (CRM) system continued into its second phase and work continued on reviewing and refreshing each of our websites. To prepare for the notified termination of long-standing grant funding for development work in London, work began early in the year on restructuring proposals which, in consultation with affected staff, were eventually confirmed in November leading to six redundancies and the creation of two new roles which were filled by redeployment. At the same time, steps were taken to re-activate the Charity's trading company, IAS Ltd, with the Charity's Commercial Manager moving over to become Managing Director of IAS and begin to drive the generation of additional enterprise income for the Charity. These changes and alterations to other roles all took effect on 31 March / 1 April. 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 its performance and the range of courses offered although the number of training places taken up fell slightly due to reduced demand. The team provided 1,033 training course places in 2016-17 (2015-16 1,409). However, the number of new registrations for qualifications rose to 389 (2015-16 307) with more than 500 active learners across the country being supported towards vocational qualifications.

The Insurances operation saw further change with our charity insurance specialist partner Finance Re-Direct being taken over by Access Insurance. The take-over process was geared to ensure a consistent ethical culture and we expect that Access's greater resources will enhance the already-planned process improvements, especially in relation to IT systems and marketing. Our own insurance company, VCS Insurance Co. Ltd (Guernsey), continued to provide Professional Indemnity insurance and Trustees, Directors & Officers' insurance to our members and other advice agencies. VCS made a trading surplus of £47,081 for the year, mainly due to low claims activity, 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 another 46 organisations adopting the system during the year. Continued development of the product was very well received by users with customer satisfaction returns being excellent. The system offers many advantages including better client data security, anytime-anywhere working and improved quality-control. More than 2.8 million cases are now held on the system with more than 8,000 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, had another successful year, reporting a year-end surplus of £99,174 (2016 £64,776), 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 AdviceUK members was provided to Middlesex University



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### **Report of the Trustees For the year ended 31 March 2017**

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School of Law in a continuing piece of consultancy which placed over 30 students in Advice UK member centres across London. A similar scheme began with Kings College London during the year and negotiations were begun with a further two institutions with a view to commencement in 2017. This activity clearly now has the potential to be rolled out in other parts of the country and there is strong interest amongst members in hosting placements from their local 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 we learned that all such funding would be discontinued at the end of 2015-16, affecting more than 20 organisations. This was therefore the last year of our work as part of the Stronger Organisations Benefiting Londoners (SOBeL) programme through which we supported advice agencies across Greater London. The expiry of this grant stream marks the end of an era in which we have been able to provide more support to members in London than elsewhere because of ring-fenced regional funding which has generally never been available elsewhere. The expiry will affect some grant-dependent organisations severely and have an impact on support for civil society activity generally. Shortly after the close of the year we learned that we had been awarded a one-off transitional grant of £50,000 for 2017-18 by City Bridge Trust to help us engage with funders on the future of civil society support as part of the 'The Way Ahead' programme.

Throughout our work as part of SOBeL we supported over 700 advice agencies in London with a wide range of interventions such as helping them submit funding applications eventually totalling over £3 million. We also ran the London Advice Conference which became a regular feature of the London advice sector calendar.

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, donations and income-generating activity. In 2016-17 funds were received from Provident Financial and Wessex Water 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.

#### **Financial Review**

##### **Financial result**

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

Total group income during the year was £2,182,751 an increase of £167,953 compared with £2,014,798 in the previous year. Total expenditure during the year was £2,033,550 an increase of £42,646 compared with £1,990,904 in the previous year. Overall, the group had a surplus of £81,872 for the year (2016: a deficit of £13,643) after deducting a loss of £5,709 arising from revaluation of its listed investments and a loss of £61,620 resulting from a buy-back of shares by our associate, ACMS Limited. At 31 March 2017 the group had unrestricted funds of £980,854 (2016: £947,762) and restricted funds of £48,780 (2016: £Nil). 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 2017 was £1,977,318, an increase of £142,470 compared with £1,834,848 in the previous year. Of this total £1,963,702 was operating income and the remaining £13,616 was investment income and bank interest. Total expenditure during the year was £1,925,266 an increase of £63,470 compared with £1,861,796 in the previous year.

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### **Report of the Trustees For the year ended 31 March 2017**

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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 £1,603,941. Associated expenditure was £1,543,819. After a transfer of £56,850 to restricted funds to cover the in-year deficit on restricted funds activity of £8,070 and provide the required £48,780 for activities in the following year, there was a deficit of £2,437 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 £1,977,318. Within this total, the amount of restricted income in the form of grants for specified activities was just £373,377 (an increase of £56,811 compared with £316,566 in the previous year) representing just 19.2% of total income. Most of the £373,377 was to fund activities in 2016-17 but £48,780 was expected to cover activities in 2017-18 and so would need to be carried forward. 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 £480,000. 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 £431,194 (2016: £403,783). In order to progress towards the target level of free reserves the Board considers that it should strive for at least balanced budgets in future years.

The reserves policy is reviewed annually and will next be reviewed in November 2017. 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

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### **Report of the Trustees For the year ended 31 March 2017**

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#### **Plans for future periods**

The new corporate strategy adopted in 2014 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 diminishing availability of traditional sources of income and the emergence of new business models and new providers in a changing sector. The strategy emphasises a guiding policy of raising more income from enterprise activities in order for the Charity to be financially sustainable and independent in pursuit of its Objects. It was recognised that applying this policy was likely to be the work of several years and would involve, among other things, re-positioning the Charity as the co-ordinating body for *all* independent advice; changing the governance model; reviewing and strengthening the Charity's existing primary-purpose trading activities and Group businesses and developing new enterprises to provide value to Members and others. The Annual Plan for 2016-17 prioritised a coherent set of actions in these areas and significant progress was made. For the foreseeable future, annual plans are likely to contain similar priorities consistent with the strategy and the guiding policy.

#### **Investment Policy**

Aside from retaining a prudent amount in reserves each year most of the charity's funds are to be spent in the short term so there are few funds available for long term investment. During the year, however, a portion of the reserves were on deposit with the CCLA (Churches, Charities & Local Authorities) fund managers. Short term investment options for relatively small amounts are very limited at the present time and the Board considers that the return on balances obtained from its principal bankers are the best that can be obtained in the circumstances.

#### **Trustees' liability**

In the event of the charity being wound up the trustees are required to contribute an amount not exceeding £10.

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

#### **Appointment of Auditors**

Auditors for 2017-18 will be appointed in accordance with section 495 of the Companies Act 2006 at a Board meeting to be held in November 2017.

## ADVICE UK

### Report of the Trustees For the year ended 31 March 2017

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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 20<sup>th</sup> July 2017 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 2017 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 2017 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, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Trustees' Annual Report 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 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.

#### **Stephen Corrall, Senior Statutory Auditor**

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

# ADVICE UK

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

For the year ended 31 March 2017

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
<b>INCOME FROM</b>					
Donations		5,058	-	5,058	1,050
Charitable activities	3	1,741,938	373,377	2,115,315	1,974,496
Investments	5	12,791	-	12,791	13,342
Share of profits of associate		49,587	-	49,587	25,910
<b>Total</b>		<b>1,809,374</b>	<b>373,377</b>	<b>2,182,751</b>	<b>2,014,798</b>
<b>EXPENDITURE ON:</b>					
Raising Funds	6	19,406	-	19,406	21,010
Charitable activities	7	1,632,697	381,447	2,014,144	1,969,894
<b>Total</b>		<b>1,652,103</b>	<b>381,447</b>	<b>2,033,550</b>	<b>1,990,904</b>
<b>Net loss on investments</b>	13	(5,709)	-	(5,709)	(37,537)
<b>Loss arising on purchase of own shares by associate</b>	13	(61,620)	-	(61,620)	-
<b>Net income / (expenditure)</b>		<b>89,942</b>	<b>(8,070)</b>	<b>81,872</b>	<b>(13,643)</b>
<b>Transfer between funds</b>	19	(56,850)	56,850	-	-
<b>Net movement in funds</b>	19	<b>33,092</b>	<b>48,780</b>	<b>81,872</b>	<b>(13,643)</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Fund balances brought forward</b>		<b>947,762</b>	<b>-</b>	<b>947,762</b>	<b>961,405</b>
<b>Fund balances carried forward</b>		<b>980,854</b>	<b>48,780</b>	<b>1,029,634</b>	<b>947,762</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 2016

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



## BALANCE SHEET

As at 31 March 2017

	Notes	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
<b>Fixed assets</b>					
Intangible assets	11	31,450	29,500	31,450	29,500
Tangible assets	12	57,876	83,964	57,876	83,964
Investments	13	260,309	278,051	299,863	305,572
<b>Total fixed assets</b>		<u>349,635</u>	<u>391,515</u>	<u>389,189</u>	<u>419,036</u>
<b>Current assets</b>					
Debtors	14	490,840	463,517	624,288	617,698
Cash at bank and in hand		787,571	768,461	455,610	412,723
<b>Total current assets</b>		<u>1,278,411</u>	<u>1,231,978</u>	<u>1,079,898</u>	<u>1,030,421</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	15	(514,898)	(536,572)	(599,925)	(626,638)
<b>Net current assets</b>		<u>763,513</u>	<u>695,406</u>	<u>479,973</u>	<u>403,783</u>
<b>Total assets less current liabilities</b>		<u>1,113,148</u>	<u>1,086,921</u>	<u>869,162</u>	<u>822,819</u>
Provisions for liabilities	17	(83,514)	(139,159)	-	-
<b>Total net assets</b>		<u>1,029,634</u>	<u>947,762</u>	<u>869,162</u>	<u>822,819</u>
<b>Funds</b>					
<b>Restricted funds</b>	19	48,780	-	48,780	-
<b>Unrestricted funds</b>					
Designated funds	19	60,000	40,000	60,000	40,000
General funds	19	920,854	907,762	760,382	782,819
<b>Total unrestricted funds</b>	19	<u>980,854</u>	<u>947,762</u>	<u>820,382</u>	<u>822,819</u>
<b>Total Charity Funds</b>	20	<u>1,029,634</u>	<u>947,762</u>	<u>869,162</u>	<u>822,819</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 20th July 2017 and signed on its behalf.



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 2017**

	<b>Note</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	21	8,686	11,680
<b>Cash flows from investing activities</b>			
Interest received		12,791	13,342
Purchase of property, plant and equipment		(417)	(80,944)
Purchase of intangible		(1,950)	(29,500)
Purchase of investments		-	(232,069)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		19,116	(317,491)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		768,461	1,085,952
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the reporting</b>	22	787,571	768,461
		<hr/> <hr/>	<hr/> <hr/>

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 2017**

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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') 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 2017**

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**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 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.

**1.5 Income**

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

- Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- Training and membership subscription income is deferred when received in advance of the training taking place or the subscription being used.
- Insurance income is recognised at the time that the policy is commenced or renewed by the insured at the amount received from the insured (the premium plus Insurance Premium Tax).
- Voluntary income is recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.
- Investment income and other incoming resources are recognised on a receivable basis.

**1.6 Deferred income**

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

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

**1.7 Expenditure**

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

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

- Costs of raising funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities include both the direct and support costs relating to these activities.
- 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.

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

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#### 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.

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

##### 1.12 Tangible Assets

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

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

##### 1.13 Cash and cash equivalents

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

##### 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.

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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#### 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 £83,514 (2016: £139,159).

**ADVICE UK****NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2017**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Grants</b>	<b>Fees for services</b>	<b>Total Funds 2017</b>	<b>Total Funds 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Member Services	47,000	1,447,040	1,494,040	1,365,159
Projects on behalf of members	66,410	294,898	361,308	332,771
London regional activities	259,967	-	259,967	276,566
	<u>373,377</u>	<u>1,741,938</u>	<u>2,115,315</u>	<u>1,974,496</u>

**4. GRANT INCOME**

	<b>Total Funds 2017</b>	<b>Total Funds 2016</b>
	<b>£</b>	<b>£</b>
London Councils	253,816	253,816
Lankelly Chase	66,410	-
Provident Financial	30,000	30,000
City Bridge Trust	-	18,750
Other grants	23,151	14,000
	<u>373,377</u>	<u>316,566</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 2017

#### 5. INVESTMENT INCOME

	Total Funds 2017 £	Total Funds 2016 £
Bank interest receivable	12,791	13,342

#### 6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Staff Costs	19,406	-	19,406	19,249
Bank charges	-	-	-	1,761
	<u>19,406</u>	<u>-</u>	<u>19,406</u>	<u>21,010</u>

#### 7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Project and activity staff costs £	Project and activity other costs £	Support costs £	Total Funds 2017 £	Total Funds 2016 £
Members Services	297,648	914,544	179,010	1,391,202	1,321,942
Projects on behalf of members	228,795	11,537	75,060	315,392	279,231
London regional activities	153,927	103,124	50,499	307,550	368,721
	<u>680,370</u>	<u>1,029,205</u>	<u>304,569</u>	<u>2,014,144</u>	<u>1,969,894</u>

#### SUPPORT COSTS

	Staff costs £	Premises £	Governance cost £	Other £	Total Funds 2017 £	Total Funds 2016 £
Members Services	39,179	31,146	25,167	83,518	179,010	173,823
Projects on behalf of members	30,117	23,941	-	21,002	75,060	50,191
London regional activities	20,262	16,107	-	14,130	50,499	97,867
	<u>89,558</u>	<u>71,194</u>	<u>25,167</u>	<u>118,650</u>	<u>304,569</u>	<u>321,881</u>

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

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

This is stated after charging:	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	26,211	26,702
Auditors' remuneration		
- Audit fees	13,000	13,000
- Accountancy fees	2,000	2,000
- other services	1,000	1,000
- Subsidiary auditor's fees	4,750	4,000
Operating leases:		
- land and buildings	<u>46,056</u>	<u>43,262</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.

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

#### 10. STAFF COSTS

Staff costs were as follows:

	<u>Group and Charity</u>	
	2017	2016
	£	£
Wages and salaries	605,685	631,738
Social security costs	58,684	63,361
Employer's contribution to defined contribution pension scheme	36,821	45,165
Other employee benefits	52,867	27,279
Termination payments	35,277	5,000
	<u>789,334</u>	<u>772,543</u>

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

	2017	2016
£60,001 - £70,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

Pension costs paid for employees earning above £60,000 were £8,584 (2016: £8,496). These employees participated in a defined contribution scheme.

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

	<u>Group &amp; Charity</u>	
	2017	2016
Projects and activities	14	16
Administration	<u>2</u>	<u>2</u>

#### Key management personnel

Advice UK considers the key management personnel of the organisation to comprise the Trustees, together with the Chief Executive and the head of Development and Policies. The aggregate remuneration including employer pension contributions of those personnel for services to the Charity and Group, in the year amounted to £143,020 (2016: £141,604). Of these amounts £nil (2016: £nil) related to the Trustees.

During the year, travelling and subsistence expenses totalling £1,225 (2016 - £271) were incurred by three (2016: five) trustees.

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2017

11. INTANGIBLE ASSETS

GROUP AND CHARITY

	Computer Software £	Total £
<b>Cost</b>		
At 1 April 2016	29,500	29,500
Additions	1,950	1,950
At 31 March 2017	31,450	31,450
<b>Amortisation</b>		
At 1 April 2016	-	-
Charge for the Year	-	-
At 31 March 2017	-	-
<b>NBV at 31 March 2017</b>	31,450	31,450
NBV at 31 March 2016	29,500	29,500

12. TANGIBLE ASSETS

GROUP AND CHARITY

	Leasehold Buildings Improvements £	Computer Equipment £	Furniture & Equipment £	Total £
<b>Cost</b>				
At 1 April 2016	66,773	61,731	64,200	192,704
Additions	-	417	-	417
Disposals	-	(24,013)	(38,466)	(62,479)
At 31 March 2017	66,773	38,135	25,734	130,642
<b>Depreciation</b>				
At 1 April 2016	13,355	51,103	44,282	108,740
Disposals	-	(23,719)	(38,466)	(62,185)
Charge for the Year	13,354	7,877	4,980	26,211
At 31 March 2017	26,709	35,261	10,796	72,766
<b>NBV at 31 March 2017</b>	40,064	2,874	14,938	57,876
NBV at 31 March 2016	53,418	10,628	19,918	83,964

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

#### 13. FIXED ASSET INVESTMENTS

##### CHARITY

Cost	Subsidiaries	Associates	Other	Listed Investment	Total
	£	£	£	£	£
At 1 April 2016	101,000	40	88	204,444	305,572
Revaluation loss	-	-	-	(5,709)	(5,709)
At 31 March 2017	101,000	40	88	198,735	299,863

##### 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 (Dormant – 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 88 shares of £1 each in Change Accounts Limited (Company number: 08425566), a prepaid card trading company registered in United Kingdom.

**ADVICE UK****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**13. FIXED ASSET INVESTMENTS (CONTINUED)****GROUP****Cost**

	<b>Associates</b>	<b>Other</b>	<b>Listed Investment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2016	73,519	88	204,444	278,051
Additions	-	-	-	-
Revaluation loss	-	-	(5,709)	(5,709)
Loss arising on purchase of own shares	(61,620)	-	-	(61,620)
Share of profit of associate	-	-	-	-
- Operating profit	70,513	-	-	70,513
- Taxation	(20,926)	-	-	(20,926)
<b>At 31 March 2017</b>	<b>61,486</b>	<b>88</b>	<b>198,735</b>	<b>260,309</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>2017</b>	<b>2016</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 2017 was £122,972 (2016: £183,798) and the profit for the year ended on that date was £164,174 (2016: £139,776). During the year the company bought back 20% of its issued share capital for £160,000.

**ADVICE UK****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**13. FIXED ASSET INVESTMENTS (CONTINUED)****VCS Insurance Company Limited****Profit and loss account**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Earned Premiums, Net of Insurance</b>		
Gross premiums written	270,474	260,293
Movement on unearned premium	(10,914)	(2,318)
Outward reinsurance premiums	(91,500)	(95,825)
<b>Net premiums written</b>	<b>168,060</b>	<b>162,150</b>
<b>Claims incurred and technical expenses</b>	<b>(68,013)</b>	<b>(81,932)</b>
<b>Technical account profit for the year</b>	<b>100,047</b>	<b>80,218</b>
Interest income	4,179	4,393
Administration expenses	(57,145)	(59,680)
<b>Profit on ordinary activities</b>	<b>47,081</b>	<b>24,931</b>

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Current assets	462,248	462,286
Creditors amounts falling due within one year	(36,070)	(27,544)
Technical reserves	(83,514)	(139,159)
Creditors amounts falling due after one year	(150,000)	(150,000)
	<u>192,664</u>	<u>145,583</u>
Represented by		
Share capital and reserves	<u>192,664</u>	<u>145,583</u>

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

#### 13. FIXED ASSET INVESTMENTS (CONTINUED)

Advice UK results excluding subsidiary companies

	2017 £	2016 £
Total income	1,977,318	1,834,848
Total expenditure	<u>(1,925,266)</u>	<u>(1,861,796)</u>
<b>Net loss on investment</b>	(5,709)	(37,537)
<b>Net income/(expenditure)</b>	46,343	(64,485)
Fund balances brought forward at 1 April 2016	<u>822,819</u>	<u>887,304</u>
<b>Fund balances carried forward at 31 March 2017</b>	<u><b>869,162</b></u>	<u><b>822,819</b></u>

#### 14. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	324,706	400,916	321,627	400,798
Other debtors	113,503	31,915	101,930	28,915
Prepayments and accrued income	52,631	30,686	39,195	26,691
Amounts owed by subsidiary undertakings	-	-	161,536	161,294
	<u>490,840</u>	<u>463,517</u>	<u>624,288</u>	<u>617,698</u>

Included within amounts owed by subsidiary undertakings is a £150,000 (2016: £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 2017

#### 15. CREDITORS

	<u>Group</u>		<u>Charity</u>	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	21,809	129,181	21,809	129,181
Deferred income	351,878	306,733	351,878	306,733
Other creditors	92,069	68,313	71,480	58,480
Accruals	49,142	32,345	45,442	25,928
Amounts owed to subsidiary Undertakings	-	-	109,316	106,316
	<u>514,898</u>	<u>536,572</u>	<u>599,925</u>	<u>626,638</u>

Included within other creditors is an amount of £10,143 in respect of pension contributions (2016: £5,397).

Included within amounts owed to subsidiary undertakings is a £100,000 unsecured loan from VCS Insurance Company Limited (2016: £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

	2017 £	2016 £
At 1 April 2016	306,733	218,313
Income deferred in the current year	351,878	306,733
Amounts released from previous years	<u>(306,733)</u>	<u>(218,313)</u>
At 31 March 2017	<u>351,878</u>	<u>306,733</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 2017

#### 17. PROVISION FOR LIABILITIES

	2017 £	2016 £
<b>Technical reserves</b>		
Outstanding claims reserve at 1 April 2016	65,877	88,500
Movement in prior years' claim provisions	(65,877)	(27,000)
Provisions for new claims	9,000	4,377
Outstanding claims reserve at 31 March 2017	9,000	65,877
 IBNER reserve	 74,514	 73,282
	<u>83,514</u>	<u>139,159</u>

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

#### Insurance claims development triangle

	2012	2013	2014	2015	2016	2017	Cumulative
In year of claim (or brought forward)	117,863	71,760	69,572	62,437	43,596	47,344	412,572
One year later	(16,481)	(10,733)	(21,029)	(8,114)	(14,141)	-	(70,498)
Two years later	15,493	(1,764)	(15,514)	(26,030)	-	-	(27,815)
Three years later	(19,887)	(43,530)	(33,029)	-	-	-	(96,446)
Four years later	-	(7,500)	-	-	-	-	(7,500)
Five years later	(2,000)	-	-	-	-	-	(2,000)
 Current estimate of ultimate claims	 94,988	 8,233	 -	 28,293	 29,455	 47,344	 208,313
Cumulative payments	(94,988)	(8,233)	-	(5,531)	(3,136)	(12,911)	(124,799)
 In balance sheet	 -	 -	 -	 22,762	 26,319	 34,433	 83,514

#### 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 2017

19. STATEMENT OF FUNDS - GROUP

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
<b>RESTRICTED FUNDS</b>					
Members Services	-	47,000	(42,071)	241	5,170
Projects on behalf of members	-	66,410	(24,437)	-	41,973
London activities	-	259,967	(314,939)	56,609	1,637
<b>Total Restricted funds</b>	-	373,377	(381,447)	56,850	48,780
<b>UNRESTRICTED FUNDS</b>					
General Fund	907,762	1,809,374	(1,652,103)	(144,179)	920,854
<b>Designated funds</b>					
Premises fund	40,000	-	-	20,000	60,000
<b>Total Unrestricted funds</b>	947,762	1,809,374	(1,621,385)	(124,179)	980,854
<b>TOTAL FUNDS</b>	<b>947,762</b>	<b>2,182,751</b>	<b>(2,033,550)</b>	<b>(67,329)</b>	<b>1,029,634</b>

STATEMENT OF FUNDS - CHARITY

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
<b>RESTRICTED FUNDS</b>					
Members Services	-	47,000	(42,071)	241	5,170
Projects on behalf of members	-	66,410	(24,437)	-	41,973
London activities	-	259,967	(314,939)	56,609	1,637
<b>Total Restricted funds</b>	-	373,377	(381,447)	56,850	48,780
<b>UNRESTRICTED FUNDS</b>					
General Fund	782,819	1,603,941	(1,543,818)	(82,560)	760,382
<b>Designated funds</b>					
Premises fund	40,000	-	-	20,000	60,000
<b>Total Unrestricted funds</b>	822,819	1,603,941	(1,543,818)	(62,560)	820,382
<b>TOTAL FUNDS</b>	<b>822,819</b>	<b>1,977,318</b>	<b>(1,925,265)</b>	<b>(5,710)</b>	<b>869,162</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2017

**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.

**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 £47,000 were received in respect of our member services work including the following grants towards costs associated with the post of National Money Advice Co-ordinator. This post provides specialised support to those members that provide money advice, including engagement with government and the credit industry on their behalf:

Provident Financial      £30,000

Projects on behalf of members

A grant of £66,410 was received from the LankellyChase Foundation in 16/17.

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 £259,967 made up of:

London Councils      £253,816  
Trust for London      £6,151

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 £56,609 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 2017 £</b>
Fixed assets	349,635	-	349,635
Current assets	1,229,631	48,780	1,278,411
Current liabilities	(514,898)	-	(514,898)
Provision for liabilities	(83,514)	-	(83,514)
	<u>980,854</u>	<u>48,780</u>	<u>1,029,634</u>

**ADVICE UK**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2017

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)**

**Charity**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2017 £</b>
Fixed assets	389,189	-	389,189
Current assets	1,031,118	48,780	1,079,898
Current liabilities	(599,925)	-	(599,925)
	<u>820,382</u>	<u>48,780</u>	<u>869,162</u>

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

	<b>2017 £</b>	<b>2016 £</b>
<b>Net income/(expenditure) for the reporting period</b>	81,872	(13,643)
<b>Adjustments for:</b>		
Depreciation charges	26,211	26,702
Loss on investments	5,709	37,537
Loss on disposal of fixed assets	294	-
Loss arising on purchase of own shares	61,620	-
Share of profits of associated undertaking	(49,587)	(25,910)
Interest from investments	(12,791)	(13,342)
(Increase) in debtors	(27,323)	(2,052)
(Decrease)/increase in creditors	(21,674)	29,086
Decrease in provision	(55,645)	(26,698)
<b>Net cash provided by operating activities</b>	<u>8,686</u>	<u>11,680</u>

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

	<b>2017 £</b>	<b>2016 £</b>
Cash in hand	<u>787,571</u>	<u>768,461</u>
<b>Total cash and cash equivalents</b>	<u>787,571</u>	<u>768,461</u>

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

#### 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 (2016: £Nil).

#### 24. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017 the total future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts due within one year	52,336	51,249
Amounts due between 1 and 5 years	102,337	143,706
25. <b>RELATED PARTY TRANSACTIONS</b>	<u>154,673</u>	<u>194,955</u>

The charity was charged £686,798 (2016 - £592,376) for the provision of AdvicePro software by Advanced Case Management Solutions. A balance of £383 (2016 - £97,013) was due as at 31 March 2017.

The charity received a management fee from Advanced Case Management Solutions, of £65,000 (2016 - £50,000) during the year. £65,000 (2016: £10,891) was outstanding as at 31 March 2017 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 £27,680 (2016: £23,505).